信義玻璃控股有限公司
XINYI GLASS HOLDINGS LIMITED

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

ANNUAL REPORT **2015**

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Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. LAU Sik Yuen, FCPA, AICPA

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISERS AS TO HONG KONG LAW

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

AUDITOR

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

PRINCIPAL BANKERS

Australia and New Zealand Bank
Bank of China (Hong Kong)
Bank of East Asia
Citibank, N.A.
CTBC Bank (Hong Kong)
DBS Bank
Deutsche Bank
Fubon Bank (Hong Kong)
Hang Seng Bank
HSBC
Maybank Hong Kong
Nanyang Commercial Bank
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
Bank of China
Bank of Communications
Ping An Bank
China Merchants Bank
China Citic Bank
Huishang Bank
Industrial and Commercial Bank of China
Industrial Bank
Shanghai Pudong Development Bank

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

http://www.xinyiglass.com

SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock code: 00868
Listing date: 3 February 2005
Board lot: 2,000 ordinary shares
Financial year end: 31 December
Share price as at the date of this annual report: HK$4.61
Market capitalisation as at the date of this annual report: Approximately HK$17.8 billion

KEY DATES

Closure of register of members for the purpose of entitlements to attend and vote at the Annual General Meeting: 27 May 2016 to 31 May 2016 (both days inclusive)
Date of Annual General Meeting: Tuesday, 31 May 2016
Closure of register of members for the purpose of entitlements to the final dividend: 20 June 2016 to 22 June 2016
Proposed final dividend payable date: On or before 5 July 2016

Chairman's Statement

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of Xinyi Glass Holdings Limited (the "**Company**"), I am pleased to announce the full-year audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2015.

In comparison with 2014, the Group's turnover increased by about 5.5% to HK$11,460.3 million in 2015. The net profit attributable to equity holders of the Company from the continuing operation increased by about 55.0% to HK$2,113.1 million in 2015. Basic earnings per share (the "**Share**") were 53.88 HK cents, as compared with 34.78 HK cents last year.

We are pleased with the results achieved by the Group in 2015 and propose payment of a final dividend of 17.0 HK cents per Share upon approval by the shareholders (the "**Shareholders**") at the forthcoming annual general meeting (the "**Annual General Meeting**").

I present below an overview of the business of the Group during 2015 and key development highlights for the coming year.

THE PRC GLASS INDUSTRY IS VOLATILE AND UNDERGOING CONSOLIDATION

The growth in the PRC economy has slowed down in 2015. The operating results of the construction glass and the float glass segments of the Group faced different, but equally difficult, operating environments. Nonetheless, the overseas sales of the Group's automobile glass recorded a stable growth in the year of 2015.

The highly competitive PRC energy-saving Low-E glass market in the construction industry has led to a slight increase in the revenue of the Group's construction glass segment. This performance was in line with the overall lackluster performance of the PRC property development market in 2015 amidst the relaxation of both the property and monetary policies in the PRC. The cancellation of the restrictions on the purchase of second house and the lowering of the People's Bank of China's Reserve Ratio Requirement ("**RRR**") and lending interest rates have yet to significantly improve the market liquidity. Therefore, the momentum for the construction industry as a whole is still modest.

Due to the reduced demand from the construction glass industry in the PRC, the demand for float glass has also been adversely affected since the second quarter of 2014. The national supply of the float glass capacity in the PRC decreased around 3% in 2015 due to the strict environmental regulations on the new float glass production lines. At the same time, the decreases in the material and the energy costs have contributed to the improvement in the gross profit margin of the Group's float glass business.

In light of the less favourable market conditions, the Group has proactively implemented aggressive marketing strategies for its automobile glass business, by introducing new products, such as sun roof, which are suitable for new car models as well as approaching new overseas customers for new business opportunities in order to maintain the sales volume of the Group's automobile glass products. Currently, the Group's automobile glass products are sold to more than 130 countries.

As a leader of the global glass industry, the Group has strengthened its leading position and enhanced its economies of scale through strategic and timely expansion of the production capacity for different types of glass products and the construction of new production complex with streamlined production process at different locations. The Group has also implemented a series of measures to enhance the control on the use of raw materials, the recycling of the principal raw materials and the use of solar power and residual heat to reduce the energy cost. To maintain its competitiveness, the Group has successfully developed and launched a wide range of high value-added glass products and adopted proactive pricing and aggressive marketing strategies for gaining additional market share under the supportive measures implemented under the Thirteenth Five-Year Plan of the PRC government.

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

The Group's strength in operational management, combined with the continuous improvement in the production process and well-planned equipment maintenance programs, have enhanced its productivity and yield, which, in turn, have reduced the overall production cost and energy cost in 2015. The economies of scale have enabled significant cost savings in the production process and the fixed costs and increased the efficiency in fuel consumption. To further control the energy cost, the Group increases the use of apparatuses for clean energy, such as rooftop solar power systems and low-temperature recycling residual heat power co-generation systems.

Using natural gas as fuel for our high quality float glass production helps reduce the carbon emission level and improve the energy cost structure of the Group.

HIGH VALUE-ADDED DIVERSIFIED PRODUCT MIX ENHANCES OVERALL COMPETITIVENESS

In 2015, revenue generated from the Group's automobile glass, construction glass and high-quality float glass businesses achieved a growth exceeding the market average. This performance demonstrates that the Group's combination of diversified business and high value-added product mix can alleviate the operational pressure within a volatile and competitive market environment.

BUSINESS OUTLOOK

The Group will continue to adopt flexible production arrangements and high-level automation to further improve the operational efficiency in order to maintain its leadership and competitiveness among the world's leading glass manufacturers.

The PRC government has continued to tighten the policy on the construction of new float glass production lines and phasing out the obsolete production lines by way of imposing stringent environmental protection standards on emissions. The Group is embarking on prudent and flexible strategies in response to the current float glass market conditions in the PRC. The current low international crude oil price mitigates the pressure on the increase in the natural gas prices in Guangdong Province. The two local natural gas price adjustments during April and November 2015 in the PRC have reduced the energy cost of the Group. The Group is optimistic that the float glass market will improve in the foreseeable future.

At the same time, the Directors are generally optimistic about the continuing good performance of the Group's automobile glass in the global market and the increase in sales in the energy saving and double-glazed Low-E glass segments in the future.

Chairman's Statement

After years of expansion of the production facilities in the PRC, the Group is ready to explore overseas opportunities which can provide an attractive market environment, lower the production and energy cost, and lower the tax rates and other incentive programs. The construction of a glass production complex in Malaysia is the first overseas project pursued by the Group, the operation of which will benefit the future growth of the Group in the region.

The Group is constructing one high quality float glass production line and one Low-E coating glass production line for the first phase of the project in Malacca, Malaysia. The new plant can enable the Group to better serve the ASEAN-based customers through the benefits of preferential import duty, appropriate pricing strategy as well as the short transportation distance. The Group is also building its first wind farm project in Anhui Province, the PRC in order to capture the growth potential presented by the PRC policy on encouraging the use of clean and renewable energy.

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

CONCLUSION

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

Datuk LEE Yin Yee, B.B.S.
Chairman

15 March 2016

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 construction glass, high quality float glass and other glass products for different commercial and industrial applications. These glass products are manufactured at the production facilities strategically located in the PRC at Shenzhen, Dongguan and Jiangmen in Guangdong Province, Wuhu in Anhui Province, Tianjin, Yingkou in Liaoning Province and Deyang in Sichuan Province. In addition, the Group also produces automobile rubber and plastic components.

The Group’s glass products are sold to customers in around 130 countries and territories, including the PRC, Hong Kong, the United States, Canada, Australia, New Zealand and countries in Asia, the Middle East, Europe, Africa, and Central and South America. Its customers include companies in the business of automobile glass manufacturing, wholesale and distribution, automobile repair, motor vehicle manufacturing, curtain wall engineering and installing, construction and furniture glass manufacturing, and float glass wholesale and distribution.

BUSINESS REVIEW

The Group continued to maintain its leading position in the global glass industry in 2015 by tapping the stable demand for high quality float glass and energy-saving low-emission (“**Low-E**”) construction glass in the PRC and automobile glass in the global markets. In 2015, the sales and the net profit attributable to equity holders of the Company amounted to HK$11,460.3 million and HK$2,113.1 million, respectively, representing an increase of 5.5% and a significant increase of 55.0%, compared with HK$10,861.1 million and HK$1,363.7 million, respectively in 2014. If the one-off gain of HK$228.0 million (2014: HK$100.2 million) arising from the non-cash dilution gain in equity interests of Xinyi Solar in March and October 2015 is excluded, the net profit attributable to equity holders of the Company represents an increase of 49.2%. The compound annual growth rate of the Group’s sales for the five-year period including 2015 was 8.6%.

Through providing a wide range of product specifications, the Group’s high quality float glass enjoyed a steady revenue growth and increased its market share in the PRC in 2015. The Group has captured the opportunity of decreasing national capacity of the float glass industry in the PRC caused by the strict national environmental protection regulations. The improved demand for the aftermarket automobile glass in certain overseas markets also contributed to the stable growth of the Group’s automobile glass sales in 2015.

OPERATIONAL REVIEW

Sales

The sales of the Group in 2015 increased by 5.5%, principally due to the stable growth in the sales of different glass products in the global markets, especially the sales of float glass in the PRC and the sales of automobile glass products internationally.

Management's Discussion and Analysis

The tables below set forth the Group's sales by product and by geographical region:

	Financial Year Ended 31 December			
	2015		2014	
	HK$'000	%	HK$'000	%
By Product				
Float glass products	**5,022,196**	**43.8**	4,712,375	43.4
Automobile glass products *(Note (a))*	**3,786,597**	**33.0**	3,593,171	33.1
Construction glass products	**2,651,470**	**23.2**	2,555,536	23.5
	11,460,263	**100.0**	10,861,082	100.0

Note:

(a) Included sales of automobile glass and automobile rubber and plastic components on an original equipment manufacturing ("**OEM**") and an aftermarket basis.

	Financial Year Ended 31 December			
	2015		2014	
	HK$'000	%	HK$'000	%
By Geographical Region				
Greater China *(Note (a))*	**8,058,476**	**70.3**	7,643,015	70.4
North America	**1,343,660**	**11.7**	1,288,010	11.8
Europe	**364,784**	**3.2**	486,516	4.5
Others *(Note (b))*	**1,693,343**	**14.8**	1,443,541	13.3
	11,460,263	**100.0**	10,861,082	100.0

Notes:

(a) China and Hong Kong.

(b) Australia, New Zealand, Africa, the Middle East, Central America, South America and other countries.

Cost of sales

The material costs and energy costs decreased due to a weak market environment in 2015. With the improved production efficiency, cost control measures and use of cost-effective renewable energies, the cost of sales in 2015 was HK$8,327.6 million, representing an increase of 2.5% as compared with HK$8,127.6 million in 2014. The percentage increase in the cost of sales was lower than the percentage increase of the sales of the Group in 2015.

Gross profit

The Group's gross profit in 2015 was HK$3,132.7 million, representing an increase of 14.6%, as compared with HK$2,733.4 million in 2014. The overall gross profit margin of the Group increased from 25.2% to 27.3% principally due to the decreases in the material costs and energy costs and improved production efficiency.

Other income

The Group's other income increased to HK$215.2 million, as compared with HK$178.5 million in 2014. The increase was related to the increase in government grants received by the Group in 2015.

Other gains - net

The Group's net other gains were HK$379.3 million in 2015, as compared with the net other gains of HK$219.9 million in 2014. The increase was principally due to the gain on dilution of equity interests in Xinyi Solar of HK$228.0 million and the exchange gain of HK$48.1 million during 2015.

Selling and marketing costs

Consistent with the increase in the sales, higher overseas and domestics transportation costs were incurred. As a result, the Group's selling and marketing costs increased by 11.8% to HK$679.5 million in 2015.

Administrative and other operating expenses

The Group's administrative and other expenses decreased by 9.2% to HK$935.0 million in 2015, principally due to the decrease of bad debts and donations.

Finance costs

The Group's finance costs maintained stable at HK$90.2 million in 2015. A portion of the interest expense incurred on the construction-in-progress and acquisition of plant and machinery at the production complexes in Tianjin, Wuhu, Yingkou and Deyang was capitalised, but it will be charged as expenses of the Group when the related production facilities and the new production lines commence commercial operation. An amount of interest expense of HK$57.6 million was capitalised under construction-in-progress in 2015, representing an increase of 9.7%, as compared with HK$52.5 million in 2014.

Management's Discussion and Analysis

Income tax expense

The Group's income tax expense amounted to HK$266.0 million in 2015. The effective tax rate decreased by 3.1% to 11.2% as the increase in the gain on dilution of equity interests in Xinyi Solar by HK$127.8 million and the increase in the share of profits of associates by HK$179.7 million.

EBITDA and net profit for the year

In 2015, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK$3,264.9 million, representing an increase of 40.2% as compared with HK$2,328.4 million in 2014. The Company's EBITDA margin, calculated based on turnover in 2015, was 28.5% as compared with 21.4% in 2014.

Net profit attributable to equity holders of the Company in 2015 was HK$2,113.1 million, representing an increase of 55.0%, as compared with HK$1,363.7 million in 2014. Net profit margin rose to 18.4% in 2015 primarily due to more profit shared from Xinyi Solar in 2015 and a higher gross profit margin as a result of decreases of material costs and energy costs in 2015.

CURRENT RATIO

The Group's current ratio as of 31 December 2015 was 1.01, as compared with 1.00 as of 31 December 2014.

NET CURRENT ASSETS

As of 31 December 2015, the Group had net current assets of HK$36.3 million, as compared with HK$3.8 million as of 31 December 2014. The increase was in line with the increase in current ratio.

FINANCIAL RESOURCES AND LIQUIDITY

In 2015, the Group's primary source of funding included cash generated from its operating activities and the new banking facilities provided by the principal banks of the Group in Hong Kong and the PRC. Net cash inflow from operating activities amounted to HK$2,636.6 million (2014: HK$1,455.0 million) as a result of efficient working capital management generating a net cash surplus from operations. As of 31 December 2015, the Group had cash and bank balances (including pledged bank deposits) of HK$1,299.7 million (2014: HK$832.0 million).

As at 31 December 2015, the Group had bank and other borrowings in the total amount of HK$6,028.3 million, a similar level to the balance of HK$6,012.6 million as at 31 December 2014.

The Group's net debt gearing ratio as at 31 December 2015 was 37.2% (31 December 2014: 42.0%). This ratio is calculated by dividing the net bank debt, which is calculated as total borrowings less cash, bank balances and pledged bank deposits, by the total equity of the Group as at 31 December 2015. The decrease was principally due to the increase of net profit and equity in 2015.

PLEDGE OF ASSETS

As at 31 December 2015, a bank balance of HK$1.4 million was pledged as collateral principally for the import duties payable to the US government and and for the standby letter of credit issued by a bank in the PRC.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 12,746 full-time employees of whom 12,643 were based in China and 103 were based in Hong Kong, other countries and territories. The Group maintains good relationships with all of its employees. It provides the 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 relationships. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

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

FINAL DIVIDEND

At the meeting of the Board of Directors held on 15 March 2016, the Directors proposed a final cash dividend of 17.0 HK cents per Share for 2015 for approval by the Shareholders.

Together with the interim cash dividend of HK$372.6 million for 2015, the total dividends paid and payable in 2015 represent a dividend pay-out ratio of 48.7%. The Directors consider that this dividend level is appropriate after careful consideration of the Group's operating results in 2015.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, United States dollars, Euro, Australian dollars, Japanese Yen and Hong Kong dollars with principal production activities based in China. As of 31 December 2015, the Group's bank borrowings are denominated in US dollars and Hong Kong dollars bearing interest rates ranging from 1.66% to 1.96% per annum. As the currencies of the Group's borrowings are generally the same as the Group's transactional currencies, the Directors consider that the Group's exposure to foreign exchange fluctuations was minimal. The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations and may use financial instruments for hedging purposes as and when required.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Datuk LEE Yin Yee, B.B.S. (李賢義) aged 63, is our Chairman and founder, responsible for the Group's business strategy. Datuk LEE Yin Yee, B.B.S. has 25 years' experience in the automobile glass industry. Prior to establishing the Group, Datuk LEE Yin Yee, B.B.S. was involved in the trading of automobile parts. Datuk LEE Yin Yee, B.B.S. is a national committee member of the Twelfth Chinese People's Political Consultative Conference and an honorary citizen of Shenzhen in the PRC. Datuk LEE Yin Yee, B.B.S. was appointed in December 2003 as the first chairman of Shenzhen Fujian Corporate Association. Datuk LEE Yin Yee, B.B.S. is also the Life Honorary Chairman of the Hong Kong Quanzhou Clans United Association and the Fukienese Association Limited in Hong Kong. Datuk LEE Yin Yee, B.B.S. is the father of Mr. LEE Shing Kan, our executive Director. Datuk LEE Yin Yee, B.B.S. is also the brother-in-law of Mr. TUNG Ching Bor, our vice-chairman and executive Director and brother-in-law of Mr. TUNG Ching Sai, our chief executive officer and executive Director. Datuk LEE Yin Yee, B.B.S. was appointed as our executive Director on 25 June 2004. Datuk LEE Yin Yee, B.B.S. is the chairman and non-executive Director of Xinyi Solar Holdings Limited ("Xinyi Solar") a company listed on the main board of the Stock Exchange. Save as disclosed above, Datuk LEE Yin Yee, B.B.S. has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Datuk LEE Yin Yee, B.B.S. has not held any directorship in other publicly listed companies in the last three years.

TUNG Ching Bor (董清波), aged 53, is our vice-chairman and chief purchasing officer, responsible for managing our daily operations and overseeing our purchasing functions. Prior to joining us in January 2000, Mr. TUNG Ching Bor had over 14 years' experience in automobile parts purchase. Mr. TUNG Ching Bor is a member of The Tenth Chinese People's Political Consultative Conference of Anhui Province since 1 January 2011 and also a member of Nanping Committee of Fujian Province. Mr. TUNG Ching Bor is the brother-in-law of Datuk LEE Yin Yee, B.B.S., brother of Mr. TUNG Ching Sai, our chief executive officer and executive Director, and uncle of Mr. LEE Shing Kan, our executive Director. Mr. TUNG Ching Bor was appointed as our executive Director on 25 June 2004. Save as disclosed above, Mr. TUNG Ching Bor has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. TUNG Ching Bor has not held any directorship in other publicly listed companies in the last three years.

TUNG Ching Sai (董清世), aged 50, is our executive Director and chief executive officer. Mr. TUNG Ching Sai has been with us for 25 years since our inception in November 1988 and is responsible for overseeing our daily operations. Mr. TUNG Ching Sai is a committee member of The Chinese People's Political Consultative Conference of Fujian Province, vice chairman of the China Architectural and Industrial Glass Association, the chairman of the Shenzhen Federation of Young Entrepreneurs, the Third Shenzhen Municipal Ten Outstanding Young Entrepreneur and was awarded the "Young Industrialist Awards of Hong Kong 2006". Mr. TUNG graduated from the Sun Yat-Sen University with an executive master degree of business administration. Mr. TUNG Ching Sai is the brother-in-law of Datuk LEE Yin Yee, B.B.S., brother of Mr. TUNG Ching Bor, and uncle of Mr. LEE Shing Kan, our executive Director. Mr. TUNG Ching Sai was appointed as our executive Director on 25 June 2004. Mr. TUNG Ching Sai is the vice chairman and executive Director of Xinyi Solar, a company listed on the main board of the Stock Exchange. Save as disclosed above, Mr. TUNG Ching Sai has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. TUNG Ching Sai has not held any directorship in other publicly listed companies in the last three years.

LEE Shing Kan (李聖根), aged 36, is our executive Director and is responsible for overseeing the overseas automobile glass operation and the general manager of Xinyi Automobile Glass (Shenzhen) Company Limited. Mr. LEE Shing Kan joined the Company in January 2005. Mr. LEE Shing Kan holds a bachelor's degree in commerce from The University of Melbourne, Australia and a master's degree in applied finance from Monash University, Australia. Mr. LEE Shing Kan is the member of the Fujian Province Committee of Chinese People's Political Consultative Conference. Mr. LEE Shing Kan is the director (2012/2014) of Tung Wah Group of Hospitals. Mr. LEE Shing Kan is the son of Datuk LEE Yin Yee, B.B.S., nephew of Mr. TUNG Ching Bor and Mr. TUNG Ching Sai. Mr. LEE Shing Kan was appointed as our executive Director on 15 October 2008. Save as disclosed above, Mr. LEE Shing Kan has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. LEE Shing Kan has not held any directorship in other publicly listed companies in the last three years.

NON-EXECUTIVE DIRECTORS

LI Ching Wai (李清懷), aged 58, is our non-executive Director and has been with us since April 2001. Prior to joining us, Mr. LI Ching Wai has worked in the trading of automobile parts industry. Mr. LI Ching Wai was appointed as our non-executive Director on 25 June 2004. Save as disclosed above, Mr. LI Ching Wai has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. LI Ching Wai has not held any directorship in other publicly listed companies in the last three years.

SZE Nang Sze (施能獅) aged 58, is our non-executive Director and has been with us since April 2001. Prior to joining us, Mr. SZE Nang Sze has worked in the trading of automobile parts industry. Mr. SZE Nang Sze was appointed as our non-executive Director on 25 June 2004. Save as disclosed above, Mr. SZE Nang Sze has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. SZE Nang Sze has not held any directorship in other publicly listed companies in the last three years.

LI Ching Leung (李清涼), aged 59, is our non-executive Director and has joined us since August 2004. Mr. LI Ching Leung was the assistant general manager of our Wuhu production complex. Prior to joining us, Mr. LI Ching Leung has worked in the trading of automobile parts industry, manufacturing of plastic products and mould industry, and manufacturing of leather products industry. Mr. LI Ching Leung was appointed as our executive Director on 25 August 2004 and was re-designated as non-executive Director on 14 September 2005. Save as disclosed above, Mr. LI Ching Leung has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. LI Ching Leung has not held any directorship in other publicly listed companies in the last three years.

Profile of Directors and Senior Management

NG Ngan Ho (吳銀河), aged 51, is our non-executive Director and has joined us since August 2003. Mr. NG Ngan Ho was responsible for overseeing the financial and purchasing matters of our Dongguan production complex. Mr. NG Ngan Ho was appointed as our executive Director on 25 June 2004 and was re-designated as non-executive Director on 1 July 2007. Save as disclosed above, Mr. NG Ngan Ho has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above, Mr. NG Ngan Ho has not held any directorship in other publicly listed companies in the last three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LAM Kwong Siu, S.B.S. (林廣兆) aged 82, is the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Associations, the Life Honorary Chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the Life Honorary Chairman of the Chinese General Chamber of Commerce, the Adviser of the Hong Kong Chinese Enterprises Association, the honorary president of the Chinese Bankers Club of Hong Kong and thus has the appropriate professional expertise required under Rule 3.10 (2) of the Listing Rules. Mr. LAM Kwong Siu has also been the director of Bank of China International Limited (formerly named "BOCI Capital Limited") since July 2002, the non-executive director of China Overseas Land & Investment Limited since September 2003, Fujian Holdings Limited since December 2003, Yuzhou Properties Company Limited since October 2009 and Far East Consortium International Limited since September 2011. Mr. LAM Kwong Siu was awarded the HKSAR Silver Bauhinia Star in 2003. Mr. LAM Kwong Siu was appointed as our independent non-executive Director on 30 August 2004. China Overseas Land & Investment Limited, Fujian Holdings Limited, Yuzhou Properties Company Limited and Far East Consortium International Limited are companies whose shares are being listed on the Stock Exchange.

Mr. LAM Kwong Siu, S.B.S. has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, Mr. LAM Kwong Siu, S.B.S. has not held any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

WONG Chat Chor Samuel (王則左), aged 66, is currently a Barrister-at-Law in Hong Kong and a Chartered Arbitrator. Mr. WONG Chat Chor Samuel, a member of several arbitration institutions, is a Fellow of the Chartered Institute of Arbitrators, a Fellow of the Hong Kong Institute of Arbitrators, Executive Council member of the Hong Kong Society for Rehabilitation and Crime Prevention, the president of the Hong Kong Institute of Arbitrators 2002 and 2003, a member of the International Chamber of Commerce ("ICC") and the ICC Arbitration Committee of Hong Kong. Mr. WONG Chat Chor Samuel is also on the panels of the China International Economic and Trade Arbitration Commission, the Hong Kong International Arbitration Center and on the panels of the Arbitration Commissions of Wuhan, Dalian, Tsingdao, Guangzhou, Suzhou and Huizhou of China. In addition, Mr. WONG Chat Chor Samuel is also a director of Nan Fung (Singapore) Pte Limited and was the chairman of the BPC Group of Companies, Malaysia. Mr. WONG Chat Chor Samuel is also a standing committee member of the Peoples' Political Consultative Committee of Wenzhou, Zhejiang, the PRC. Mr. WONG Chat Chor Samuel received a master degree in business administration from Harvard University and a master and a bachelor degree in Arts from Tufts University, Massachusetts. Mr. WONG Chat Chor Samuel was appointed as our independent non-executive Director on 30 August 2004.

Mr. WONG Chat Chor Samuel has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, Mr. WONG Chat Chor Samuel has not held any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Dr. WONG, Ying Wai, G.B.S., JP (王英偉), aged 63, is the President and Chief Operating Officer of Sands China Limited, the shares of which are listed on the Stock Exchange.

Dr. WONG Ying Wai joined the Administrative Officer grade of the Hong Kong Government in 1975 and served in a number of key positions including Deputy Secretary for the Civil Service and Deputy Director General of Industry. Mr. WONG Ying Wai joined the private sector in 1992 and since then, he has held top management positions in a number of Hong Kong listed companies in the property development and construction business sectors including K. Wah International Holdings Limited, Henderson China Holdings Limited, Shui On Group and Hsin Chong Construction Group Ltd.

Dr. WONG Ying Wai started his political career at the national level when he was appointed a member of The Basic Law Consultative Committee (1985-1990) by the Central People's Government. He was subsequently appointed by the National People's Congress as a member of the Preliminary Working Committee for the Hong Kong SAR Preparatory Committee in 1993 and a member of the Hong Kong SAR Preparatory Committee in 1995, both bodies were responsible for the transitional policies and arrangements relating to the establishment of the HKSAR Government in 1997. Dr. WONG Ying Wai was a Deputy to the National People's Congress of the PRC during 1997-2012.

Dr. WONG Ying Wai's public service continues through his participation in a number of councils and committees in Hong Kong. He is currently the Chairman of Hong Kong Arts Development Council; Chairman of Hong Kong International Film Festival Society Limited; Chairman of Standing Commission on Civil Service Salaries and Conditions of Service; Chairman of Hong Kong Baptist University Foundation; Chairman of the Pacific Basin Economic Council; Chairman of Hong Kong Institute for Public Administration; Deputy Chairman of Hong Kong Film Development Council and Member of China Federation of Literary and Art Circles. He was the chairman of the Court and Council of the Hong Kong Baptist University from 2007 to 2012. Dr. WONG Ying Wai was awarded the Gold Bauhinia Star and Silver Bauhinia Star Medal by the Hong Kong SAR Government in 2015 and 2007. He was educated at Harvard University (MPA), Oxford University, University of Hong Kong (BSoc.Sc.) and the Chinese University of Hong Kong. Dr. WONG was conferred the honorary degree for doctor of humanities by the Hong Kong Baptist University in November 2013.

Dr. WONG Ying Wai has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, Dr. WONG Ying Wai has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Profile of Directors and Senior Management

Mr. TRAN Chuen Wah, John (陳傳華), aged 44, obtained a bachelor's degree in business administration from Simon Fraser University in June 1993. Mr. TRAN Chuen Wah, John is currently a minister of Evangelical Free Churches of China Tung Fook Church Limited. Mr. TRAN Chuen Wah, John has over 15 years of experience in accounting and investment banking industry, during which Mr. TRAN Chuen Wah, John had worked in Price Waterhouse (now known as PricewaterhouseCoopers) and various financial institutions and investment banks in Hong Kong. During the period between 2003 and 2006, Mr. TRAN Chuen Wah, John was the Managing Director and the Head of Investment Banking of Kingsway Financial Services Group Limited ("**Kingsway Group**"). Mr. TRAN Chuen Wah, John was a consultant to Kingsway Group during the period from 2006 to 2009. Mr. TRAN Chuen Wah, John became a member of each of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants in 1996 and 1997, respectively. Mr. TRAN Chuen Wah, John has been a Chartered Financial Analyst (granted by the Association for Investment Management and Research) since September 1999.

Mr. TRAN Chuen Wah, John has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, Mr. TRAN Chuen Wah, John has not held any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. TAM Wai Hung, David (譚偉雄), aged 66, has more than 40 years of experience in commercial banking industry in Hong Kong and the PRC. Mr. TAM Wai Hung, David started his career in 1968 when he joined The Hongkong and Shanghai Banking Corporation ("**HSBC**"). During his career with HSBC, Mr. TAM Wai Hung, David held various senior positions in Hong Kong and overseas and his last position with HSBC was Senior Executive — Payments and Cash Management-Asia Pacific in 1999. Since March 1999, Mr. TAM Wai Hung, David worked with Hang Seng Bank Limited and held various senior positions in corporate and commercial banking and risk management. Mr. TAM Wai Hung, David retired from Hang Seng Bank Limited in January 2012 as a Deputy General Manager and his last position with the bank was Chief Risk Officer. Mr. TAM Wai Hung, David is currently a director of Yantai Bank (煙台銀行), a city commercial bank in Yantai, Shandong Province, the PRC. Mr. TAM Wai Hung, David became a fellow member of the Institute of Bankers in the United Kingdom and the Hong Kong Institute of Bankers in 1986 and 1995, respectively. Mr. TAM Wai Hung, David received a master's degree in business administration from the University of Toronto in 1991.

Mr. TAM Wai Hung, David has no relationship with any Directors, senior management or substantial Shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, Mr. TAM Wai Hung, David has not held any directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

SENIOR MANAGEMENT

LAU Sik Yuen (劉錫源), aged 49, is the Group company secretary, chief financial officer and qualified accountant. Prior to joining the Group in April 2003, Mr. LAU Sik Yuen had over thirteen years' experience in auditing and financial accounting industry. Mr. LAU Sik Yuen is responsible for the Group's financial, management and cost accounting, taxation, treasury and investor relations strategy and operation. Mr. LAU Sik Yuen had worked for PricewaterhouseCoopers for over five years, and had been the financial controller of a subsidiary of a company listed on the main board of the Stock Exchange for over three years. Mr. LAU Sik Yuen is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

XU Bi Zhong (許必忠), aged 47, is the executive vice president of the Group and is responsible for overseeing the domestic automobile glass operation and sales. Mr. XU Bi Zhong obtained a diploma of administrative management from Shenzhen University. Prior to joining the Group in May 2004, Mr. XU Bi Zhong worked for a float glass trading company and a float glass plant in PRC for over twelve years.

ZHA Xue Song (查雪松), aged 44, is the vice president of the Group and overseeing the sales of float glass operation. Mr. ZHA Xue Song had been working for our automobile glass overseas market division for more than fourteen years. Prior to joining the Group in March 1996, Mr. ZHA Xue Song taught at the Hubei Chinese Medical School for two years, after graduation from Hubei University in 1994 with a bachelor degree in arts. Mr. ZHA Xue Song has completed the course of postgraduate certificate in International Laws at Shenzhen University in 2002. Mr. ZHA Xue Song graduated with an executive master degree of business administration in Peking University in 2007.

ZHANG Ming (張明), aged 55, is the vice president of the Group and is responsible for the operations and overseeing the building of our new Deyang production complex. Mr. ZHANG Ming has obtained qualification as a senior engineer. Prior to joining the Group in February 1998, Mr. ZHANG Ming worked at a float glass plant in the PRC. Mr. ZHANG Ming graduated from Wuhan Construction Materials Institute in 1982 with a bachelor degree in construction materials and mechanics. Mr. ZHANG obtained a master degree in business administration from Peking University in 2010.

YANG Yi (楊逸), aged 43, is the vice president of construction glass division of the Group and is responsible for overseeing and implementing construction glass operation and sales. Mr. YANG Yi obtained a diploma of applied material from South China University of Technology. Prior to joining the Group in July 2001, Mr. YANG Yi worked for a float glass plant in PRC for eight years.

Corporate Governance Report

The Board recognises the importance of good corporate governance in the management structure and internal control procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-making process are properly regulated and are in full compliance with the applicable laws and regulations. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set forth in Appendix 14 to The Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. For corporate governance purpose, the Company has adopted the CG Code throughout the year of 2015.

The Company has applied the principles and in the opinion of the Board, the Company has complied with the applicable principles and code provisions of the CG Code throughout the year ended 31 December 2015.

BOARD OF DIRECTORS

One of the responsibilities of the Board is to prevent fraud and non-compliance issues, safeguard the assets of the Group and formulate the overall business strategies for the Group. The Board currently comprises four executive Directors, four non-executive Directors and five independent non-executive Directors. Further information on the Directors is set forth on pages 12 to 16 of this annual report.

The four executive Directors are Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Shing Kan. Datuk LEE Yin Yee, B.B.S., is the father of Mr. LEE Shing Kan, and also the brother-in-law of Mr. TUNG Ching Bor and Mr. TUNG Ching Sai. Mr. TUNG Ching Bor is the elder brother of Mr. TUNG Ching Sai. Hence, Mr. LEE Shing Kan is the son of Datuk LEE Yin Yee, B.B.S., nephew of Mr. TUNG Ching Bor and Mr. TUNG Ching Sai.

The four non-executive Directors are Mr. LI Ching Wai, Mr. SZE Nang Sze, Mr. LI Ching Leung and Mr. NG Ngan Ho.

The five independent non-executive Directors are Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Mr. WONG Ying Wai, G.B.S., JP., Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.

Datuk LEE Yin Yee, B.B.S. is the Chairman of the Group and Mr. TUNG Ching Sai is the Chief Executive Officer of the Group. The Chairman is responsible for managing and providing leadership to the Board. Datuk LEE is responsible for ensuring that the Group has maintained strong and effective corporate governance practices and procedures. The Chief Executive Officer is responsible for the day-to-day management of the business of the Group. With the assistance of other members of the Board and other senior management, Mr. TUNG Ching Sai closely monitors the operating and financial results of the Group, identifies any weakness in the operation and takes all necessary and appropriate steps to remedy such weakness. Mr. TUNG is also responsible for formulating the future business plans and strategies of the Group for the Board's approval.

The Company has complied with Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, one independent non-executive director of which has the appropriate professional qualifications or accounting or related finance management expertise and the independent non-executive directors represent at least one-third of the Board.

Where there is any casual vacancy in the Board, candidates will be proposed and put forward to the Board for consideration and approval, with a view to appointing to the Board individuals with the appropriate capabilities to fill the casual vacancy.

Members of the Board, who come from a variety of different backgrounds, have a diverse range of business, and professional expertise. Brief biographical particulars of the Directors, together with information relating to the relationship among them, are set forth on pages 12 to 16 in this Annual Report.

The Board considers that its diversity is a vital asset to the business. During the year, the Board adopted a Board Diversity Policy for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All of the four non-executive Directors were appointed for a term of three years, commencing from 1 January 2014. Two of the independent non-executive Directors, Mr. LAM Kwong Siu, S.B.S. and Mr. WONG Chat Chor Samuel, were appointed for a term of three years commencing from 3 February 2014. The independent non-executive Director, Mr. WONG Ying Wai, G.B.S., JP, was appointed for a term of three years commencing from 1 November 2014. Two of the independent non-executive Directors, Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David, were appointed for a term of three years commencing from 31 December 2015. The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors have fulfilled the independence guidelines set forth under Rule 3.13 of the Listing Rules.

During the financial year ended 31 December 2015, the Board has held five meetings, which were held on 1 March 2015, 29 May 2015, 28 July 2015, 27 October 2015 and 16 December 2015, respectively, and all Directors had attended these meetings. At least four Board meetings are scheduled to be held during the financial year ending 31 December 2016.

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating the operating and financial performance, the review of the corporate governance measures and supervision of the overall management of the Group. The senior management of the Group is responsible for the implementation of the business strategies and the day-to-day operations of the Group under the leadership of the Chief Executive Officer. The Directors have full access to all the information of the Group in regard to the business operation and financial performance of the Group. Senior management of the Group also provides the Directors from time to time with information on business operation of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Group, all Directors have confirmed that they have complied with the required standard set forth in the Model Code throughout the year ended 31 December 2015 and up to the date of this annual report.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee of the Board comprises five members, namely Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Mr. WONG Ying Wai, G.B.S., JP, Datuk LEE Yin Yee, B.B.S., and Mr. TUNG Ching Sai. The chairman of the Remuneration Committee is Mr. LAM Kwong Siu, S.B.S. The primary duties of the Remuneration Committee include reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management. Its terms of reference are posted on the websites of the Company and the Stock Exchange. During the year ended 31 December 2015, a meeting of the Remuneration Committee was held on 1 March 2015 and all the committee members attended this meeting.

Pursuant to code provision B1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set forth below:

In the band of	Number of individuals
Over HK$3,000,000	4
HK$2,000,001 to HK$3,000,000	3
Below HK$2,000,000	2

AUDIT COMMITTEE

The Audit Committee of the Board comprises five independent non-executive Directors, Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Mr. WONG Ying Wai, G.B.S., JP, Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David. Mr. LAM Kwong Siu is the chairman of the Audit Committee. The Audit Committee assists the Board to review the financial information and reporting process, evaluate the effectiveness of internal control systems and oversee the auditing processes of the Group. Its terms of reference are posted on the websites of the Company and the Stock Exchange. The Audit Committee has held three meetings during the year ended 31 December 2015 on 1 March 2015, 28 July 2015 and 4 December 2015, respectively, for reviewing the annual and interim financial results and reports as well as the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and all the committee members attended these meetings.

NOMINATION COMMITTEE

The Nomination Committee of the Board consists of Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai, Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel and Mr. WONG Ying Wai, G.B.S., JP. The chairman of the Nomination Committee is Datuk LEE Yin Yee, B.B.S. The Nomination Committee selects and recommends appropriate candidates, based on his or her prior experience and qualifications, to the Board for the appointment of Directors. The Nomination Committee was established on 29 October 2007 and its terms of reference are posted on the websites of the Company and the Stock Exchange. The nomination committee held no meeting during the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended 31 December 2015 have been reviewed by the audit committee and audited by the external auditor, PricewaterhouseCoopers. The Directors acknowledge that it is their responsibilities in (i) overseeing the preparation of the financial statements of the Group with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies, applying the selected accounting policies consistently, and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group.

The statement of the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 39 and 40 of this annual report.

AUDITOR'S REMUNERATION

For the year under review, the professional fees charged by the auditors of the group companies in respect of the auditing services is disclosed in the notes to the financial statements. The remuneration paid to the auditor of the Group is solely for audit of consolidated financial statements of the Group during the year, which amounted to approximately HK$3.3 million.

INTERNAL CONTROL

The Board and the management of the Group maintain a sound and effective system of internal control of the Group in order to ensure the effectiveness and efficiency of the operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations.

The Board is also responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee of the Board, the Board has regularly reviewed the effectiveness of risk management and internal control activities of the Group during the financial year of 2015. During 2015, the Board has conducted an annual review of the effectiveness of the system of internal control of the Group and the results of which were found to be satisfactory.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

We provide to all the Directors a comprehensive induction package which includes introduction on the business operations, internal procedures and general policy of the Company and a summary of statutory and regulatory obligations of directors under the Listing Rules and other relevant laws and regulations. During the year, the Directors are provided with regular updates on the Group's business, operations, risk management and corporate governance matters to enable the Board as a whole and each Director to discharge their duties. The Directors are also encouraged to attend both in-house training and training provided by independent service providers. During the period under review, all Directors participated in various trainings organised by the Company, including the "Disclosure Obligation for Listed Companies and Officers" and "Update on the requirements under the Hong Kong Listing Rules, Hong Kong Companies Ordinance, and Hong Kong Securities and Futures Ordinance". According to the training records maintained by the Company, each Director has confirmed that he has obtained reading and training materials during the year under review and has attended the trainings in relation to various aspects, including but not limited to, director's duties, update on Listing Rules amendments and corporate governance practices.

Corporate Governance Report

COMPANY SECRETARY

The company secretary is Mr. LAU Sik Yuen, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. LAU is also the chief financial officer of the Company. He assists the Board by ensuring good information flow within the Board and that the policy and procedures of the Board are followed. He has taken not less than 15 hours of relevant professional training in 2015, in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensure that the Group complies with the disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain information issued by the Company.

Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules. For both institutional and retail investors, the Company's website at www.xinyiglass.com provides up-to-date information on the Group. All key information such as announcements, annual and interim reports can be downloaded from it.

SHAREHOLDERS' RIGHT TO CONVENE A SHAREHOLDERS' MEETING

Pursuant to Article 64 of the articles of association (the "**Articles**") of the Company, an extraordinary general meeting ("**EGM**") shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

INVESTORS RELATIONS

A printed copy of the memorandum and articles of association of the Company has been published on the websites of the Company and the Stock Exchange. There has been no change in the Company's constitutional documents during the year ended 31 December 2015.

Report of the Directors

The Directors are pleased to present their report and the audited financial statements of the Group for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding whereas its subsidiaries are principally engaged in the production and sales of float glass products, automobile glass products, construction glass products and a variety of related products in the PRC. Particulars of the subsidiaries of the Company are set forth in Note 11 to the consolidated financial statements of the Group in this annual report.

The analysis of the Group's performance for the financial year ended 31 December 2015 by operating segments is set forth in Note 5 to the consolidated financial statements in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the financial year ended 31 December 2015 are set forth in the consolidated income statement on page 43 in this annual report. During the financial year, an interim dividend of 9.5 HK cents per Share, amounting to a total of approximately HK$372.6 million of cash dividend, was paid to shareholders on 8 September 2015.

The Board proposes the payment of a final dividend of 17.0 HK cents per Share to Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 22 June 2016. Subject to approval by Shareholders at the Annual General Meeting, the final dividend will be paid on or before 5 July 2016.

The register of members of the Company will be closed for the purpose of entitlements to attend and vote at the Annual General Meeting from Friday, 27 May 2016 to Tuesday, 31 May 2016, 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 Annual General Meeting, all Share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre,183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 26 May 2016.

The register of members will be closed from Monday, 20 June 2016 to Wednesday, 22 June 2016 (both days inclusive), during such period no transfer of the Shares will be registered for the purpose in order to determine the entitlement to receive the proposed Final Dividend. All transfer of the Shares accompanied by the relevant share certificates must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 17 June 2016 for such purpose.

RESERVES

Details of movements in the reserves of the Group and of the Company during the financial year are set forth in Note 18 to the consolidated financial statements in this annual report.

Report of the Directors

FINANCIAL SUMMARY

A summary of the operating results and of the assets and liabilities of the Group for the last five financial years is set forth in the section headed "Financial Summary" in this annual report.

INVESTMENT PROPERTIES

Details of this movement in investment properties of the Group during the year are set forth in Note 8 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year under review are set forth in Note 7 to the consolidated financial statements.

DONATIONS

Donations by the Group for charitable and other purposes during the financial year amounted to HK$120,482 (2014: HK$10,538,652).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year under review are set forth in Note 17 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, as at 31 December 2015, share premium amounting to HK$2,825 million (2014: HK$3,432.0 million) was distributable to Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2015, the Company had distributable reserves available for distribution to Shareholders amounting to HK$26.2 million (2014: HK$49.4 million) other than mentioned above.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

DIRECTORS

The Directors during the financial year and up to the date of this annual report were:

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kwong Siu, S.B.S.
Mr. WONG Chat Chor Samuel
Mr. WONG Ying Wai, G.B.S., JP
Mr. TRAN Chuen Wah, John
Mr. TAM Wai Hung, David

In accordance with article 108 of the Company's articles of association (the "**Articles**"), Mr. SZE Nang Sze, Mr. LI Ching Leung, Mr. WONG Ying Wai, Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David will retire by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from the independent non-executive Directors the confirmations of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company considers all the independent non-executive Directors to be independent.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has entered or has proposed to enter into any service agreements with the Company or any other member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The Company's policies concerning remuneration of the executive Directors are:-

(i) the amount of remuneration is determined on the basis of the relevant executive Director's experience, responsibility, workload and the time devoted to the Group;

(ii) non-cash benefits may be provided to the executive Directors under their remuneration package;

(iii) the executive Directors may be granted, at the discretion of the board of Directors, options pursuant to the share option scheme, as part of their remuneration package; and

(iv) annual director fee of HK$250,000 for the year ended 31 December 2015, and HK$250,000 for the year ending 31 December 2016.

Save for the annual director fee of HK$250,000 for each non-executive Director in 2015, none of the non-executive Directors receives any other emoluments (including bonus payments, whether fixed or discretionary in nature) from the Group.

Save for the annual director fee of HK$250,000 for each independent non-executive Director in 2015, none of the independent non-executive Directors receives any other emoluments (including bonus payments, whether fixed or discretionary in nature) from the Group. Such emoluments were determined with reference to the duties and responsibilities of Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Mr. WONG Ying Wai, G.B.S., JP, Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David and their mutual agreement with the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the financial year.

SHARE OPTION SCHEME

The share option scheme ("**Old Share Option Scheme**") adopted by the Company on 18 January 2005, being valid for a period of 10 years from the date of adoption, expired on 17 January 2015. Pursuant to the EGM of the Company held on 15 January 2015, a new share option scheme (the "**Share Option Scheme**") was approved and adopted.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants (as defined below) and for such other purposes as the Directors may approve from time to time.

For the purpose of the Share Option Scheme, participants (the "**Participants**") include (i) any employees (whether full-time or part-time) of the Company or any of its subsidiaries, associated companies, jointly controlled entities and related companies from time to time (collectively, the "**Extended Group**"); (ii) any directors (whether executive directors or non-executive directors or independent non-executive directors) of the Extended Group; (iii) customers of the Extended Group or any of the subsidiaries or associated companies of such customers; and (iv) any consultants, professionals and other advisers to each member of the Extended Group.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% (the "**Scheme Mandate Limit**") of the total number of Shares in issue as of 18 January 2015.

The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and other share option schemes of the Company in issue shall not exceed 10% (the "**Refreshed Limit**") of the issued share capital of the Company on the date the refreshment of such limit is approved.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in the aforesaid 30% limit being exceeded.

Unless with the approval of the Shareholders in general meeting, the maximum number of Shares issued and to be issued upon the exercise of the options granted to each Participant (including both exercised and outstanding options) under the Share Option Scheme and any other share option schemes of the Company in any 12-month period shall not exceed 1% of the Shares in issue.

An option must be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date on which the offer for the grant of the option is made, but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made, subject to the provisions for early termination thereof. An option may be accepted by a Participant within 30 days from the date of the offer for the grant of the option and the amount payable on acceptance of the grant of an option is HK$1.

Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is neither any performance target that needs to be achieved by a grantee before an option can be exercised nor any minimum period for which an option must be held before it can be exercised.

The subscription price in respect of each Share issued under the Share Option Scheme shall be a price solely determined by the Directors but shall not be less than the highest of:

(a) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong (the "**Business Day**");

(b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five Business Days immediately preceding the date of the grant; and

(c) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years commencing from 18 January 2015.

Pursuant to the Old Share Option Scheme and the Share Option Scheme, several tranches of options were granted to employees of the Group, the details of the effective tranches are set forth as follows:

In March 2011, the sixth tranche of 23,718,000 options was granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). 6,566,000 options have lapsed. The exercise price of these options is HK$6.44 per Share and the option holders may exercise the options between 1 April 2014 and 31 March 2015, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders were expired on 31 March 2015.

In May 2012, the seventh tranche of 26,250,000 options was granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). 6,726,000 options have lapsed. The exercise price of these options is HK$4.34 per Share and the option holders may exercise the options between 1 April 2015 and 31 March 2016, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2016 shall lapse.

In April 2013, the eighth tranche of 26,500,000 options was granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 3,552,700 options have lapsed. The exercise price of these options is HK$5.55 per Share and the option holders may exercise the options between 1 April 2016 and 31 March 2017, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2017 shall lapse.

In February 2014, the ninth tranche of 26,000,000 options has been granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 1,568,000 options have lapsed. The exercise price of these options is HK$6.84 per Share and the option holders may exercise the options between 1 April 2017 and 31 March 2018, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2018 shall lapse.

In March 2015, the tenth tranche of 28,000,000 options has been granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 567,000 options have lapsed. The exercise price of these options is HK$4.55 per Share and the option holders may exercise the options between 1 April 2018 and 31 March 2019, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2019 shall lapse.

In March 2016, the eleventh tranche of 28,500,000 options has been granted to employees of the Group and none of the grantees is a Director, chief executive or substantial shareholder of the Company nor an associate of any of them. The exercise price of these options is HK$4.81 per Share and the option holders may exercise the options between 1 April 2019 to 31 March 2020, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2020 shall lapse.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set forth on pages 12 to 17 of this annual report.

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

As at 31 December 2015, 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 the 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 for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules, were as follows:

INTERESTS IN THE COMPANY

Long position in the Shares

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital
Datuk LEE Yin Yee, B.B.S.	Interest of a controlled corporation *(Note a)*	725,209,552	18.49%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
	Personal interest *(Note b)*	81,112,000	2.07%
Mr. TUNG Ching Bor	Interest of a controlled corporation *(Note c)*	266,766,456	6.80%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
	Personal interest *(Note d)*	27,600,000	0.70%
Mr. TUNG Ching Sai	Interest of a controlled corporation *(Note e)*	246,932,579	6.30%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
	Personal interest	2,908,000	0.07%
	Personal interest *(Note f)*	91,826,000	2.34%
Mr. LI Ching Wai	Interest of a controlled corporation *(Note g)*	116,580,868	2.97%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
Mr. SZE Nang Sze	Interest of a controlled corporation *(Note h)*	105,630,781	2.69%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
	Personal interest	280,000	0.01%
Mr. NG Ngan Ho	Interest of a controlled corporation *(Note i)*	77,853,912	1.99%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
	Personal interest	2,600,000	0.07%
Mr. LI Ching Leung	Interest of a controlled corporation *(Note j)*	77,853,911	1.99%
	Interest of a controlled corporation *(Note m)*	29,574,000	0.75%
	Personal interest	3,450,000	0.09%
	Personal interest *(Note k)*	400,000	0.01%
Mr. TRAN Chuen Wah, John	Personal interest *(Note l)*	180,000	0.005%

Notes:

(a) Datuk LEE Yin Yee'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 Datuk LEE Yin Yee.

(b) Datuk LEE Yin Yee's interests in the Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.

(c) Mr. TUNG Ching Bor's interests in the Shares are held through High Park Technology Limited ("**High Park**"), a company incorporated in the BVI with limited liability on 1 July 2004 and wholly-owned by Mr. TUNG Ching Bor.

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

(e) Mr. TUNG Ching Sai's interests in the Shares are held through Copark Investment Limited ("**Copark**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. TUNG Ching Sai.

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

(g) Mr. LI Ching Wai's interests in the Shares are held through Goldbo International Limited ("**Goldbo**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. LI Ching Wai.

(h) Mr. 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.

(i) 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.

(j) Mr. LI Ching Leung's interests in the Shares are held through Herosmart Holdings ("**Herosmart**"), a company incorporated in the BVI with limited liability on 1 July 2004 and wholly-owned by Mr. LI Ching Leung.

(k) Mr. LI Ching Leung's interests in the Shares are held through his spouse, Madam DY Maria Lumin.

(l) Mr. TRAN Chuen Wah, John's interest in the Shares are held through his spouse, Madam LAM Ying.

(m) The interest in the Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Datuk LEE Yin Yee as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Mr. TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

INTERESTS IN ASSOCIATED CORPORATIONS

Name of associated corporation	Name of Director	Class and number of shares held in the associated corporation	Approximate shareholding percentage
Realbest *(Note n)*	Datuk LEE Yin Yee	2 ordinary shares	100%
High Park *(Note o)*	Mr. TUNG Ching Bor	2 ordinary shares	100%
Copark *(Note p)*	Mr. TUNG Ching Sai	2 ordinary shares	100%
Goldbo *(Note q)*	Mr. LI Ching Wai	2 ordinary shares	100%
Linkall *(Note r)*	Mr. NG Ngan Ho	2 ordinary shares	100%
Goldpine *(Note s)*	Mr. SZE Nang Sze	2 ordinary shares	100%
Herosmart *(Note t)*	Mr. LI Ching Leung	2 ordinary shares	100%

Notes:

(n) Realbest is wholly-owned by Datuk LEE Yin Yee.

(o) High Park is wholly-owned by Mr. TUNG Ching Bor.

(p) Copark is wholly-owned by Mr. TUNG Ching Sai.

(q) Goldbo is wholly-owned by Mr. LI Ching Wai.

(r) Linkall is wholly-owned by Mr. NG Ngan Ho.

(s) Goldpine is wholly-owned by Mr. SZE Nang Sze.

(t) Herosmart is wholly-owned by Mr. LI Ching Leung.

Save as disclosed above, as at 31 December 2015, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2015, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and the underlying Shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

THE COMPANY

Long position in the Shares

Name of Substantial Shareholders	Number of Shares held	Nature of interest	Approximate percentage of the Company's issued share capital
Realbest	725,209,552	Registered and beneficial owner	18.49%
High Park	266,766,456	Registered and beneficial owner	6.80%
Copark	246,932,579	Registered and beneficial owner	6.30%
Telerich Investment Limited *(Note)*	251,595,089	Registered and beneficial owner	6.42%

Note: These Shares are registered in the name of Telerich Investment Limited, the entire issued share capital of which is beneficially owned by Mr. LEE Sing Din, brother-in-law of Datuk LEE Yin Yee, B.B.S..

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL OF SUBSIDIARIES OF THE COMPANY

As at 31 December 2015, the persons who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (other than the Company) were as follows:

Name of subsidiary of the Company	Name of shareholder	Class and number of shares held in the subsidiary of the Company	Approximate shareholding percentage
Xinyi Auto Glass (North America) Corporation	Provision Holdings Limited *(Note a)*	30,000 class A common shares	30.0%
Xinyi Glass (Germany) Limited	Mr. Wolfgang Walter WILLNAT *(Note c)*	2,500 common shares	25.0%
	Polaron International Inc.	1,250 common shares	12.5%
Xinyi Glass Japan Company Limited	Provision Holdings Limited *(Note a)*	40 common shares	10.0%
	Mr. CHO Shotie *(Note b)*	140 common shares	35.0%

Notes:

(a) Provision Holdings Limited is 100% owned by Mr. Geraldo Henri TAM. Mr. Geraldo Henri TAM is a director of Xinyi Auto Glass (North America) Corporation and Xinyi Glass Japan Company Limited.

(b) Mr. CHO Shotie is a director of Xinyi Glass Japan Company Limited.

(c) Mr. Wolfgang Walter WILLNAT is director of Xinyi Glass (Germany) Limited.

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

Report of the Directors

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

As at 31 December 2015, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders (as defined in the Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate and neither the Directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for continuing operation for the year attributable to the Group's major customers and suppliers are as follows:

Sales

– the largest customer	5.6%
– five largest customers in aggregate	9.6%

Purchases

– the largest supplier	7.1%
– five largest suppliers in aggregate	23.1%

None of the Directors, their associates or any shareholder of the Company which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of the Group's five largest customers and five largest suppliers.

BANK BORROWINGS

The total bank borrowings of the Group as at 31 December 2015 amounted to HK$5,318.8 million (2014: HK$5,336.3 million). Particulars of the bank borrowings are set forth in Note 20 to the consolidated financial statements in this annual report.

REWARD FOR EMPLOYEES

As at 31 December 2015, we employed 12,746 employees in the PRC, Hong Kong, Canada and Japan. Our employees are remunerated with monthly salary, subject to annual review and discretionary bonuses. Our employees are also entitled, subject to eligibility, to retirement fund and provident fund and to participate in the Share Option Scheme. We place strong emphasis on nurturing a continuous learning culture amongst the employees and implement a variety of programs to promote training.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2015 are set forth in note 34 to the consolidated financial statements. The related party transactions as disclosed in note 34 to the consolidated financial statements did not constitute continuing connected transaction/connected transaction under Chapter 14A of the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Please see the section headed "Corporate Governance Report" set forth in this annual report for details of our compliance with the Corporate Governance Code.

Report of the Directors

AUDIT COMMITTEE

The Company has established an audit committee, comprising five independent non-executive Directors, with written terms of reference in compliance with the requirements of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and give advice to the Board. The audit committee has reviewed the audited financial statements of the Company and audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

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

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 ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained sufficient public float with at least 25% of the Shares held by the public as required under the Listing Rules.

AUDITOR

The retiring auditor, PricewaterhouseCoopers, has signified its willingness to continue in office. A resolution will be proposed at the Annual General Meeting to re-appoint PricewaterhouseCoopers and to authorise the Directors to fix its remuneration.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 31 May 2016, at 3/F, Harbour View 2, 16 Science Park East Avenue, Phase 2, Hong Kong Science Park, Pak Shek Kok, Tai Po, N.T., Hong Kong, at 11:00 a.m. The notice convening the Annual General Meeting will be published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.xinyiglass.com, and will be dispatched to the shareholders in due course.

On Behalf of the Board
Datuk LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 15 March 2016

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF XINYI GLASS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Xinyi Glass Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 41 to 138, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 March 2016

Consolidated Balance Sheet

As at 31 December 2015

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

	Note	As at 31 December 2015	2014
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**1,206,069**	1,287,340
Property, plant and equipment	7	**11,971,015**	11,293,436
Investment properties	8	**437,133**	549,991
Prepayments for property, plant and equipment and land use rights	15	**172,445**	623,875
Intangible assets	9	**74,960**	78,657
Available-for-sale financial assets	12	**588**	119,625
Investments in associates	13	**2,534,651**	2,242,739
Loan to associates	13	**29,294**	33,625
		16,426,155	16,229,288
Current assets			
Inventories	14	**1,222,659**	1,478,219
Loans to associates	13	**7,577**	7,709
Trade and other receivables	15	**2,381,252**	2,486,987
Available-for-sale financial assets	12	**84,336**	—
Pledged bank deposits	16	**1,419**	792
Cash and bank balances	16	**1,298,255**	831,169
		4,995,498	4,804,876
Total assets		**21,421,653**	21,034,164
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	17	**392,183**	392,161
Share premium	17	**2,824,975**	3,431,959
Other reserves	18	**1,060,759**	2,116,333
Retained earnings	18	**8,440,549**	6,392,830
		12,718,466	12,333,283
Non-controlling interests		**7,241**	2,046
Total equity		**12,725,707**	12,335,329

Consolidated Balance Sheet

As at 31 December 2015

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

	Note	As at 31 December 2015	2014
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	20	3,514,253	3,483,463
Deferred income tax liabilities	21	159,407	159,484
Deferred government grants	22	—	147,557
Other payables	19	63,104	107,294
		3,736,764	3,897,798
Current liabilities			
Trade and other payables	19	2,112,465	1,978,190
Current income tax liabilities		332,702	293,686
Bank and other borrowings	20	2,514,015	2,529,161
		4,959,182	4,801,037
Total liabilities		8,695,946	8,698,835
Total equity and liabilities		21,421,653	21,034,164

The financial statements on pages 41 to 138 were approved by the Board of Directors on 15 March 2016 and were signed on its behalf.

Datuk LEE Yin Yee, B.B.S.
Chairman

TUNG Ching Bor
Vice-chairman

The notes on pages 49 to 138 are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the Year Ended 31 December 2015

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

	Note	2015	2014
Revenue	5	11,460,263	10,861,082
Cost of sales	23	(8,327,570)	(8,127,635)
Gross profit		3,132,693	2,733,447
Other income	25	215,167	178,486
Other gains – net	26	379,284	219,938
Selling and marketing costs	23	(679,528)	(607,901)
Administrative and other operating expenses	23	(935,012)	(1,030,087)
Operating profit		2,112,604	1,493,883
Finance income	27	39,980	52,831
Finance costs	27	(90,210)	(90,898)
Share of profits of associates	13	317,251	137,560
Profit before income tax		2,379,625	1,593,376
Income tax expense	28	(266,026)	(228,453)
Profit for the year		2,113,599	1,364,923
Profit attributable to:			
– equity holders of the Company		2,113,143	1,363,680
– non-controlling interests		456	1,243
Profit for the year		2,113,599	1,364,923
Earnings per share for profit attributable to the equity holders of the Company during the year			
(expressed in Hong Kong cents per share)			
– Basic	29	53.88	34.78
– Diluted	29	53.11	34.57

The notes on pages 49 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2015
(All amounts in Hong Kong dollar thousands unless otherwise stated)

	2015	2014
Profit for the year	**2,113,599**	1,364,923
Other comprehensive income, net of tax:		
Item that will not be reclassified subsequently to profit or loss:		
Repurchase and cancellation of convertible bonds	—	(3,342)
Items that may be reclassified subsequently to profit or loss:		
Changes in value of available-for-sale financial assets	**(17,445)**	23,400
Disposal of available-for-sale financial assets	**(3,346)**	—
Currency translation differences	**(1,006,266)**	(355,743)
Share of other comprehensive income of investments accounted for using the equity method	**(118,069)**	(22,430)
Total comprehensive income for the year	**968,473**	1,006,808
Total comprehensive income attributable to:		
Equity holders of the Company	**968,358**	1,005,902
Non-controlling interests	**115**	906
Total comprehensive income for the year	**968,473**	1,006,808

The notes on pages 49 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015

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

		Attributable to the equity holders of the Company						
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015		392,161	3,431,959	2,116,333	6,392,830	12,333,283	2,046	12,335,329
Comprehensive income								
Profit for the year		—	—	—	2,113,143	2,113,143	456	2,113,599
Other comprehensive income								
Changes in value of available-for-sale financial assets	12	—	—	(17,445)	—	(17,445)	—	(17,445)
Disposal of available-for-sale financial assets		—	—	(3,346)	—	(3,346)	—	(3,346)
Currency translation differences		—	—	(1,005,925)	—	(1,005,925)	(341)	(1,006,266)
Share of other comprehensive income of investments accounted for using the equity method		—	—	(118,069)	—	(118,069)	—	(118,069)
Total comprehensive income		—	—	(1,144,785)	2,113,143	968,358	115	968,473
Transactions with owners								
Employees share option scheme:								
– proceeds from shares issued	17 (a)	22	886	(313)	—	595	—	595
– value of employee services	24	—	—	24,100	—	24,100	—	24,100
– adjustment relating to forfeiture of share options		—	—	(30,952)	30,952	—	—	—
Recycling of property revaluation reserve upon disposal of a subsidiary		—	—	(624)	624	—	—	—
Acquisition of a subsidiary		—	—	—	—	—	5,080	5,080
Transfer to reserve	18 (a)	—	—	97,000	(97,000)	—	—	—
Dividends relating to 2014		—	(235,296)	—	—	(235,296)	—	(235,296)
Dividends relating to 2015	30	—	(372,574)	—	—	(372,574)	—	(372,574)
Total transactions with owners		22	(606,984)	89,211	(65,424)	(583,175)	5,080	(578,095)
Balance at 31 December 2015		392,183	2,824,975	1,060,759	8,440,549	12,718,466	7,241	12,725,707

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015
(All amounts in Hong Kong dollar thousands unless otherwise stated)

		Attributable to the equity holders of the Company						
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014		392,137	4,335,328	2,372,564	5,107,760	12,207,789	1,140	12,208,929
Comprehensive income								
Profit for the year		—	—	—	1,363,680	1,363,680	1,243	1,364,923
Other comprehensive income								
Changes in value of available-for-sale financial assets	12	—	—	23,400	—	23,400	—	23,400
Currency translation differences		—	—	(355,406)	—	(355,406)	(337)	(355,743)
Repurchase and cancellation of convertible bonds	20 (b)	—	—	(3,342)	—	(3,342)	—	(3,342)
Share of other comprehensive income of investments accounted for using the equity method		—	—	(22,430)	—	(22,430)	—	(22,430)
Total comprehensive income		—	—	(357,778)	1,363,680	1,005,902	906	1,006,808
Transactions with owners								
Employees share option scheme:								
– proceeds from shares issued	17 (a)	152	7,062	(1,937)	—	5,277	—	5,277
– value of employee services	24	—	—	24,874	—	24,874	—	24,874
– adjustment relating to forfeiture of share options		—	—	(316)	316	—	—	—
Repurchase and cancellation of shares	17 (b)	(128)	(8,339)	128	(128)	(8,467)	—	(8,467)
Transfer to reserve	18 (a)	—	—	78,798	(78,798)	—	—	—
Dividends relating to 2013		—	(549,025)	—	—	(549,025)	—	(549,025)
Dividends relating to 2014	30	—	(353,067)	—	—	(353,067)	—	(353,067)
Total transactions with owners		24	(903,369)	101,547	(78,610)	(880,408)	—	(880,408)
Balance at 31 December 2014		392,161	3,431,959	2,116,333	6,392,830	12,333,283	2,046	12,335,329

The notes on pages 49 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2015

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

	Note	2015	2014
Cash flows from operating activities			
Cash generated from operations	31 (a)	2,973,920	1,715,764
Interest paid		(114,653)	(106,808)
Income tax paid		(222,662)	(153,960)
Net cash generated from operating activities		2,636,605	1,454,996
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,834,150)	(1,691,408)
Additions to investment property	8	(53,356)	(14,391)
Proceeds from disposal of available-for-sale financial assets	12	17,627	—
Purchase of available-for-sale financial assets	12	(716)	(44,000)
Proceeds from disposal of an associate		5,527	—
Purchase of intangible assets	9	—	(182)
Prepayment for land use rights		(79,957)	(23,145)
Proceeds from disposal of property, plant and equipment and leasehold land and land use right	31 (b)	670	116,255
Proceeds from disposal of a subsidiary	31 (c)	268,178	—
Capital to an associate	13	—	(23,751)
Loan advanced to an associate		(2,124)	(1,561)
Loan repayment from an associate		4,204	—
Dividend received from associates	13	129,413	62,750
Increase in pledged bank deposits		(627)	(3)
Acquisition of a subsidiary		3,697	—
Interest received		21,550	41,786
Net cash used in investing activities		(1,520,064)	(1,577,650)

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2015

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

	Note	2015	2014
Cash flows from financing activities			
Proceeds from bank borrowings		**2,527,933**	3,139,521
Repayment of bank borrowings		**(2,545,456)**	(2,136,288)
Shares repurchased and cancelled		**—**	(8,467)
Net proceeds from issuance of ordinary shares		**595**	5,277
Cash payment for repurchase and cancellation of convertible bonds	20(b)	**—**	(170,040)
Dividends paid to shareholders of the Company		**(607,870)**	(902,092)
Net cash used in financing activities		**(624,798)**	(72,089)
Net increase/(decrease) in cash and bank balances		**491,743**	(194,743)
Cash and bank balances at 1 January		**831,169**	1,042,429
Effect of foreign exchange rate changes		**(24,657)**	(16,517)
Cash and bank balances at 31 December	16	**1,298,255**	831,169

The notes on pages 49 to 138 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Xinyi Glass Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") was principally engaged in the production and sale of float glass, automobile glass, construction glass products, which were carried out internationally, through the production complexes located in Mainland China (the "PRC") in 2015.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

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 (the "Stock Exchange").

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 15 March 2016.

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.

2.1 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. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

(a) The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2015. The adoption of these new and amended standards and interpretations does not have any significant impact to the results and financial position of the Group:

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2010 - 2012 Cycle	1 January 2015
Annual Improvements Project	Annual Improvements 2011 - 2013 Cycle	1 January 2015
HKAS 19 (Amendment)	Defined Benefit Plants: Employee Contributions	1 January 2015

(b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2012 – 2014 Cycle	1 January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS28 (Amendment)	Investment Entities: Applying the Consolidation Exception	Note (i)
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

(b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted: (Continued)

Notes:

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

(ii) Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.2 SUBSIDIARIES

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 SUBSIDIARIES (Continued)

2.2.1 Consolidation (Continued)

(a) **Business combinations**

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised gains and losses resulting from inter-company transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 SUBSIDIARIES (Continued)

2.2.1 Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profits of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interest in in associates are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within "other gains - net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 FOREIGN CURRENCY TRANSLATION (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 LEASEHOLD LAND AND LAND USE RIGHTS

Leasehold land in Hong Kong is government-owned and land in the PRC is state-owned or collectively-owned with no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease period using the straight-line method.

2.7 PROPERTY, PLANT AND EQUIPMENT

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 PROPERTY, PLANT AND EQUIPMENT (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

– Buildings	20-30 years
– Plant and machinery	5-20 years
– Office equipment	3-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents buildings, solar power electricity generating equipment and plants, plant and machinery on which construction work has not been completed and which, upon completion, management intends to hold for production purposes. Construction in progress is carried at cost which includes development and construction expenditure incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. On completion, construction in progress is transferred to appropriate categories of property, plant and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the consolidated income statement.

2.8 INVESTMENT PROPERTY

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss in "other gains – net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademark, customer relationship and patent

Trademark, customer relationship and patent acquired in a business combination are recognised at fair value at the acquisition date. Trademark, customer relationship and patent have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademark, customer relationship and patent over their estimated useful lives of 3 - 20 years.

(c) Capitalised exploration, evaluation and mining right expenditure

Costs directly associated with an exploration well and exploration (researching and analysing existing exploration data; exploratory drilling, trenching and sampling, examining and testing extraction and treatment methods; obtaining legal exploration or mining rights) are capitalised until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and the costs are amortised using the units of production method according to the proved reserves. No depreciation and/or amortisation is charged during the exploration and evaluation phrase.

Capitalised exploration, evaluation and mining right expenditure are tested for impairment, when reclassified to development tangible or intangible assets (if appropriate), or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration, evaluation and mining right expenditure's carrying amount exceeds their recoverable amount. The recoverable amount is the higher of their fair value less costs to sell and their value in use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 FINANCIAL ASSETS

2.11.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans to associates', 'trade and other receivables', 'pledged bank deposits' and 'cash and bank balances' in the consolidated balance sheet (Notes 2.15 and 2.16).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 FINANCIAL ASSETS (Continued)

2.11.2 Recognition and measurement

Regular way of purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as "other gains – net".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of "other income" when the Group's right to receive payments is established.

2.12 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount are reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 IMPAIRMENT OF FINANCIAL ASSETS

(a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 IMPAIRMENT OF FINANCIAL ASSETS (Continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses the criteria referred to in (a) above. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.14 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 CASH AND BANK BALANCES

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, less pledged bank deposits.

2.17 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.18 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 BORROWINGS COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 CONVERTIBLE BONDS

Convertible bonds issued by the Group can be settled by exchanging a fixed amount of cash for a fixed number of the Company's shares. They are compound instruments that contain both liability and equity components.

On initial recognition, the fair value of the liability component is determined by discounting expected future cash flows using the prevailing market interest rate of similar non-convertible debts. The difference between the fair value of the convertible bonds as a whole (gross proceeds received) and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into shares of the Company, is recognised in equity (convertible bonds reserve). Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component is not remeasured, and will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share capital and reserves). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to retained earnings. No gain or loss is recognised in profit or loss upon conversion at maturity or expiration of the option.

When the convertible bonds are extinguished before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the consideration and transaction costs paid for the redemption or repurchase is allocated to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received when the convertible instrument was issued. The difference between the carrying amount of the liability component and the liability component from the allocation of consideration and transaction costs paid for the redemption or repurchase is recognised in profit or loss, whereas the difference between the carrying amount of the equity component and the equity component from the allocation of consideration and transaction costs paid for the redemption or repurchase is recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 CURRENT AND DEFERRED INCOME TAX (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 PROVISIONS

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 EMPLOYEE BENEFITS

(a) Pension obligations

The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 EMPLOYEE BENEFITS (Continued)

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.24 SHARE-BASED PAYMENTS

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 SHARE-BASED PAYMENTS (Continued)

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2.25 TRADE PAYABLES

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.26 FINANCIAL GUARANTEE

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within "other gains – net".

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the separate financial statements of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 GOVERNMENT GRANTS

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are initially included in liabilities as deferred government grants and when such property, plant and equipment are built or purchased, the received government grants are netted off with cost of the related assets.

2.28 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer; the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Rental income

Rental income is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 OPERATING LEASES (AS THE LESSEE FOR OPERATING LEASES)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.30 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) **Foreign exchange risk**

The Group mainly operates in the PRC and Hong Kong with most of the transactions denominated and settled in Chinese Renminbi ("RMB") and HKD. Foreign exchange risk arises from future commercial transactions, acquired assets and liabilities and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular reviews and arranges hedges against foreign exchange exposures when considered necessary. Details of the Group's trade and other receivables, pledged bank deposits, cash and bank balances, trade and other payables, and bank and other borrowings are disclosed in Notes 15, 16, 19 and 20 to the consolidated financial statements.

As at 31 December 2015, if RMB had strengthened/weakened by 5% (2014: 1%) against the HKD with all other variables held constant, profit after income tax for the year would have been approximately HK$22,400 (2014: HK$39,200) higher/lower mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk is mainly attributable to its cash and bank balances, pledged bank deposits and bank and other borrowings. Financial assets and liabilities at variable rates expose the Group to cash flow interest rate risk. Financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and bank balances, pledged bank deposits and bank and other borrowings have been disclosed in Notes 16 and 20 to the consolidated financial statements.

As at 31 December 2015, if HKD interest rates on cash and bank balances, pledged bank deposits and bank borrowings had been 25 (2014: 25) basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately HK$4,796,000 (2014: HK$5,018,000) lower/higher, mainly as a result of higher/lower net interest expense on cash and bank balances, pledged bank deposits and bank borrowings.

As at 31 December 2015, if RMB interest rates on cash and bank balances and pledged bank deposits had been 25 (2014: 25) basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately HK$ 1,490,000 (2014: HK$1,049,000) higher/lower, mainly as a result of higher/lower interest income on bank deposits.

As at 31 December 2015, if USD interest rates on cash and bank balances, pledged bank deposits and bank borrowings had been 25 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately HK$352,000 higher/lower, mainly as a result of higher/lower net interest income on cash and bank balances, pledged bank deposits and bank borrowings.

As at 31 December 2014, if USD interest rates on cash and bank balances, pledged bank deposits and bank borrowings had been 25 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately HK$87,000 lower/higher, mainly as a result of higher/lower net interest expenses on cash and bank balances, pledged bank deposits and bank borrowings.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(b) *Credit risk*

The Group's credit risk arises from cash and bank balances, pledged bank deposits, trade and other receivables and loans to associates. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	2015	2014
Cash and bank balances *(Note 16)*	1,298,255	831,169
Pledged bank deposits *(Note 16)*	1,419	792
Trade and other receivables excluding prepayments	1,919,321	1,974,491
Loans to associates (*Note 13)*	36,871	41,334
Maximum exposure to credit risk	3,255,866	2,847,786

As at 31 December 2015 and 2014, most of the bank deposits are deposited with reputable banks in Hong Kong and state-owned banks in the PRC. The credit quality of cash and bank balances has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

In respect of trade and other receivables and loans to associates, the Group has policies in place to ensure that the loans or sales of products are made to counterparties or customers with appropriate credit history and the Group performs credit evaluations of these counterparties and its customers.

The credit period of the majority of the Group's trade receivables is within 90 days and largely comprises amounts receivable from business customers.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. In order to minimise the credit risks, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2015				
Bank borrowings and interest payables	**2,588,438**	**2,036,847**	**807,726**	**5,433,011**
Convertible bonds and interest payables	**34,795**	**721,295**	**—**	**756,090**
Trade payables and other payables excluding non-financial liabilities	**1,708,111**	**63,104**	**—**	**1,771,215**
Total	**4,331,344**	**2,821,246**	**807,726**	**7,960,316**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2014				
Bank borrowings and interest payables	2,603,332	1,785,031	1,066,679	5,455,042
Convertible bonds and interest payables	—	—	748,953	748,953
Trade payables and other payables excluding non-financial liabilities	1,491,854	107,294	—	1,599,148
Total	4,095,186	1,892,325	1,815,632	7,803,143

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and bank balances and pledged bank deposits.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
Total bank and other borrowings *(Note 20)*	**6,028,268**	6,012,624
Less: cash and bank balances and pledged bank deposits *(Note 16)*	**(1,299,674)**	(831,961)
Net debt	**4,728,594**	5,180,663
Total equity	**12,725,707**	12,335,329
Gearing ratio	**37.2%**	42.0%

The decrease in the gearing ratio during 2015 was mainly resulted from the increase in operating profits of the Group.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015 and 2014.

	Level 1	Level 2	Level 3	Total
At 31 December 2015				
Assets				
Available-for-sale financial assets				
– Equity securities	**84,336**	**—**	**588**	**84,924**

	Level 1	Level 2	Level 3	Total
At 31 December 2014				
Assets				
Available-for-sale financial assets				
– Equity securities	119,000	—	625	119,625

There were no transfers between levels 1 and 3 during the year.

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 FAIR VALUE ESTIMATION (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the years ended 31 December 2014 and 2015.

Available-for-sale financial assets	
At 1 January 2014	641
Exchange differences	(16)
At 31 December 2014	625
Exchange differences	(37)
At 31 December 2015	588

There is no change in unrealised gains or losses for the year included in profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(A) ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) PROPERTY, PLANT AND EQUIPMENT

(i) Useful lives

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non- strategic assets that have been abandoned or sold.

(ii) Impairment assessment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience.

(C) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

The Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and the provision for impairment losses in the period in which such estimate has been changed.

(D) CURRENT AND DEFERRED INCOME TAX

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax liabilities of the Group mainly arise from the unremitted earnings of the PRC subsidiaries and deferred income tax assets of the Group mainly arise from tax losses carry-forwards. The realisability of the deferred income tax liabilities and assets mainly depend on its subsidiaries' dividend pay-out ratio and whether sufficient future profits or taxable temporary differences will be available in the future, whichever is applicable. In cases where the actual dividend pay-out ratio is more than expected or future profits generated are less than expected, such difference will impact the income taxes in the periods in which such estimates has been changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(E) FAIR VALUE OF INVESTMENT PROPERTIES

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), with adjustments to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent price of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimate of fair value are those relating to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield, and actual transactions of the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(F) GOVERNMENT GRANTS

Government grants should be recognised until there is reasonable assurance that the Group will comply with the all attached conditions for the grants to be received. Significant judgement is required by the management to determine whether the attached conditions to the grants will be met or complied by the Group. When the situation is difference from the original estimate, such change will impact the government grant recognised in the period in which such estimate has been changed.

5 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) construction 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.

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

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the reportable segments as at and for the year ended 31 December 2015 is as follows:

	Float glass	Automobile glass	Construction glass	Unallocated	Total
Segment revenue	6,334,773	3,786,597	2,651,470	—	12,772,840
Inter-segment revenue	(1,312,577)	—	—	—	(1,312,577)
Revenue from external customers	5,022,196	3,786,597	2,651,470	—	11,460,263
Cost of sales	(4,466,432)	(2,107,390)	(1,753,748)	—	(8,327,570)
Gross profit	555,764	1,679,207	897,722	—	3,132,693
Depreciation charge of property, plant and equipment *(Note 23)*	523,276	103,241	136,003	963	763,483
Amortisation charge					
– leasehold land and land use rights *(Note 23)*	20,616	4,792	2,802	—	28,210
– intangible assets *(Note 23)*	1,173	2,212	—	—	3,385
Reversal of provision for impairment of trade receivables, net *(Note 23)*	—	(906)	(358)	—	(1,264)
Share of profits of associates *(Note 13)*	—	—	—	317,251	317,251

	Assets and liabilities				
	Float glass	Automobile glass	Construction glass	Unallocated	Total
Total assets	10,292,822	3,321,024	2,870,068	4,937,739	21,421,653
Total assets included:					
Investments in associates *(Note 13)*	—	—	—	2,534,651	2,534,651
Loans to associates *(Note 13)*	—	—	—	36,871	36,871
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	1,258,485	169,416	92,637	208,319	1,728,857
Total liabilities	1,139,218	1,109,456	307,804	6,139,468	8,695,946

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the reportable segments as at and for the year ended 31 December 2014 is as follows:

	Float glass	Automobile glass	Construction glass	Unallocated	Total
Segment revenue	6,083,339	3,593,171	2,555,536	—	12,232,046
Inter-segment revenue	(1,370,964)	—	—	—	(1,370,964)
Revenue from external customers	4,712,375	3,593,171	2,555,536	—	10,861,082
Cost of sales	(4,382,985)	(2,091,271)	(1,653,379)	—	(8,127,635)
Gross profit	329,390	1,501,900	902,157	—	2,733,447
Depreciation charge of property, plant and equipment *(Note 23)*	404,890	106,108	99,916	852	611,766
Amortisation charge					
– leasehold land and land use rights *(Note 23)*	20,971	5,004	2,732	—	28,707
– intangible assets *(Note 23)*	1,197	2,423	—	—	3,620
(Reversal of provision for)/provision for impairment of trade receivables, net *(Note 23)*	—	(871)	9,936	—	9,065
Share of profits of associates *(Note 13)*	—	—	—	137,560	137,560

	Assets and liabilities				
	Float glass	Automobile glass	Construction glass	Unallocated	Total
Total assets	10,283,576	3,289,988	3,035,749	4,424,851	21,034,164
Total assets included:					
Investments in associates	—	—	—	2,242,739	2,242,739
Loans to associates	—	—	—	41,334	41,334
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	1,165,741	189,460	307,790	354,608	2,017,599
Total liabilities	1,299,144	789,004	426,009	6,184,678	8,698,835

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

5 SEGMENT INFORMATION (Continued)

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

	2015	2014
Segment gross profit	3,132,693	2,733,447
Unallocated:		
Other income	215,167	178,486
Other gains – net	379,284	219,938
Selling and marketing costs	(679,528)	(607,901)
Administrative and other operating expenses	(935,012)	(1,030,087)
Finance income	39,980	52,831
Finance costs	(90,210)	(90,898)
Share of profits of associates	317,251	137,560
Profit before income tax	2,379,625	1,593,376

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

	Assets		Liabilities	
	2015	2014	2015	2014
Segment assets/(liabilities)	16,483,914	16,609,313	(2,556,478)	(2,514,157)
Unallocated:				
Leasehold land and land use rights	129,271	123,779	—	—
Property, plant and equipment	1,107,537	800,889	—	—
Investment properties	383,059	495,990	—	—
Prepayments for property, plant and equipment and land use rights	7,764	103,682	—	—
Available-for-sale financial assets	84,924	119,625	—	—
Investments in associates	2,534,651	2,242,739	—	—
Balances with associates	36,871	41,334	—	—
Prepayments, deposits and other receivables	229,667	230,149	—	—
Cash and bank balances	423,995	266,664	—	—
Other payables	—	—	(154,007)	(82,998)
Current income tax liabilities	—	—	(92,818)	(56,601)
Deferred income tax liabilities	—	—	(159,407)	(159,484)
Bank and other borrowings	—	—	(5,733,236)	(5,885,595)
Total assets/(liabilities)	21,421,653	21,034,164	(8,695,946)	(8,698,835)

5 SEGMENT INFORMATION (Continued)

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 and the physical location of the asset.

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

	2015	2014
Sales of float glass	**5,022,196**	4,712,375
Sales of automobile glass	**3,786,597**	3,593,171
Sales of construction glass	**2,651,470**	2,555,536
Total	**11,460,263**	10,861,082

The Group's revenue is mainly derived from customers located in Greater China (including Hong Kong and PRC), North America and Europe 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:

	2015	2014
Greater China	**8,058,476**	7,643,015
North America	**1,343,660**	1,288,010
Europe	**364,784**	486,516
Other countries	**1,693,343**	1,443,541
	11,460,263	10,861,082

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

5 SEGMENT INFORMATION (Continued)

An analysis of the Group's non-current assets other than available-for-sale financial assets (there are no deferred income tax assets, employment benefit assets and rights arising under insurance contracts) by geographical area in which the assets are located is as follows:

	2015	2014
Greater China	16,298,521	16,078,430
North America	6,392	7,915
Other countries	120,654	23,318
	16,425,567	16,109,663

None of a single customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2015 (2014: None).

6 LEASEHOLD LAND AND LAND USE RIGHTS

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

	2015	2014
At 1 January	1,287,340	1,390,059
Currency translation differences	(74,922)	(34,119)
Additions	22,385	—
Amortisation of prepaid operating lease payments	(28,734)	(29,424)
Disposal	—	(39,176)
At 31 December	1,206,069	1,287,340

Amortisation charge of HK$524,000 (2014: HK$717,000) were capitalised as direct cost of construction in progress during the year ended 31 December 2015 when the buildings thereon were not yet ready for production purposes. For the year ended 31 December 2015, amortisation of the Group's land use rights amounted to HK$28,210,000 (2014: HK$28,707,000) were charged to the consolidated income statement (Note 23).

7 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Buildings	Plant and machinery	Office equipment	Total
At 1 January 2014					
Cost	1,808,211	2,633,520	9,148,578	50,601	13,640,910
Accumulated depreciation	—	(382,584)	(2,769,038)	(30,455)	(3,182,077)
Net book amount	1,808,211	2,250,936	6,379,540	20,146	10,458,833
Year ended 31 December 2014					
Opening net book amount	1,808,211	2,250,936	6,379,540	20,146	10,458,833
Currency translation differences	(42,144)	(56,486)	(160,257)	(704)	(259,591)
Additions	1,637,196	67,720	173,232	4,232	1,882,380
Transfers	(1,680,884)	306,847	1,370,581	3,456	—
Disposals	—	(12,233)	(133,093)	(44)	(145,370)
Depreciation charge	—	(101,652)	(537,362)	(3,802)	(642,816)
Closing net book amount	1,722,379	2,455,132	7,092,641	23,284	11,293,436
At 31 December 2014					
Cost	1,722,379	2,914,351	9,851,216	55,251	14,543,197
Accumulated depreciation	—	(459,219)	(2,758,575)	(31,967)	(3,249,761)
Net book amount	1,722,379	2,455,132	7,092,641	23,284	11,293,436

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

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Construction in progress	Buildings	Plant and machinery	Office equipment	Total
Year ended 31 December 2015					
Opening net book amount	1,722,379	2,455,132	7,092,641	23,284	11,293,436
Currency translation differences	(94,790)	(143,701)	(416,805)	(1,595)	(656,891)
Additions	1,742,203	84,126	271,003	7,214	2,104,546
Acquisition of a subsidiary	—	—	1,375	8	1,383
Transfers	(2,552,052)	474,194	2,076,954	904	—
Disposals	—	(346)	(18,739)	(34)	(19,119)
Depreciation charge	—	(106,130)	(632,281)	(10,914)	(749,325)
Transferred to investment properties *(Note 8)*	—	(3,015)	—	—	(3,015)
Closing net book amount	817,740	2,760,260	8,374,148	18,867	11,971,015
At 31 December 2015					
Cost	817,740	3,296,615	11,555,375	59,429	15,729,159
Accumulated depreciation	—	(536,355)	(3,181,227)	(40,562)	(3,758,144)
Net book amount	817,740	2,760,260	8,374,148	18,867	11,971,015

Depreciation expense of approximately HK$732,525,000 (2014: HK$586,452,000) has been charged in cost of sales and HK$30,958,000 (2014: HK$25,314,000) in administrative and other operating expenses and HK$119,684,000 (2014: HK$133,842,000) has been capitalised in inventories.

During the year, the Group capitalised borrowing costs amounted to HK$57,610,000 (2014: HK$52,528,000) on qualifying assets (Note 27). Borrowing costs were capitalised at the weighted average rate of its general borrowings of 2.28% (2014: 1.98%).

8 INVESTMENT PROPERTIES

	2015	2014
At 1 January	**549,991**	498,138
Currency translation differences	**(19,837)**	(6,538)
Additions	**53,356**	14,391
Disposal of a subsidiary *(Note 35)*	**(255,032)**	—
Fair value gains *(Note 26)*	**105,640**	44,000
Transferred from property, plant and equipment *(Note 7)*	**3,015**	—
At 31 December	**437,133**	549,991

As at 31 December 2015, the Group has three investment properties located in the PRC (2014: two investment properties located in the PRC and an investment property in Hong Kong). The Group obtained independent valuations from Grant Sherman Appraisal Limited for two of these investment properties.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 and 2014 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer and group senior management for discussions in relation to the valuation processes and the reasonableness of the valuation results.

At each financial year end the Group's finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

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

8 INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group (Continued)

The following table analyses the investment properties carried at fair value, by valuation method, and an investment property carried at cost.

	2015	2014
Fair value hierarchy (Level 3):		
– Commercial building under construction – Xiamen, the PRC	**383,059**	240,959
– Commercial building – Shenzhen, the PRC	**51,059**	54,000
– Office unit – Hong Kong	—	255,032
	434,118	549,991
At cost:		
– Commercial building – Shenzhen, the PRC *(Note)*	**3,015**	—
	437,133	549,991

Note: The fair value of this investment property cannot be reliably measured as the Group is in the process of obtaining the property ownership certificates in respect of property interests held. In the opinion of directors, the absence of the property ownership certificate to this property interests does not impair the carrying amount to the Group as the Group has paid the full purchase consideration of this property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

There were no transfers between levels 1, 2 and 3 during the year.

8 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Commercial building under construction - Xiamen, the PRC	Commercial building - Shenzhen, the PRC	Office unit - Hong Kong	Total
At 1 January 2015	240,959	54,000	255,032	549,991
Currency translation differences	(16,655)	(3,182)	—	(19,837)
Additions	53,356	—	—	53,356
Disposal *(Note 35)*	—	—	(255,032)	(255,032)
Fair value gains *(Note 26)*	105,399	241	—	105,640
At 31 December 2015	383,059	51,059	—	434,118
Total gains for the year included in profit or loss for assets held at the end of year	105,399	241	—	105,640
Change in unrealised gains for the year included in profit or loss for assets held at the end of year	105,399	241	—	105,640

	Commercial building under construction - Xiamen, the PRC	Commercial building - Shenzhen, the PRC	Office unit - Hong Kong	Total
At 1 January 2014	204,462	57,076	236,600	498,138
Currency translation differences	(3,212)	(3,326)	—	(6,538)
Additions	14,391	—	—	14,391
Fair value gains *(Note 26)*	25,318	250	18,432	44,000
At 31 December 2014	240,959	54,000	255,032	549,991
Total gains for the year included in profit or loss for assets held at the end of year	25,318	250	18,432	44,000
Change in unrealised gains for the year included in profit or loss for assets held at the end of year	25,318	250	18,432	44,000

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

8 INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Commercial building under construction – Xiamen, the PRC	**383,059**	Based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and discounted cash flows with estimated costs to complete	Market value	HK$20,000 - HK$23,000 per square meter (HK$20,000-HK$24,000 per square meter)	The higher the market value, the higher the fair value
			Discount rate	5% - 6% (6.15-7.15 %)	The higher the discount rate, the lower the fair value
			Estimated costs to complete	HK$680 million - HK$720 million (HK$820 million - HK$840 million)	The higher the estimated costs, the lower the fair value
Commercial building - Shenzhen, the PRC	**51,059**	Discounted cash flows	Rental value	HK$3,200,000 - HK$3,600,000 per annum (HK$2,900,000 - HK$3,500,000 per annum)	The higher the rental value, the higher the fair value
			Discount rate	5% - 6% (6.15% - 7.15%)	The higher the discount rate, the lower the fair value

There were no changes to the valuation techniques during the year.

9 INTANGIBLE ASSETS

	Goodwill	Trademark	Customer relationship	Patent	Capitalised exploration, evaluation and mining right expenditure	Total
At 1 January 2014						
Cost	55,877	20,306	5,404	8,700	6,092	96,379
Accumulated amortisation and impairment	—	(6,689)	(1,780)	(2,973)	(2,641)	(14,083)
Net book amount	55,877	13,617	3,624	5,727	3,451	82,296
Year ended 31 December 2014						
Opening net book amount	55,877	13,617	3,624	5,727	3,451	82,296
Addition	—	—	—	182	—	182
Currency translation differences	—	—	—	(124)	(77)	(201)
Amortisation charge *(Note 23)*	—	(1,084)	(289)	(1,050)	(1,197)	(3,620)
Closing net book amount	55,877	12,533	3,335	4,735	2,177	78,657
At 31 December 2014						
Cost	55,877	20,306	5,404	8,664	5,939	96,190
Accumulated amortisation and impairment	—	(7,773)	(2,069)	(3,929)	(3,762)	(17,533)
Net book amount	55,877	12,533	3,335	4,735	2,177	78,657
Year ended 31 December 2015						
Opening net book amount	**55,877**	**12,533**	**3,335**	**4,735**	**2,177**	**78,657**
Currency translation differences	**—**	**—**	**—**	**(239)**	**(73)**	**(312)**
Amortisation charge *(Note 23)*	**—**	**(1,085)**	**(289)**	**(838)**	**(1,173)**	**(3,385)**
Closing net book amount	**55,877**	**11,448**	**3,046**	**3,658**	**931**	**74,960**
At 31 December 2015						
Cost	**55,877**	**20,306**	**5,404**	**8,154**	**5,590**	**95,331**
Accumulated amortisation and impairment	**—**	**(8,858)**	**(2,358)**	**(4,496)**	**(4,659)**	**(20,371)**
Net book amount	**55,877**	**11,448**	**3,046**	**3,658**	**931**	**74,960**

9 INTANGIBLE ASSETS (Continued)

Amortisation charge of HK$3,385,000 (2014: HK$3,620,000) has been included in administrative and other operating expenses in the consolidated income statement.

IMPAIRMENT TESTS FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units identified according to operating segment. For the purposes of impairment testing, goodwill has been allocated to the automobile glass operating segment.

The recoverable amount of the automobile glass CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with estimated compound annual growth rate of 5.5% (2014: 10.6%). Management determined forecast profitability based on past performance and its expectation of future changes in costs and sales prices. Future cash flows are discounted at 6.29% (2014: 4.67%). The discount rate used is pre-tax and reflects specific risks relating to this cash generating unit.

Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

10 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
31 December 2015			
Assets as per balance sheet			
Available-for-sale financial assets *(Note 12)*	—	84,924	84,924
Loans to associates *(Note 13)*	36,871	—	36,871
Trade and other receivables excluding prepayments	1,919,321	—	1,919,321
Cash and bank balances *(Note 16)*	1,298,255	—	1,298,255
Pledged bank deposits *(Note 16)*	1,419	—	1,419
Total	3,255,866	84,924	3,340,790

	Other financial liabilities at amortised cost HK$'000	Total HK$'000
31 December 2015		
Liabilities as per balance sheet		
Bank and other borrowings *(Note 20)*	6,028,268	6,028,268
Trade and other payables excluding non-financial liabilities	1,771,215	1,771,215
Total	7,799,483	7,799,483

10 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
31 December 2014			
Assets as per balance sheet			
Available-for-sale financial assets *(Note 12)*	—	119,625	119,625
Loans to associates *(Note 13)*	41,334	—	41,334
Trade and other receivables excluding prepayments	1,974,491	—	1,974,491
Cash and bank balances *(Note 16)*	831,169	—	831,169
Pledged bank deposits *(Note 16)*	792	—	792
Total	2,847,786	119,625	2,967,411

	Other financial liabilities at amortised cost HK$'000	Total HK$'000
31 December 2014		
Liabilities as per balance sheet		
Bank and other borrowings *(Note 20)*	6,012,624	6,012,624
Trade and other payables excluding non-financial liabilities	1,599,148	1,599,148
Total	7,611,772	7,611,772

11 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2015:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	Interest held	Proportion of Ordinary shares Directly held By the Company (%)	Proportion of Ordinary shares Held by the Group (%)	Proportion of Ordinary shares Held by Non-controlling Interest (%)
Kangchen Plastic (Shenzhen) Company Limited	The PRC, limited liability company	Manufacturing of plastic products in the PRC	Registered and paid up capital of RMB3,280,000	100%	—	100%	—
Shenzhen Benson Automobile Glass Company Limited	The PRC, limited liability company	Manufacturing of automobile glass in the PRC	Registered and paid up capital of RMB140,403,049	100%	—	100%	—
Dongguan Benson Automobile Glass Company Limited (Formerly known as "Xinyi Automobile Glass Company (Dongguan) Limited")	The PRC, limited liability company	Manufacturing of automobile glass in the PRC	Registered and paid up capital of US$22,000,000	100%	—	100%	—
Xinyi Automobile Glass (Shenzhen) Company Limited	The PRC, limited liability company	Manufacturing of automobile glass in the PRC	Registered and paid up capital of RMB353,807,000	100%	—	100%	—
Xinyi Automobile Parts (Dongguan) Company Limited	The PRC, limited liability company	Manufacturing of automobile glass in the PRC	Registered and paid up capital of US$23,980,000	100%	—	100%	—
Xinyi Automobile Parts (Wuhu) Company Limited	The PRC, limited liability company	Manufacturing of automobile glass in the PRC	Registered and paid up capital of US$29,800,000	100%	—	100%	—
Xinyi Glass (Tianjin) Company Limited	The PRC, limited liability company	Manufacturing of float glass and construction glass in the PRC	Registered and paid up capital of US$126,000,000	100%	—	100%	—
Xinyi Ultra-thin Glass (Dongguan)Company Limited	The PRC, limited liability company	Manufacturing of float glass in the PRC	Registered and paid up capital of US$80,000,000	100%	—	100%	—

Notes to the Consolidated Financial Statements

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

11 SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	Interest held	Proportion of Ordinary shares Directly held By the Company (%)	Proportion of Ordinary shares Held by the Group (%)	Proportion of Ordinary shares Held by Non-controlling Interest (%)
Xinyi Glass Japan Company Limited	Japan, limited liability company	Sales agent in Japan	Authorised and paid up capital of 400 common shares of JP￥50,000 each	55%	—	55%	45%
Xinyi Auto Glass (North America) Corporation	Canada, limited liability company	Sales agent in Canada	Authorised and paid up capital of 100,000 common shares of CAD0.1 each	70%	—	70%	30%
Xinyi Automobile Glass Company Limited	Hong Kong, limited liability company	Automobile glass trading and installation in Hong Kong	100,000 ordinary shares	100%	—	100%	—
Xinyi Group (Glass) Company Limited	Hong Kong, limited liability company	Investment holding and trading in Hong Kong	1,000 ordinary shares	100%	—	100%	—
Xinyi International Investments Limited	Hong Kong, limited liability company	Investment holding and trading in Hong Kong	10,000 ordinary shares	100%	—	100%	—
Xinyi Automobile Glass (BVI) Company Limited1	The British Virgin Islands, limited liability company	Investment holding in Hong Kong	Authorised and paid up capital of 55,000 ordinary shares of US$1 each	100%	100%	100%	—
Xinyi Energy Smart (Wuhu) Company Limited	The PRC, limited liability company	Manufacturing of float glass and construction glass in the PRC	Registered and paid up capital of US$58,500,000	100%	—	100%	—
Xinyi Glass (Jiangmen) Company Limited	The PRC, limited liability company	Manufacturing of float glass in the PRC	Registered and paid up capital of US$180,800,000	100%	—	100%	—

11 SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	Interest held	Proportion of Ordinary shares Directly held By the Company (%)	Proportion of Ordinary shares Held by the Group (%)	Proportion of Ordinary shares Held by Non-controlling Interest (%)
Xinyi Glass Engineering (Dongguan) Company Limited	The PRC, limited liability company	Manufacturing of construction glass in the PRC	Registered and paid up capital of US$60,000,000	100%	—	100%	—
Xinyi Glass (Yingkou) Company Limited	The PRC, limited liability company	Manufacturing of float glass, automobile glass and construction glass, and operating solar power generating equipment in the PRC	Registered capital of US$99,000,000 with total paid up capital of US$98,999,652	100%	—	100%	—
Xinyi Automobile Parts (Tianjin) Company Limited	The PRC, limited liability company	Manufacturing of automobile glass in the PRC	Registered capital of US$57,150,000 with total paid up capital of US$13,429,995	100%	—	100%	—
Xinyi Glass (Xiamen) Co. Ltd	The PRC, limited liability company	Conducting research and trading of glass in the PRC	Registered and paid up capital of HK$120,000,000	100%	100%	100%	—
Xinyi Electronic Glass (Wuhu) Company limited	The PRC, limited liability company	Manufacturing of electronic glass in the PRC	Registered and paid up capital of US$60,630,000	100%	—	100%	—
Xinyi Energy Smart (Sichuan) Company limited	The PRC, limited liability company	Manufacturing of float glass, automobile glass and construction glass in the PRC	Registered capital of US$99,000,000 with total paid up capital of US$74,866,916	100%	—	100%	—
Xinyi Energy Smart (Malaysia) SDN.BHD	Malaysia, limited liability company	Manufacturing of float glass in Malaysia	Registered and paid up capital of RM$1,000,000	100%	—	100%	—
Xinhe Logistics (Wuhu) Company Limited	The PRC, limited liability company	To provide logistic and related services	Registered and paid up capital of RMB1,250,000	100%	—	100%	—

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

11 SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	Interest held	Proportion of Ordinary shares Directly held By the Company (%)	Proportion of Ordinary shares Held by the Group (%)	Proportion of Ordinary shares Held by Non-controlling Interest (%)
Xinyi Wind Power (Jinzhai) Company Limited	The PRC, limited liability company	To operate wind farm for electricity generation	Registered and paid up capital of RMB10,000,000	100%	—	100%	—
Xinyi Automobile Glass Hong Kong Enterprises Limited	The Cayman Island, limited liability company	Investment holding	Registered capital of HK$20,000,000,000 and total paid up capital of HK$7	100%	—	100%	—
Xinyi Automobile Glass Enterprises Limited	The British Virgin Islands, limited liability company	Investment holding	Registered capital of US$50,000 and total paid up capital of US$100	100%	—	100%	—
蕪湖金三氏數控科技有限公司	The PRC, limited liability company	To manufacturing automatic machines for solar glass factory and other glass related industry	Registered and paid up capital of RMB20,000,000	85.66%	—	85.66%	14.34%
信義玻璃(亳州)有限公司	The PRC, limited liability company	To manufacturing and sales of glass product	Registered capital of RMB 10,000,000 and total paid up capital of RMB 5,721,000	100%	—	100%	—

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
At 1 January	119,625	52,241
Additions	716	44,000
Currency translation differences	(38)	(16)
Disposals	(17,934)	—
Fair value (loss)/gain transferred to reserve *(Note 18)*	(17,445)	23,400
At 31 December	84,924	119,625
Less: Non – Current portion	(588)	(119,625)
Current Portion	84,336	—

As at 31 December 2014, the Group's shareholdings was approximately 26% when the holder of ZMFY Automobile Glass Service Limited ("ZMFY")'s convertible bonds exercised its rights to covert part of the convertible bonds into shares on 21 November 2014.

Despite the fact that the Group holds more than 20% voting power over this entity, this investment is still classified as available-for-sale, rather than as an investment in an associate as at 31 December 2014 as the Group did not access to detailed information of ZMFY and there are no other evidences indicate the existence of significant influence.

During the year ended 2015, the Group disposed of 21,100,000 shares of ZMFY for the cash consideration of HK$17,627,000 and purchased 1,580,000 shares of ZMFY at cost of HK$716,000. The Group's shareholding in ZMFY as at 31 December 2015 is approximately 18%. Management has a plan to dispose all the shares of ZMFY within 12 months.

Available-for-sale financial assets included unlisted equity securities and equity securities listed in Hong Kong amounted to HK$588,000 and HK$84,336,000, respectively. The fair value of unlisted equity securities and equity securities are level 3 and level 1, respectively. The fair value of listed securities is based on the current bid price. These unlisted equity securities and listed equity securities are denominated in RMB and HKD, respectively.

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

13 INTERESTS IN AND BALANCES WITH ASSOCIATES

	2015	2014
Investments in associates		
At 1 January	2,242,739	2,071,234
Currency translation differences	(900)	(4,821)
Capital injection	—	23,751
Gains on dilution of shares in an associate *(Note (a)) (Note 26)*	228,000	100,195
Disposal of interest in an associate *(Note (b))*	(4,957)	—
Share of profits of associates	317,251	137,560
Dividends received	(129,413)	(62,750)
Share of other comprehensive income	(118,069)	(22,430)
At 31 December	2,534,651	2,242,739

	2015	2014
Loans to associates *(Note (c))*		
– Current portion	7,577	7,709
– Non-current portion	29,294	33,625
	36,871	41,334

Notes:

(a) The Group recognised gains on dilution of equity interest of HK$228,000,000 as a result of share allotments in March 2015 and October 2015 by Xinyi Solar by way of placing in which the Group did not participate.

(b) The Group disposed of the interest in an associate for a cash consideration of RMB4,500,000 in 2015.

(c) The loans to associates are unsecured, interest-free and are repayable by installments up to 2020.

(d) The carrying amounts of balances with associates approximate their fair values.

13 INTERESTS IN AND BALANCES WITH ASSOCIATES (Continued)

The following is a list of the principal associates as at 31 December 2015:

Name	Particulars of registered share capital	Principal activities and place of operation	Interest held
Xinyi Solar *(Note)*	Authorised capital of HK$8,000,000,000 with total paid up of 6,748,800,000 ordinary shares of HK$0.1 each	Production and sales of solar glass products in the PRC, and development and operation of solar farms and the engineering procurement and construction services	26.54%
Beihai Yiyang Mineral Company Limited	Registered and paid up capital of RMB25,454,500	Exploration, mining and trading of silica in the PRC	45%
Dongyuan County Xinhuali Quartz Sand Company Limited	Registered and paid up capital of RMB10,500,000	Exploration, mining and trading of silica in the PRC	20%
Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	Registered and paid up capital of RMB10,000,000	Provision of natural gas in the PRC	25%

Note:

In May 2014, the Company purchased 12,500,000 Xinyi Solar's shares at the price of HK$1.90 per share. Subsequent to this purchase, the Company and its subsidiary hold 1,791,209,301 Xinyi Solar's shares, representing 31.4% of the 5,700,000,000 Xinyi Solar's shares in May 2014. In August 2014, Xinyi Solar allotted and issued 380,000,000 shares by way of placing and the total number of Xinyi Solar's issued shares increased to 6,080,000,000. As at 31 December 2014, the Company and its subsidiary's shareholding in Xinyi Solar decreased to 29.5%.

In March and October 2015, Xinyi Solar allotted and issued 500,000,000 and 168,800,000 shares respectively by way of placing to certain private investors. The total number of Xinyi Solar's issued shares increased to 6,748,800,000. The Company did not participate in these private placings, which leads to the Company and its subsidiary's shareholding in Xinyi Solar decreased to approximately 26.5%.

As at 31 December 2015, the fair value of the Group's interest in Xinyi Solar, which is listed on the Main Board of the Hong Kong Stock Exchange, was HK$5,678,133,000 (2014:HK$3,833,188,000) and the carrying amount of the Group's interest was HK$2,498,059,000 (2014: HK$2,201,296,000).

There are no contingent liabilities relating to the Group's interests in the associates.

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

13 INTERESTS IN AND BALANCES WITH ASSOCIATES (Continued)

Summarised financial information for a material associate

Set out below is the summarised financial information for Xinyi Solar which is accounted for using the equity method:

Summarised balance sheet

	2015	2014
Current		
Cash and cash equivalents	2,868,703	542,726
Other current assets (excluding cash)	2,024,335	1,059,595
Total current assets	4,893,038	1,602,321
Current liabilities	(2,709,873)	(1,291,317)
Non-current		
Assets	7,841,595	4,161,646
Liabilities	(3,133,392)	(1,166,762)
Net assets	6,891,368	3,305,888

Summarised statement of comprehensive income

	2015	2014
Revenue	4,750,410	2,410,004
Depreciation and amortisation	(225,576)	(94,495)
Interest income	4,602	2,361
Interest expense	(21,095)	(7,441)
Profit from operations	1,393,986	571,648
Income tax expense	(188,389)	(78,676)
Post-tax profit from operations	1,205,597	492,972
Other comprehensive income	(441,493)	(76,133)
Total comprehensive income	764,104	416,839
Dividend received from Xinyi Solar	118,215	61,188

13 INTERESTS IN AND BALANCES WITH ASSOCIATES (Continued)

Summarised financial information for a material associate (Continued)

Reconciliation of summarised financial information of Xinyi Solar presented to the carrying amount of interest in an associate:

	2015	2014
Opening net assets	3,305,888	2,310,435
Total comprehensive income for the year	764,104	416,839
Transactions with owners	2,821,376	578,614
Less: non-controlling interests	(1,146,365)	—
Closing net assets attributable to owners of Xinyi Solar	5,745,003	3,305,888
The Group's ownership interest	26.5%	29.5%
	1,524,724	973,937
Goodwill	963,830	1,077,821
Intangible assets and other assets and liabilities	124,592	149,538
Other adjustment *(Note)*	(115,087)	—
Carrying amount	2,498,059	2,201,296

Note:

Other adjustment is primarily attributable to capital reserve arising from disposal of interest in a subsidiary without loss of control under Xinyi Solar in the current year.

14 INVENTORIES

	2015	2014
Raw materials	488,493	585,952
Work in progress	92,015	118,347
Finished goods	642,151	773,920
	1,222,659	1,478,219

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$6,063,371,000 (2014: HK$6,069,224,000) (Note 23).

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

15 TRADE AND OTHER RECEIVABLES

	2015	2014
Trade receivables *(Note (a))*	1,153,149	1,048,218
Less: provision for impairment of trade receivables *(Note (b))*	(17,205)	(20,199)
	1,135,944	1,028,019
Bills receivables *(Note (d))*	475,353	506,629
Trade and bills receivables – net	1,611,297	1,534,648
Prepayments, deposits and other receivables	942,400	1,576,214
	2,553,697	3,110,862
Less non-current portion		
Prepayments for property, plant and equipment and land use rights	(172,445)	(623,875)
Current portion	2,381,252	2,486,987

Notes:

(a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 31 December 2015 and 2014, the ageing analysis of the Group's trade receivables based on invoice date was as follows:

	2015	2014
0 - 90 days	871,299	823,166
91 - 180 days	183,290	143,931
181 - 365 days	70,259	46,672
1 - 2 years	12,832	24,527
Over 2 years	15,469	9,922
	1,153,149	1,048,218

15 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

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

	2015	2014
RMB	625,312	662,380
HKD	6,564	9,172
USD	488,171	359,169
Other currencies	33,102	17,497
	1,153,149	1,048,218

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

	2015	2014
At 1 January	20,199	11,919
Currency translation differences	(1,139)	297
(Reversal of provision for)/provision for impairment of trade receivables, net *(Note 23)*	(1,264)	9,065
Receivables written off during the year	(591)	(1,082)
At 31 December	17,205	20,199

The provision for impaired 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.

(c) As at 31 December 2015, trade receivables of approximately HK$290,530,000 (2014: HK$220,063,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on due date was as follows:

	2015	2014
0 - 90 days	160,072	111,244
91-180 days	83,872	59,113
181-365 days	34,532	39,630
1-2 years	7,745	6,616
Over 2 years	4,309	3,460
	290,530	220,063

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

15 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c) (Continued)

As at 31 December 2015, trade receivables of approximately HK$36,059,000 (2014: HK$29,142,000) were impaired and partially provided for. The individually impaired receivables are related to customers in unexpected financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, a total provision for doubtful debts of approximately HK$17,205,000 (2014: HK$20,199,000) was recognised. The Group does not hold any collateral over these balances.

The ageing analysis of these receivables based on invoice date is as follows:

	2015	2014
0 - 90 days	4,812	469
91-180 days	5,934	1,822
181-365 days	6,082	5,680
1-2 years	6,504	14,709
Over 2 years	12,727	6,462
	36,059	29,142

The top five customers and the largest customer accounted for approximately 9.6% (2014: 15.7%) and 5.6% (2014: 10.5%) of the trade receivables balance as at 31 December 2015, 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) The maturity of the bills receivables is within 6 months (2014: 6 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.

16 CASH AND BANK BALANCES

	2015	2014
Total cash at bank and on hand	833,549	419,911
Bank deposits with maturity less than three months	464,706	411,258
Cash and cash equivalents	1,298,255	831,169
Pledged bank deposits *(Note (a))*	1,419	792
Total cash and bank balances	1,299,674	831,961

The effective interest rate on short-term bank deposits was 3.21% in 2015 (2014: 3.84%). These short-term bank deposits have an average maturity of 4 days (2014: 14 days).

The carrying amounts of the Group's cash and bank balances and bank deposits are denominated in the following currencies:

	2015	2014
RMB	702,624	495,962
HKD	263,937	167,649
USD	290,679	141,034
Other currencies	42,434	27,316
	1,299,674	831,961

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

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

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2015	2014
Total cash and bank balances	1,299,674	831,961
Less:		
– Pledged bank deposits	(1,419)	(792)
	1,298,255	831,169

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

17 SHARE CAPITAL AND PREMIUM

	Note	Number of shares	Ordinary shares of HK$0.1 each	Share premium	Total
Authorised:					
At 1 January 2014,					
31 December 2014 and 2015		20,000,000,000	2,000,000	—	2,000,000
Issued and fully paid:					
At 1 January 2014		3,921,369,699	392,137	4,335,328	4,727,465
Issue of shares under an employees					
share option scheme	(a)	1,518,000	152	7,062	7,214
Repurchases and cancellation					
of shares	(b)	(1,280,000)	(128)	(8,339)	(8,467)
Dividend relating to 2013		—	—	(549,025)	(549,025)
Dividend relating to 2014		—	—	(353,067)	(353,067)
At 31 December 2014 and					
1 January 2015		**3,921,607,699**	**392,161**	**3,431,959**	**3,824,120**
Issue of shares under an employees					
share option scheme	(a)	**224,000**	**22**	**886**	**908**
Dividend relating to 2014		—	—	**(235,296)**	**(235,296)**
Dividend relating to 2015		—	—	**(372,574)**	**(372,574)**
At 31 December 2015		**3,921,831,699**	**392,183**	**2,824,975**	**3,217,158**

17 SHARE CAPITAL AND PREMIUM (Continued)

(a) SHARE OPTIONS

In 2005, the Company adopted a share option scheme ("Share Option Scheme"). Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant options to any employee of the Group to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not, in aggregate, exceed 10% of the shares in issue upon completion of the placing and the capitalisation issue of the shares of the Company, unless the Company obtains further approval from the shareholders.

In March 2011, 23,718,000 share options were granted to the Company's employees and connected persons of the Company and its subsidiaries at the then quoted market share price of HK$6.44 per share. Options are conditional on the employee completing three years and one month's service (the vesting period). The options are exercisable starting three years and one month from the grant date. In relation to the batch granted in March 2011, no option was exercised from the date of the grant to 31 December 2015 and a total of 69,000 (2014: 1,392,833) options were lapsed and 17,152,000 (2014: 124,667) options were expired during the year ended 31 December 2015.

In May 2012, 26,250,000 share options were granted to the Company's employees and connected persons of the Company and its subsidiaries at the then quoted market share price of HK$4.34 per share. Options are conditional on the employee completing three years and one month's service (the vesting period). The options are exercisable starting three years and one month from the grant date. In relation to the batch granted in May 2012, 224,000 (2014: Nil) options were exercised during the year ended 31 December 2015 and a total of 2,214,096 (2014: 1,646,000) options were lapsed during the year ended 31 December 2015.

In April 2013, 26,500,000 share options were granted to the Company's employees and connected persons of the Company and its subsidiaries at the then quoted market share price of HK$5.55 per share. Options are conditional on the employee completing three year's service (the vesting period). The options are exercisable starting three years and one month from the grant date. In relation to the batch granted in April 2013, no option was exercised from the date of the grant to 31 December 2015 and a total of 1,432,533 options (2014: 1,758,033) were lapsed during the year ended 31 December 2015.

17 SHARE CAPITAL AND PREMIUM (Continued)

(a) SHARE OPTIONS (Continued)

In February 2014, 26,000,000 share options were granted to the Company's employees and connected persons of the Company and its subsidiaries at the then quoted market share price of HK$6.84 per share. Options are conditional on the employee completing three years and one month's service (the vesting period). The options are exercisable starting three years and one month from the grant date. In relation to the batch granted in February 2014, no option was exercised from the date of the grant to 31 December 2015 and a total of 1,237,000 (2014: 331,000) options were lapsed during the year ended 31 December 2015.

In March 2015, 28,000,000 share options were granted to the Company's employees and connected persons of the Company and its subsidiaries at the then quoted market share price of HK$4.55 per share. Options are conditional on the employee completing three years and one month's service (the vesting period). The options are exercisable starting three years and one month from the grant date. In relation to the batch granted in March 2015, no option was exercised from the date of the grant to 31 December 2015 and a total of 567,000 options were lapsed during the year ended 31 December 2015.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Average Exercise price in HKD per share	Options (thousands)	Average exercise price in HKD per share	Options (thousands)
At 1 January	5.80	89,008	5.34	69,794
Granted	4.55	28,000	6.84	26,000
Exercised	4.34	(224)	3.55	(1,518)
Lapsed	5.26	(5,520)	5.51	(5,127)
Expired	6.44	(17,152)	3.55	(141)
At 31 December	5.35	94,112	5.80	89,008

17 SHARE CAPITAL AND PREMIUM (Continued)

(a) SHARE OPTIONS (Continued)

Out of the 94,112,000 (2014: 89,008,000) outstanding options, 19,300,000 (2014: 17,221,000) options were exercisable as at 31 December 2015. Options exercised in 2015 resulted in 224,000 shares (2014: 1,518,000 shares) being issued at a weighted average price at the time of exercise of HK$4.34 each (2014: HK$3.55 each).

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

Expiry date	Exercise price in HKD per share	Options (thousands) 2015	2014
31 March 2015	6.44	—	17,221
31 March 2016	4.34	19,300	21,738
31 March 2017	5.55	22,947	24,380
31 March 2018	6.84	24,432	25,669
31 March 2019	4.55	27,433	—
		94,112	89,008

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited, was approximately HK$1.22 (2014: HK$1.75) per option. The significant inputs into the model were weighted average share price of HK$4.55 (2014: HK$6.84) at the grant date, the exercise price shown above, volatility of 44.57% (2014: 45.74%), dividend yield of 3.08% (2014: 4.03%), an expected option life of 3.6 years (2014: 3.6 years), and an annual risk-free interest rate of 0.93% (2014: 0.87%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last year.

Based on the above, the fair value of the above options granted during the year determined using the Black-Scholes valuation model was approximately HK$34,238,000 (2014: HK$45,575,000). The attributable amounts charged to the consolidated income statement for the year ended 31 December 2015 was HK$ 24,100,000 (2014: HK$24,874,000).

(b) SHARE REPURCHASES AND CANCELLATION

In January 2014, the Company repurchased 1,280,000 shares of its own shares at an aggregated amount of HK$8,467,000 during the year. All shares repurchased were returned to the Company for cancellation during 2014. There is no repurchase of share for the year.

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

18 RESERVES

	2014											
	Other reserves											
	Statutory reserve fund *(Note (a))*	Enterprise expansion fund *(Note (a))*	Foreign currency translations reserve	Capital reserve *(Note (b))*	Share option reserve	Property revaluation reserve	Capital redemption reserve	Convertible bonds reserve	Available-for-sales reserve	Sub-total	Retained earnings	Total
At 1 January 2014	811,829	51,073	1,379,867	11,840	53,409	37,851	11,212	16,683	(1,200)	2,372,564	5,107,760	7,480,324
Profit for the year	—	—	—	—	—	—	—	—	—	—	1,363,680	1,363,680
Change in value of available-for-sale financial assets *(Note 12)*	—	—	—	—	—	—	—	—	23,400	23,400	—	23,400
Currency translation differences	(20,296)	(1,277)	(333,833)	—	—	—	—	—	—	(355,406)	—	(355,406)
Share of other comprehensive income of investments accounted for using the equity method	—	—	(22,430)	—	—	—	—	—	—	(22,430)	—	(22,430)
Employee share option schemes:												
– proceeds from shares issued	—	—	—	—	(1,937)	—	—	—	—	(1,937)	—	(1,937)
– value of employee services *(Note 24)*	—	—	—	—	24,874	—	—	—	—	24,874	—	24,874
– release of forfeiture of share options	—	—	—	—	(316)	—	—	—	—	(316)	316	—
Transfer to reserves	78,798	—	—	—	—	—	—	—	—	78,798	(78,798)	—
Repurchase and cancellation of shares *(Note 17 (b))*	—	—	—	—	—	—	128	—	—	128	(128)	—
Repurchase and cancellation of convertible bonds	—	—	—	—	—	—	—	(3,342)	—	(3,342)	—	(3,342)
At 31 December 2014	870,331	49,796	1,023,604	11,840	76,030	37,851	11,340	13,341	22,200	2,116,333	6,392,830	8,509,163

18 RESERVES (Continued)

	2015											
	Other reserves											
	Statutory reserve fund (Note (a))	Enterprise expansion fund (Note (a))	Foreign currency translations reserve	Capital reserve (Note (b))	Share option reserve	Property revaluation reserve	Capital redemption reserve	Convertible bonds reserve	Available-for-sales reserve	Sub-total	Retained earnings	Total
At 1 January 2015	870,331	49,796	1,023,604	11,840	76,030	37,851	11,340	13,341	22,200	2,116,333	6,392,830	8,509,163
Profit for the year	–	–	–	–	–	–	–	–	–	–	2,113,143	2,113,143
Change in value of available-for-sale financial assets *(Note 12)*	–	–	–	–	–	–	–	–	(17,445)	(17,445)	–	(17,445)
Disposal of available-for-sale financial assets	–	–	–	–	–	–	–	–	(3,346)	(3,346)	–	(3,346)
Currency translation differences	(42,251)	(2,929)	(960,745)	–	–	–	–	–	–	(1,005,925)	–	(1,005,925)
Share of other comprehensive income of investments accounted for using the equity method	–	–	(118,069)	–	–	–	–	–	–	(118,069)	–	(118,069)
Employee share option schemes:												
– proceeds from shares issued	–	–	–	–	(313)	–	–	–	–	(313)	–	(313)
– value of employee services *(Note 24)*	–	–	–	–	24,100	–	–	–	–	24,100	–	24,100
– release of forfeiture of share options	–	–	–	–	(30,952)	–	–	–	–	(30,952)	30,952	–
Disposal of a subsidiary	–	–	–	–	–	(624)	–	–	–	(624)	624	–
Transfer to reserves	97,000	–	–	–	–	–	–	–	–	97,000	(97,000)	–
At 31 December 2015	925,080	46,867	(55,210)	11,840	68,865	37,227	11,340	13,341	1,409	1,060,759	8,440,549	9,501,308

Notes:

(a) The statutory reserve fund and enterprise expansion fund were provided for in accordance with laws in the PRC and regulations by certain subsidiaries which are the wholly owned foreign enterprises incorporated in the PRC. These funds are appropriated from net profit as recorded in the PRC statutory accounts of respective subsidiaries. The statutory reserve fund can only be used, upon approval by the relevant authority, to make good of previous years' losses or to increase the capital of these group companies. The enterprise expansion fund can only be used to increase capital of the group companies or to expand their production operations upon approval by the relevant authority.

During the year ended 31 December 2015, the boards of directors of the subsidiaries resolved to appropriate approximately HK$ 97,000,000 (2014: HK$78,798,000) from retained earnings to statutory reserve fund. No enterprise expansion fund was appropriated during the years ended 31 December 2015 and 2014.

(b) The capital reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to a reorganisation occurred in 2004 and the nominal value of the share capital of the Company issued in exchange thereof.

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

19 TRADE AND OTHER PAYABLES

	2015	2014
Trade payables *(Note (a))*	739,943	723,541
Bills payable *(Note (b))*	225,740	79,641
	965,683	803,182
Other payables *(Note (c))*	1,209,886	1,282,302
Less: non-current portion:		
Other payables	(63,104)	(107,294)
Current portion	2,112,465	1,978,190

Notes:

(a) At 31 December 2015 and 2014, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	2015	2014
0 - 90 days	701,454	685,332
91-180 days	22,455	17,448
181-365 days	6,441	8,365
1-2 years	3,029	5,558
Over 2 years	6,564	6,838
	739,943	723,541

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

	2015	2014
RMB	665,760	672,645
HKD	996	904
USD	72,578	49,604
Other currencies	609	388
	739,943	723,541

(b) Bills payable have maturities ranging within 6 months.

19 TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(c) Nature of other payables is as follows:

	2015	2014
Payables for property, plant and equipment	366,711	485,605
Payables for employee benefits and welfare	171,746	203,354
Payables for value-added tax	158,938	178,119
Payables for utilities	54,674	48,003
Receipt in advance from customers	245,416	200,923
Others	212,401	166,298
	1,209,886	1,282,302

(d) The carrying amounts of trade payables and other payables approximate their fair values.

20 BANK AND OTHER BORROWINGS

	2015	2014
Non-current		
Bank borrowings, guaranteed *(Note (a))*	4,785,656	4,965,289
Less: Current portion	(1,980,916)	(2,158,172)
	2,804,740	2,807,117
Convertible bonds - liability component *(Note (b))*	709,513	676,346
Shown as non-current liabilities	3,514,253	3,483,463
Current		
Bank borrowings, guaranteed *(Note (a))*	533,099	370,989
Current portion of non-current borrowings, guaranteed	1,980,916	2,158,172
	2,514,015	2,529,161
Total bank and other borrowings	6,028,268	6,012,624

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

20 BANK AND OTHER BORROWINGS (Continued)

(a) Bank borrowings

At 31 December 2015 and 2014, the Group's bank borrowings were repayable as follows:

	2015	2014
Within 1 year	2,514,015	2,529,161
Between 1 and 2 years	2,003,502	1,748,374
Between 2 and 5 years	801,238	1,058,743
	5,318,755	5,336,278

At 31 December 2015 and 2014, all bank loans bore floating interest rates. These bank borrowings are repayable by installments up to 2018 (2014: 2017) and the carrying amounts of bank borrowings approximate their fair values as at 31 December 2015 and 2014. The fair values are within level 2 of the fair value hierarchy as the impact of discounting is not significant.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2015	2014
HKD	5,065,656	4,975,022
USD	253,099	361,256
	5,318,755	5,336,278

The effective interest rates at the end of reporting date were as follows:

	2015		2014	
	HKD	USD	HKD	USD
Bank borrowings	1.96%	1.66%	1.98%	1.48%

The bank borrowings were guaranteed by corporate guarantee provided by the Company and cross guarantees provided by certain subsidiaries of the Group.

20 BANK AND OTHER BORROWINGS (Continued)

(b) Convertible bonds

The Group issued zero coupon convertible bonds at a total principal value of HK$776,000,000 on 3 May 2012. The bonds mature after five years from the issue date at 121.95% of their principal amount on maturity date or can be converted into shares at the option by either party at a rate of HK$6.0 per share of the Company. The initial fair value of the liability component (HK$759,000,000) and the equity conversion component (HK$17,000,000), net of transaction costs of HK$14,125,000 and HK$317,000 respectively, were determined at the issuance of the bonds. The fair value of the liability component classified as non-current portion of bank and other borrowings was calculated using a market interest rate (4.90%) for an equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion component, is included in convertible bonds equity reserve under equity.

On 12 December 2013, the Spin-off involved a distribution of certain shares of Xinyi Solar by way of special dividend, and it resulted in an adjustment to the conversion price. Based on the fair market value of Xinyi Solar, the conversion price was adjusted downward from HK$6.0 to HK$5.7 per share.

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

At 31 December 2015, the Group's convertible bonds were repayable in 2 years.

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

	2015	2014
Liability component on 1 January	**676,346**	806,950
Repurchase & cancellation of convertible bond (liability component)	**—**	(167,222)
Interest expense *(Note 27)*	**33,167**	36,618
Liability component at 31 December	**709,513**	676,346

The fair value of the liability component of the convertible bonds at 31 December 2015 amounted to approximately HK$736,329,000. The fair value is calculated using cash flows discounted based on the borrowing rate of 4.2% and are within level 2 of the fair value hierarchy.

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

21 DEFERRED INCOME TAX

The analysis of deferred income tax liabilities is as follows:

	2015	2014
Deferred income tax liabilities	**159,407**	159,484

The gross movement on the deferred income tax account is as follows:

	2015	2014
Beginning of the year	**159,484**	159,508
Credited to the consolidated income statement *(Note 28)*	**(77)**	(24)
End of the year	**159,407**	159,484

Deferred income tax liabilities:

	Accelerated tax depreciation	Undistributed profits of subsidiaries	Total
At 1 January 2014	463	159,045	159,508
Credited to the consolidated income statement *(Note 28)*	(24)	—	(24)
At 31 December 2014	439	159,045	159,484
Credited to the consolidated income statement *(Note 28)*	(77)	—	(77)
At 31 December 2015	362	159,045	159,407

21 DEFERRED INCOME TAX (Continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK$51,923,000 (2014: HK$45,863,000) in respect of losses amounting to approximately HK$ 211,614,000 (2014: HK$187,367,000) that can be carried forward against future taxable income, approximately HK$58,903,000 (2014: HK$72,210,000), HK$5,487,000 (2014: HK$5,482,000) and HK$118,711,000 (2014: HK$105,759,000) and HK$11,652,000 (2014: Nil) of such losses will expire in 2017, 2018, 2019 and 2020 respectively. The remaining balance of approximately HK$16,861,000 (2014: HK$3,917,000) does not have expiry date.

Deferred income tax liabilities of approximately HK$197,982,000 (2014: HK$135,981,000) have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries and associates in the PRC. Such temporary differences are not expected to be reversed in the foreseeable future. At 31 December 2015, total unremitted earnings for which deferred withholding tax liability has not been recognised amounted to approximately HK$3,959,634,000 (2014: HK$2,719,622,000).

22 DEFERRED GOVERNMENT GRANTS

	2015	2014
Non-current portion	—	147,557

The government grants were received from the PRC government in subsidising the Group's purchase of property, plant and equipment and land use rights in the PRC. During the year, the related property, plant and equipment and land use rights were built, the government grants were netted off with the additions of property, plant and equipment and land use rights in current year and recognised in the consolidated income statement on a straight-line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

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

23 EXPENSES BY NATURE

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

	2015	2014
Amortisation charge of leasehold land and land use rights *(Note 6)*	**28,210**	28,707
Depreciation charge of property, plant and equipment *(Note 7)*	**763,483**	611,766
Amortisation charge of intangible assets *(Note 9)*	**3,385**	3,620
Employee benefit expenses *(Note 24)*	**1,074,008**	977,915
Cost of inventories *(Note 14)*	**6,063,371**	6,069,224
Transportation costs	**349,247**	287,344
Advertising costs	**45,339**	61,305
Operating lease payments in respect of land and buildings	**7,923**	7,194
(Reversal of provision for)/provision for impairment of trade receivables, net *(Note 15)*	**(1,264)**	9,065
Auditor's remuneration		
– Audit services	**3,300**	3,100
– Non-statutory audit services	**2,637**	573
Other expenses	**1,602,471**	1,705,810
Total cost of sales, selling and marketing costs and administrative and other operating expenses	**9,942,110**	9,765,623

24 EMPLOYEE BENEFIT EXPENSES

	2015	2014
Wages and salaries	**976,520**	876,133
Share options granted to employees *(Note 18)*	**24,100**	24,874
Pension costs - defined contribution plans *(Note (a))*	**73,388**	76,908
	1,074,008	977,915

Note (a): Pension costs

The Group participates in a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. Under the rules of the MPF scheme, the employer and its employees in Hong Kong are each required to contribute 5% of their gross earnings with a ceiling of HK$1,500 per month to the MPF scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in future year.

The Group's subsidiaries in the PRC also participate in defined contribution retirement schemes covering its full time PRC employees.

The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC eligible employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group's subsidiaries in the PRC. No forfeited contribution is available to reduce the contribution payable in future years.

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

24 EMPLOYEE BENEFIT EXPENSES (Continued)

(A) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include three (2014: three) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	2015	2014
Basic salaries and allowances	3,950	4,238
Discretionary and performance bonus	16,858	4,062
Employer's contributions to pension scheme	28	33
Share options granted *(Note (a))*	250	235
	21,086	8,568

Note (a):

Share options granted represent fair value of share options issued under Share Option Scheme recognised in the consolidated income statement during the year disregarding whether the options have been vested/exercised.

(B) During the year, no emoluments were paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2014: Nil).

25 OTHER INCOME

	2015	2014
Rental income	11,320	8,358
Government grants *(Note (a))*	186,000	161,585
Insurance compensation income	4,940	3,689
Others *(Note (b))*	12,907	4,854
	215,167	178,486

Note (a):

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

Note (b):

Others mainly represent the income from the sale of surplus electricity generated from its power generating machines.

26 OTHER GAINS - NET

	2015	2014
(Losses)/gains on disposal of property, plant and equipment, leasehold land and land use rights	(18,449)	109,363
Gain on disposal of a subsidiary *(Note 35)*	12,346	—
Gain on disposal of an associate	570	—
Gains on dilution of equity interests in an associate *(Note 13)*	228,000	100,195
Fair value gains on investment properties *(Note 8)*	105,640	44,000
Gains on disposal of available-for-sale financial assets	3,039	—
Other foreign exchange gains/(losses), net	48,138	(33,620)
	379,284	219,938

27 FINANCE INCOME AND COSTS

	2015	2014
Finance income:		
Interest income on bank deposits	21,550	43,438
Other interest income	18,430	9,393
	39,980	52,831
Finance costs:		
Interest expense on bank borrowings	114,653	106,808
Interest expense on convertible bonds *(Note 20 (b))*	33,167	36,618
Less: interest expense capitalised on qualifying assets *(Note 7)*	(57,610)	(52,528)
	90,210	90,898

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

28 INCOME TAX EXPENSE

	2015	2014
Current income tax		
– Hong Kong profits tax *(Note (a))*	46,815	22,704
– PRC corporate income tax *(Note (b))*	226,172	208,233
– Overseas income tax *(Note (c))*	186	1,016
– Over provision in prior years	(7,070)	(3,476)
Deferred income tax *(Note 21)*		
– Origination and reversal of temporary differences	(77)	(24)
	266,026	228,453

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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. One of the PRC subsidiaries is 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.

The applicable CIT rates for major subsidiaries located in Shenzhen, Wuhu, Dongguan, Tianjin, Jiangmen and Yingkou are 25% (2014: 25%). Ten (2014: nine) major subsidiaries in Shenzhen, Wuhu, Dongguan, Tianjin, Jiangmen and Yingkou enjoy high-tech enterprise income tax benefit and the tax rate is 15%.

(c) Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

28 INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015	2014
Profit before income tax	2,379,625	1,593,376
Calculated at weighted average tax rate of 22.1% (2014: 24.0%)	525,289	382,410
Difference in tax rates on income of certain PRC and Hong Kong subsidiaries	(162,802)	(167,304)
Over provision in prior years	(7,070)	(3,476)
Utilisation of previously unrecognised tax losses	(1,298)	(482)
Tax losses for which no deferred income tax asset was recognised	9,214	37,120
Associates' results reported	(52,346)	(22,697)
Income not subject to tax	(67,760)	(29,164)
Expenses not deductible for tax purposes	22,799	32,046
Income tax expense	266,026	228,453

29 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 stated in Note 17 (a) and (b) during 2015 and 2014).

	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	2,113,143	1,363,680
Weighted average number of ordinary shares in issue (thousands)	3,921,753	3,921,361
Basic earnings per share (HK cents per share)	53.88	34.78

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 and convertible bonds. 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. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

29 EARNINGS PER SHARE (Continued)

DILUTED: (Continued)

	2015	2014
Earnings		
Profit attributable to equity holders of the Company (HK$'000)	2,113,143	1,363,680
Interest expense on convertible bonds (net of tax) (HK$'000)	27,695	30,576
Share of profit of an associate as a result of diluted earnings at associate level	(197)	—
Profit used to determine diluted earnings per share (HK$'000)	2,140,641	1,394,256
Weighted average number of ordinary shares in issue (thousands)	3,921,753	3,921,361
Adjustments for:		
Share options (thousands)	—	3,495
Assumed conversion of convertible bonds (thousands)	108,772	108,772
Weighted average number of ordinary shares for diluted earnings per share (thousands)	4,030,525	4,033,628
Diluted earnings per share (HK cents per share)	53.11	34.57

30 DIVIDENDS

	2015	2014
Interim dividend paid of HK$0.095 (2014: HK$0.09) per share *(Note a)*	372,574	353,067
Proposed final dividend of HK$0.17 (2014: HK$0.06) per share *(Note b)*	656,508	235,296
	1,029,082	588,363

Notes:

(a) An interim dividend of HK$0.095 per share (2014: HK$0.09 per share) was paid to shareholders whose names appeared on the Register of Members of the Company on 14 August 2015.

(b) A final dividend in respect of the financial year ended 31 December 2015 of HK$0.17 per share (2014: HK$0.06 per share), amounting to a total dividend of HK$656,508,000 (2014: HK$235,296,000), is to be proposed at the forthcoming Annual General Meeting. The amount of 2015 proposed final dividend is based on 3,861,812,699 shares in issue as at 29 February 2016 (31 December 2014: 3,921,607,699 shares in issue). These financial statements do not reflect this dividend payable.

31 CASH GENERATED FROM OPERATIONS

		Note	2015	2014
(a)	Profit before income tax		2,379,625	1,593,376
	Adjustments for:			
	– Amortisation charge of leasehold land and land use rights	23	28,210	28,707
	– Fair value gains on investment properties	26	(105,640)	(44,000)
	– Depreciation of property, plant and equipment	23	763,483	611,766
	– Gains on dilution of equity interests in an associate	13	(228,000)	(100,195)
	– Gain on disposal of an associate	26	(570)	—
	– Losses/(gains) on disposal of property, plant and equipment and leasehold land and land use rights	26	18,449	(109,363)
	– Gain on early redemption of convertible bonds	20 (b)	—	(524)
	– Amortisation charge of intangible assets	23	3,385	3,620
	– Gain on disposal of a subsidiary	26, 31 (c)	(12,346)	—
	– Gains on disposal of available-for-sale financial assets	26	(3,039)	—
	– Share of profits of associates	13	(317,251)	(137,560)
	– Interest income	27	(39,980)	(52,831)
	– Interest expense	27	90,210	90,898
	– Share options granted to employees	24	24,100	24,874
	– (Reversal of provision for)/provision for impairment of trade receivables, net	15	(1,264)	9,065
	Changes in working capital:			
	– Inventories		241,402	(215,269)
	– Trade and other receivables		120,203	(79,730)
	– Trade payables and other payables		12,943	92,930
	Cash generated from operations		2,973,920	1,715,764

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

31 CASH GENERATED FROM OPERATIONS (Continued)

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, leasehold land and land use right comprise:

	2015	2014
Net book amount of property, plant and equipment *(Note 7)* and leasehold land and land use rights *(Note 6)*	19,119	184,546
(Losses)/gains on disposal of property, plant and equipment and leasehold land and land use rights *(Note 26)*	(18,449)	109,363
Proceeds from disposal of property, plant and equipment and leasehold land and land use rights	670	293,909
Less: Consideration to be received	—	(149,918)
Less: Government grant net off *(Note 22)*	—	(27,736)
Proceeds from disposal of property, plant and equipment and leasehold land and land use rights for the year	670	116,255

(c) In the consolidated statement of cash flows, proceeds from disposal of a subsidiary comprise:

	2015	2014
Net book amount of a subsidiary disposed of *(Note 35)*	255,832	—
Gain on disposal of a subsidiary *(Note 26)*	12,346	—
Proceeds from disposal of a subsidiary	268,178	—

(d) Non-cash transaction

As at 31 December 2015, the Group had payable for property, plant and equipment of HK$366,711,000 (2014: HK$485,605,000) which was included in trade payables and other payables.

32 COMMITMENTS

CAPITAL COMMITMENTS

Capital expenditure at the end of reporting date but not yet incurred is as follows:

	2015	2014
Property, plant and equipment		
Contracted but not provided for	467,381	875,469

OPERATING LEASE COMMITMENTS

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
Not later than 1 year	8,958	4,659
Later than 1 year and not later than 5 years	5,678	3,910
Later than 5 years	—	430
	14,636	8,999

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating lease of investment properties not recognised in the consolidated financial statements are as follows:

	2015	2014
Not later than 1 year	426	3,793
Later than 1 year and not later than 5 years	—	13,488
Later than 5 years	—	2,389
	426	19,670

33 BUSINESS COMBINATION

On 31 October 2015, the Group acquired 78.5% of total shares of 蕪湖金三氏數控科技有限公司 (“金三氏”), a company manufacturing automatic machines for glass productions in PRC, from a third party with a total consideration of approximately RMB15.7 million. On the date of acquisition, the fair value of the net identifiable assets of 金三氏 amounted to approximately RMB20 million which mainly represented other receivables of RMB15 million. The acquisition was expected to improve the automation level of the production lines of the Group. The acquired business contributed revenue of HK$6 million and net profit of HK$135,000 to the Group for the period from 1 November 2015 to 31 December 2015. If the acquisition had occurred on 1 January 2015, consolidated revenue and consolidated profit for the year ended 31 December 2015 would have been approximately HK$11,472 million and HK$2,114 million respectively.

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

34 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(A) TRANSACTIONS WITH RELATED PARTIES

	Note	2015	2014
Purchases of goods from associates	i		
– Tianjin Wuqing District Xinke Natural Gas Investment Company Limited		202,221	381,137
– Beihai Yiyang Mineral Company Limited		138,724	141,881
– Dongyuan County Xinhuali Quartz Sand Company Limited		10,789	35,927
– Maoming City Yindi Construction Material Company Limited		23,093	33,448
– A subsidiary of Xinyi Solar	i,viii	45	—
Sales of goods to associates			
– A subsidiary of Xinyi Solar	ii,viii	84,887	2,018
Sales of land and buildings to a related company	iii		
– Shenzhen Xinxinde Properties Development Limited		—	278,684
Sales of machineries to an associate	iv,viii		
– A subsidiary of Xinyi Solar		14,440	235
Consultancy income received from an associate	v,viii		
– A subsidiary of Xinyi Solar		—	37
Rental income received from an associate	vi, viii		
– A subsidiary of Xinyi Solar		5,391	5,498
Rental expenses paid to an associate	vi, viii		
– A subsidiary of Xinyi Solar		1,141	1,164
Transportation fee received from an associate			
– A subsidiary of Xinyi Solar	vii, viii	68,593	—

34 RELATED PARTY TRANSACTIONS (Continued)

(A) TRANSACTIONS WITH RELATED PARTIES (Continued)

(i) The purchases of goods from associates were charged at mutually agreed prices and terms.

(ii) The sales of goods to associates were charged at mutually agreed prices and terms.

(iii) The sales of land and building was charged at considerations based on mutually agreed terms.

(iv) The sales of machineries to an associate was charged at considerations based on mutually agreed terms.

(v) Consultancy income received from an associate was charged at mutually agreed fee.

(vi) The lease of premise was charged at mutually agreed rental.

(vii) Transportation fee received from an associate was changed at mutually agreed fee.

(viii) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms, exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.

(B) YEAR-END BALANCES WITH RELATED PARTIES

	2015	2014
Other receivable from the sales of land and buildings		
– Shenzhen Xinxinde Properties Development Limited	—	159,310
Loans advance to associates		
– Beihai Yiyang Mineral Company Limited	5,224	5,209
– Dongyuan County Xinhuali Quartz Sand Company Limited	31,647	36,125
	36,871	41,334
Receivable from associates arising from sales of machineries		
– A subsidiary of Xinyi Solar	4,272	—

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

34 RELATED PARTY TRANSACTIONS (Continued)

(C) KEY MANAGEMENT COMPENSATION

	2015	2014
Basic salaries and allowances	15,664	15,059
Discretionary and performance bonus	29,038	30,181
Employer's contributions to pension scheme	110	115
Share options granted	2,083	2,349
	46,895	47,704

35 DISPOSAL OF A SUBSIDIARY

On 30 June 2015, the Group completed the transaction of disposal 100% shareholding of XYG (HK) Limited, a wholly owned subsidiary of the Group, to an independent party.

	2015
Net assets disposed of:	
Investment property *(Note 8)*	255,032
Prepayments, deposits and other receivables	5,225
Current income tax liabilities	(4,425)
	255,832
Gain on disposal *(Note 26)*	12,346
Cash consideration	268,178

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company	Note	As at 31 December 2015	2014
ASSETS			
Non-current assets			
Investments in subsidiaries, at cost		**120,010**	120,010
Amounts due from subsidiaries		**2,154,650**	2,154,650
		2,274,660	2,274,660
Current assets			
Amounts due from subsidiaries		**1,808,117**	2,555,936
Prepayments and other receivables		**17,497**	16,677
Current income tax recoverable		**—**	739
Cash and bank balances		**772**	77
		1,826,386	2,573,429
Total assets		**4,101,046**	4,848,089
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**392,183**	392,161
Share premium		**2,824,975**	3,431,959
Other reserves	(a)	**93,546**	100,711
Retained earnings	(a)	**26,248**	49,380
Total equity		**3,336,952**	3,974,211

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

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

	Note	2015	2014
LIABILITIES			
Non-current liabilities			
Other borrowings		709,513	676,346
Current liabilities			
Other payables		1,249	967
Amounts due to subsidiaries		36,072	196,565
Current income tax liabilities		17,260	—
		54,581	197,532
Total liabilities		764,094	873,878
Total equity and liabilities		4,101,046	4,848,089

The balance sheet of the Company was approved by the Board of Directors on 15 March 2016 and was signed on its behalf.

Datuk LEE Yin Yee, B.B.S.
Chairman

TUNG Ching Bor
Vice-chairman

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Share option reserve	Capital redemption reserve	Convertible bonds reserve	Sub-total	Retained earnings	Total
At 1 January 2014	53,409	11,212	16,683	81,304	17,504	98,808
Profit for the year	—	—	—	—	31,688	31,688
Employees share option scheme:						
– proceeds from shares issued	(1,937)	—	—	(1,937)	—	(1,937)
– value of employee services	24,874	—	—	24,874	—	24,874
– release on forfeiture of share options	(316)	—	—	(316)	316	—
Repurchase and cancellation of shares	—	128	—	128	(128)	—
Repurchase and cancellation of convertible bonds	—	—	(3,342)	(3,342)	—	(3,342)
At 31 December 2014	76,030	11,340	13,341	100,711	49,380	150,091
At 1 January 2015						
Loss for the year	—	—	—	—	(54,084)	(54,084)
Employees share option scheme:						
– proceeds from shares issued	(313)	—	—	(313)	—	(313)
– value of employee services	24,100	—	—	24,100	—	24,100
– release on forfeiture of share options	(30,952)	—	—	(30,952)	30,952	—
At 31 December 2015	68,865	11,340	13,341	93,546	26,248	119,794

Notes to the Consolidated Financial Statements

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

37 BENEFITS AND INTEREST OF DIRECTORS

(A) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The remuneration for the year ended 31 December 2015 of every director is set out below:

Name of directors (Note (i))	Fees HK$000	Salary HK$000	Discretionary bonus HK$000	Housing Allowance HK$000	Estimated money value of other benefits HK$000	Employer's contribution to retirement benefit scheme HK$000	Remunerations paid or receivable in respect of accepting office as director HK$000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$000	Total HK$000
LEE Yin Yee	250	49	8,292	—	—	2	—	—	8,593
TUNG Ching Bor	250	2,397	3,554	—	—	18	—	—	6,219
Tung Ching Sai	250	7,274	8,292	—	—	18	—	—	15,834
LEE SHING KAN	250	2,090	3,554	—	—	18	—	—	5,912
NG NGAN HO	250	—	—	—	—	—	—	—	250
LI CHING WAI	250	—	—	—	—	—	—	—	250
SZE NANG SZE	250	—	—	—	—	—	—	—	250
LI CHING LEUNG	250	—	—	—	—	—	—	—	250
LAM KWONG SIU	250	—	—	—	—	—	—	—	250
WONG CHAT CHOR SMAUEL	250	—	—	—	—	—	—	—	250
WONG YING WAI	250	—	—	—	—	—	—	—	250
TRAN CHUEN WAH, JOHN	250	—	—	—	—	—	—	—	250
TAM WAI HUNG, DAVID	250	—	—	—	—	—	—	—	250

37 BENEFITS AND INTEREST OF DIRECTORS (Continued)

(A) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

For the year ended 31 December 2014 (Restated):

Certain of the comparative information of director's emoluments previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

Name of directors (Note (i))	Fees	Salary	Discretionary bonus	Housing Allowance	Estimated money value of other benefits	Employer's contribution to retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$000	HK$000	HK$000	HK$'000	HK$000	HK$000	HK$000	HK$000	HK$'000
LEE YIN YEE	250	49	10,566	—	—	2	—	—	10,867
TUNG CHING BOR	250	2,115	1,933	—	—	17	—	—	4,315
TUNG CHING SAI	250	6,409	11,568	—	—	17	—	—	18,244
LEE SHING KAN	250	1,800	1,933	—	—	17	—	—	4,000
NG NGAN HO	250	—	—	—	—	—	—	—	250
LI CHING WAI	250	—	—	—	—	—	—	—	250
SZE NANG SZE	250	—	—	—	—	—	—	—	250
LI CHING LEUNG	250	—	—	—	—	—	—	—	250
LAM KWONG SIU	250	—	—	—	—	—	—	—	250
WONG CHAT CHOR SAMUEL	250	—	—	—	—	—	—	—	250
WONG YING WAI	250	—	—	—	—	—	—	—	250
TRAN CHUEN WAH, JOHN	250	—	—	—	—	—	—	—	250
TAM WAI HUNG, DAVID	250	—	—	—	—	—	—	—	250

37 BENEFITS AND INTEREST OF DIRECTORS (Continued)

(A) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

Notes:

(i) The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the companies now comprising the Group.

(ii) No director of the Company was appointed/resigned during the year (2014: Same).

(iii) TUNG Ching Sai is also the Chief Executive Officer of the Group and his remuneration disclosed above include those for services rendered by him as the Chief Executive Officer.

(iv) During the year ended 31 December 2015, none of the directors of the Company (i) received or paid any remuneration in respect of accepting office; and (ii) received or paid emoluments in respect of services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2014: same).

(B) DIRECTORS' LOANS, QUASI-LOANS AND OTHER DEALINGS

There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate by and connected entities with such directors (2014: Nil).

(C) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

38 EVENTS AFTER THE REPORTING PERIOD

Spin-off and listing by way of introduction of Xinyi Automobile Glass Hong Kong Enterprises Limited, a wholly-owned subsidiary, on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM") has been announced by the Board of Directors on 28 July 2015 and the listing application was submitted to The Stock Exchange of Hong Kong Limited on 16 December 2015. The listing application is under detailed vetting process carried out by The Stock Exchange of Hong Kong Limited. Management is in the process of making an assessment of the impact of the Spin-Off and the Listing and is not yet in a position to state whether it will have an impact on the Group's results of operations and financial position.

Financial Summary

All amounts in Hong Kong dollar thousands unless otherwise stated

A summary of the results and of the assets and liabilities of the Group for the last five financial years is presented below.

	Year ended 31 December				
	2015	2014	2013	2012	2011 (Restated)
Revenue					
Continuing operations	**11,460,263**	10,861,082	9,936,076	8,433,049	6,993,500
Discontinued operation	**—**	—	1,846,330	1,352,160	1,233,151
	11,460,263	10,861,082	11,782,406	9,785,209	8,226,651
Cost of sales					
Continuing operations	**(8,327,570)**	(8,127,635)	(6,799,045)	(6,206,215)	(5,080,059)
Discontinued operation	**—**	—	(1,293,334)	(1,103,841)	(792,942)
Gross profit					
Continuing operations	**3,132,693**	2,733,447	3,137,031	2,226,834	1,913,441
Discontinued operation	**—**	—	552,996	248,319	440,209
	3,132,693	2,733,447	3,690,027	2,475,153	2,353,650
Continuing operations					
Profit before income tax	**2,379,625**	1,593,376	3,626,503	1,246,381	1,107,206
Income tax expense	**(266,026)**	(228,453)	(381,157)	(184,375)	(206,446)
Profit for the year from continuing operations	**2,113,599**	1,364,923	3,245,346	1,062,006	900,760
Discontinued operation					
Profit for the year from discontinued operation	**—**	—	276,895	126,781	363,636
Profit for the year	**2,113,599**	1,364,923	3,522,241	1,188,787	1,264,396
Profit attributable to					
– Equity holders of the Company	**2,113,143**	1,363,680	3,521,938	1,188,142	1,265,371
– Non-controlling interests	**456**	1,243	303	645	(975)
	2,113,599	1,364,923	3,522,241	1,188,787	1,264,396
Dividends	**1,029,082**	588,363	2,612,765	567,260	584,069

Financial Summary

All amounts in Hong Kong dollar thousands unless otherwise stated

Asset and Liabilities

	As at 31 December				
	2015	2014	2013	2012	2011 (Restated)
Total assets	**21,421,653**	21,034,164	19,651,127	16,065,091	15,346,488
Total liabilities	**8,695,946**	8,698,835	7,442,198	6,119,018	6,816,183
	12,725,707	12,335,329	12,208,929	9,946,073	8,530,305
Equity attributable to equity holders of the Company	**12,718,466**	12,333,283	12,207,789	9,941,899	8,512,597
Non-controlling interests	**7,241**	2,046	1,140	4,174	17,708
	12,725,707	12,335,329	12,208,929	9,946,073	8,530,305