CHINA GLASS HOLDINGS LIMITED
中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 3300

ANNUAL REPORT 2015

*For identification purposes only

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cui Xiangdong *(Chief Executive Officer)*
Mr. Li Ping (resigned on 13 February 2015)

Non-Executive Directors

Mr. Zhao John Huan *(Chairman)*
(appointed as Chairman on 13 February 2015)
Mr. Zhou Cheng *(Honorary Chairman)* (appointed as Honorary Chairman on 13 February 2015)
Mr. Peng Shou *(Deputy Chairman)*
(appointed as Deputy Chairman and Non-Executive Director on 13 February 2015)
Mr. Ning Min (resigned on 13 February 2015)
Mr. Guo Wen

Independent Non-Executive Directors

Mr. Zhang Baiheng
Mr. Zhao Lihua
Mr. Ni Wei (resigned on 13 February 2015)
Mr. Chen Huachen

SENIOR MANAGEMENT

Mr. Li Ping
Mr. Lu Guo
Mr. Ge Yankai
Mr. Yang Hongfu
Mr. Cheng Xin
Mr. Wang Jianxun

COMPANY SECRETARY

Ms. Pan Jianli

AUDIT COMMITTEE

Mr. Chen Huachen *(Chairman of audit committee)*
Mr. Zhao John Huan
Mr. Zhao Lihua
Mr. Zhang Baiheng

REMUNERATION COMMITTEE

Mr. Zhao Lihua *(Chairman of remuneration committee)*
Mr. Zhao John Huan
Mr. Zhang Baiheng

NOMINATION COMMITTEE

Mr. Zhang Baiheng *(Chairman of nomination committee)*
Mr. Zhou Cheng
Mr. Zhao Lihua

STRATEGY COMMITTEE

Mr. Zhao John Huan *(Chairman of strategy committee)*
Mr. Cui Xiangdong
Mr. Zhou Cheng

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2608, 26/F, West Tower
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISORS

As to Hong Kong Law
Norton Rose Fulbright Hong Kong

As to the People's Republic of China (the "PRC") Law
Commerce & Finance

As to Bermuda and British Virgin Islands Laws
Appleby

As to Cayman Islands Law
Walkers

PRINCIPAL BANKERS

Standard Chartered Bank
Bank of China
Bank of Hankou
China Merchants Bank
Chang Hwa Bank
Xiamen International Bank
Hua Xia Bank
Bank of Jiangsu
China Citic Bank
Bank of Taiwan

AUDITORS

KPMG
Certified Public Accountants

INVESTOR RELATIONS CONSULTANT

Brunswick Group Ltd.

STOCK CODE

Hong Kong Stock Exchange: 3300

Financial Highlights

The summary of the results and the assets and liabilities of China Glass Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for each of the five years ended 31 December 2015 are extracted from the audited financial statements of this report and the Company's 2011, 2012, 2013 and 2014 annual reports.

RESULTS (EXPRESSED IN RENMINBI ("RMB"))

	The Group Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,968,857**	2,489,369	2,760,373	2,550,175	2,946,048
Cost of sales	**(1,890,567)**	(2,117,120)	(2,223,219)	(2,340,121)	(2,504,040)
Gross profit	**78,290**	372,249	537,154	210,054	442,008
Other income	**29,063**	217,625	22,405	52,459	256,728
Distribution costs	**(73,218)**	(77,346)	(76,564)	(90,191)	(98,077)
Administrative expenses	**(397,117)**	(292,134)	(259,066)	(254,570)	(250,804)
Other expenses	**(62,563)**	(18,620)	–	–	–
(Loss)/profit from operations	**(425,545)**	201,774	223,929	(82,248)	349,855
Share of (losses)/profits of associates	**(43)**	(64)	(70)	70	–
Net gain from disposal of equity interests in an associate	**–**	–	963	–	–
Finance costs	**(130,386)**	(136,088)	(114,540)	(106,793)	(68,357)
(Loss)/profit before taxation	**(555,974)**	65,622	110,282	(188,971)	281,498
Income tax	**75,876**	(52,463)	(25,636)	3,633	(69,752)
(Loss)/profit for the year	**(480,098)**	13,159	84,646	(185,338)	211,746

ASSETS AND LIABILITIES

	The Group As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**5,645,602**	6,164,934	5,525,743	5,718,123	5,988,812
Total liabilities	**(3,515,001)**	(3,575,275)	(3,130,446)	(3,397,382)	(3,481,435)
Net assets	**2,130,601**	2,589,659	2,395,297	2,320,741	2,507,377

To shareholders:

In 2015, the average sales price in the glass industry declined year-on-year and profit margin weakened further as global economic landscape is yet to recover, domestic real estate sector underwent weak correction, manufacturing sector (including architectural glass) suffered from severe overcapacity but the speed of capacity elimination is slow, and export growth declined amid unstable overseas demand.

While the industry was struggling in general, the Group followed governments' request for environment improvement and took active measures for environmental upgrades, several production bases took more stringent measures so as to meet governments' requirement, including suspending production lines to carry out environmental upgrades. All production lines of the Company have met or even exceeded the new environmental protection standards of government after the substantial environmental protection investments made in 2015, the implementation of the Group's plan for high-value-added products' production and operation has been impacted to some extent. In recent years, the Group has been continuing the research and development ("R&D") of new high-value-added products to enhance its competitive edges. New energy-saving products like online new coating layers series and ultra-clear and ultra-white glass series have achieved key breakthroughs in technologies and have gradually entered into the stage of production. However, the priority given to environmental protection upgrades has impeded the previous plan for gradual mass production, resulting in the delay of putting the Company's new energy-saving products into mass production as planned in 2015. All these have had material impact on the Group's short-term earnings.

Despite the overall sluggish market conditions, the Group proactively overcame difficulties and completed technological accumulation for green building material products, gaining wide market recognition for new products under preliminary promotion such as online Sun-EⓉ glass. Looking ahead, the Group will continue to make efforts on the market promotion for relevant products. The success on new products is mainly attributable to the Group's continued investment and construction of technological R&D platform, the accumulation of rich experience of technologies and knowledge as well as the continuous improvement of system for production technology control, product quality guarantee and monitoring. The construction of the new R&D lab for coating film has been completed, which would continue the forward-looking R&D of surface modification technique for float glasses and provide strong technological guarantee for the Group's high-value-added differentiated product structure.

It is an inevitable trend for "made in china" to shift from local production to global manufacturing, especially for the glass industry. With the favorable national policies and governments' capital supports, the Group will continue to promote the steady implementation of "go global" projects and strive to generate production capacity as soon as possible. Meanwhile, the Group will also actively promote other overseas projects on building capacity to further optimize its industrial structure and realize its global business deployment.

The 13th Five-Year-Plan period will be a crucial period for the structural adjustment and transformation & upgrading in the glass industry, during which the glass industry will experience further divergence and adjustment. It is expected that the general architectural glass and automotive glass markets are unlikely to see strong performance in the near term. However, the government will continue promoting capacity elimination and industrial upgrades in the glass industry, including encouraging superior enterprises to make the most of advantages in technologies and supporting enterprises to "go global", supporting corporate innovation, promoting production & application of green building materials and turning building material production green. Therefore, we believe that with forward-looking overseas deployment and active R&D of forward-looking technologies, the Group will create new profit drivers as overseas market opens and demand for energy-saving products increases.

Finally but not the least, I would like to represent the board of directors to extend our appreciation to the hard work of our staff force over the past one year, and would like to thank our cooperative partners for their strong support and our customers and suppliers for their confidence and trust.

We must pursue for further development during a turbulent period, while working together to accomplish our important mission!

Zhao John Huan
Chairman

MARKET REVIEW

In 2015, the economic growth in China decelerated further during the period of the "new normal" pattern, characterized by the ongoing process of "capacity reduction, destocking and deleveraging" as well as the lack of economic growth momentum.

Having been hit by a number of factors such as the decelerated rate of growth in real estate investment and development as well as the continuous introduction of stringent environmental regulations since 2015, the glass industry remained weak during the adjustment last year as the industry's overall capacity utilization rate further declined, the imbalance between supply and demand did not improve and the profitability of the industry continued to deteriorate. The float glass industry as a whole in 2015 could be summarized as having decline in capacity, falling demand, low prices and insufficient confidence.

When compared with 2014, the price trends in the glass market in 2015 operated in a relatively low range as a whole, whereas float glass spreads narrowed in various places throughout the country. The price hit the lowest of the year in the third quarter, while the market bottomed out amid volatility.

Moreover, hit by the overcapacity and insufficient demand in China, many Chinese enterprises modified their strategies to increase exports, resulting in exceptionally intense competition in the export market. Meanwhile, as the world economic recovery was weak and the demand was not boosted in the conventional places of export for Chinese enterprises, the industry's overall export performance remained unsatisfactory as well.

BUSINESS REVIEW

Overview

The Group currently has 17 glass production lines, of which 14 are float glass production lines and 3 production lines for solar power ultra-clear photovoltaic rolled glass, carrying a daily melting capacity of 7,630 tonnes. As at 31 December 2015, the Group had 9 float glass production lines in operation, while those production lines not in operation were temporarily suspended due to cold repair, technological renovation or other reasons. The 3 rolled glass production lines in Nanjing were suspended due to the relocation plan as a result of the local government's expropriation of the land use rights. In addition, the Group has an offline low-emission coated ("Low-E") glass production line and one amorphous silicon thin-film battery production line.

Raw material and fuel prices, and production costs

Raw material and fuel prices fell slightly in 2015. Due to the weakness in the downstream industry, overall soda ash prices had been going down since the second quarter. Petroleum coke prices rose within a narrow range in the second quarter for a limited duration and showed a downward trend as a whole during the year. Coal prices continued to decline from the downward trend in 2014. Prices of coal tar ended high after initial falling in the first half and then continued to decline in the second half. Prices of other raw materials such as silica sand, dolomite and limestone remained stable. In summary, the Group's overall procurement costs of raw materials and fuels fell in 2015.

Production, sales and selling price

In 2015, the Group produced an aggregate amount of 33.06 million weight cases of glass, decreased by 18% as compared with the previous year, whereas sales volume decreased by 12% as compared with the previous year. Average selling price of the Group's glass products decreased by 11% in 2015 as compared with the previous year.

Profitability analysis

In 2015, the Group recorded revenue of RMB1,969 million, representing a decrease of 21% compared with the previous year. The decline in revenue was mainly due to the decline in both sales volume and average selling price. The Group's gross margin decreased significantly from 15% in 2014 to 4% in 2015, which was mainly due to a number of factors such as overcapacity in the industry, low glass price and significant decrease in export price as a result of the competition among domestic enterprises looking for opportunities abroad, as well as some abnormal factors of production during the year which had an impact on the overall profitability of the Group: (1) certain production bases carried out more stringent environmental upgrade measures to meet local government's requirement of improving regional environment, including one-off increase in investments in environmental protection facilities and even carrying out the cold repair to production lines ahead of schedule, which on one hand increased the environmental cost of production cost, on the other hand, had certain impact on the Group's implementation of the plan for the production and operation of high value-added products during the year; and (2) in order to open new market space, Wuhai base conducted research and development of new types of high value-added products during industry's recession period, which affected the Group's profitability as well.

MAJOR ACHIEVEMENTS IN 2015

Facing the challenges from the severe overcapacity problem of the industry, sluggish market demand and increased downside pressure, the Group endeavoured at all levels to overcome various difficulties by actively strengthening the research, development and promotion of new products, improving the construction of environmental protection facilities, continuing to proceed with the "go abroad" strategy and completing the coordination and planning for industrial chain extension and transformation and upgrading of the Group.

1. **Making aggressive efforts on stabilizing production, improving environmental protection facilities and reducing energy consumption**

   In 2015, the Group further optimized the technological process of melting, molding and annealing so that product quality improved significantly on the basis of stable production compared with 2014. It aggressively implemented the new energy consumption standards for the glass industry by launching more energy-saving and consumption-reducing activities at each base, as well as supervising and coordinating each base in improving its environmental protection facilities. As at the end of 2015, all production bases were equipped with desulfurization, denitrification and dedusting systems, and met emission standards. All production bases received a 4-in-1 certification in quality management system, environmental management system, occupational health and safety management system and food safety management system, assuring management standards and enhancement.

2. **Enhancing R&D of new products to provide technical support for the Group's strategic development**

   The Group consistantly adheres to its development strategy of "leveraging on technology innovation to support the development of differentiation and to escalate core competitiveness", and commits resources to the technical aspect. A special laboratory was completed at the Group's technology center to continue the research and development of new glass films, while tracking technology in the passive housing sector, with a focus placed on the research on "passive building technology adaptable to all climatic zones in China". The Group was among the first batch of glass enterprises recommended by the Ministry of Housing and Urban-Rural Development of the PRC to be selected as a passive house product glass provider. It completed the certification in glass products for passive houses at the beginning of the year, and joined the alliance of passive low-energy buildings led by the Ministry of Housing and Urban-Rural Development of the PRC. The Group is the principal drafter in the formulation of national standard for "flat glass", and industrial standards for the "Technical Guidelines for Doors and Windows of Building Systems" and "Use of Glass in the Transparent Portions of Passive Houses".

The Group was developing new products with its self-developed online Sun-E® technology, which were cost-effective than similar products and well-received by the market following their launch. With production of online Low-E and online Sun-E® becoming stable, costs were reduced and yield was increased significantly compared with 2014. The Group was also carrying out further research and development of online energy-saving Sun-R coated glasses. The production cost was further reduced as a result of the maturing production technology. The production technology and process tests for high transmittance glass were in line with expectations, superior product rate was further increased as well. This series of products featured by "high transmittance", "low rate of explosive" and "ultraviolet-proof" will lead architectural glass into an era of "high transmittance".

3. **"Go abroad" strategy proceeding steadily as planned**

The Group's "go abroad" strategy was proceeding steadily as planned. The projects in Nigeria and Egypt were being implemented steadily according to the project schedule. In the first half of 2015, two overseas trading companies were established to conduct business and became profitable immediately during the year. In November 2015, the Group brought in, by entering into the subscription agreement for the issue of convertible bonds of the Company which was completed in February 2016, China-Africa Development Fund as a partner for the projects in Africa, and signed a strategic cooperation agreement with a view to jointly investing in and developing projects in Africa in future. In early 2016, one of the Group's Nigerian subsidiaries appointed an affiliate of China National Building Material Group to provide procurement of equipments and materials, installation and debugging of the production lines as well as staff training and other appropriate engineering services for the construction of the production lines in Nigeria. Relevant matters have been approved at a special general meeting of shareholders.

4. **Focusing on new product promotion and the market structure**

The marketing department was proactively integrating marketing channels and optimizing management models to create a synergistic effect. In 2015, the Group devoted greater effort to the sales of special products of "three kinds of reflective glass and one high transmittance float glass". Moreover, targeted marketing was carried out and a variety of product mixes were launched based on product features and regions, a move that was widely recognised by the market.

THE GLASS MARKET OUTLOOK

2016 marks the start of the "13th Five-year Plan". The glass industry will be further differentiated and adjusted as the process to cut excessive industrial capacity will continue further. It is an indisputable fact that the growth in demand for ordinary float glass from the downstream industry will slow down, while prices are expected to remain at a low level. The market energy conservation and new energy products will be opened up gradually as China improves the quality of the ecological environment, continues the policy requirements for green development and further strengthen the supervision of environmental protection. These will make a new profit driver for glass enterprises.

Glass enterprises should proactively adjust their own development strategies and product mixes to follow the coordinated development trends with economic and environmental indicators. They should take advantage of the opportunity arising from the supply-side structural reform to work together actively on adjusting the overcapacity situation of the industry, facilitating industrial restructuring and upgrading as well as improving the level of profitability.

Forecast of movements in prices of raw materials and fuels, and production costs

As to raw materials, it is expected to be difficult for the soda ash industry to improve the operating pressure in 2016, and it is highly probable that soda enterprises will continue to close down outdated facilities. However, taking into account of staff placement and sufficient cash flow of most enterprises, soda ash production volumn will not decline substantially, and soda ash prices are anticipated to remain volatile at a low level in 2016.

China's increased environmental remediation efforts and further control over excessive capacity are bound to increase the costs of production of mineral-based raw materials. These increased production costs will be passed on to the downstream glass industry, so the prices of mineral-based raw materials such as silica sand, dolomite and limestone are expected to rise steadily in 2016.

It is hard for the petroleum coke and coal industries to have a substantively positive, with prices of petroleum coke expected to see a slight and steady decline in early 2016 and perhaps to rebound slightly then. The overcapacity problem in the coal industry remains to be a basic pattern, with sufficient supply and prices are expected to remain at a low level.

MAJOR WORK PLANS FOR 2016

1. **Continuing with new product research, development and promotion**

   The Group will step up the research and development of new technology with core competitiveness as well as the promotion of new products, which include the industrialized high-transmittance, energy-saving products and other new products, to enhance its core competitiveness with technological innovation and achieve strategic breakthrough for the Group.

2. **Continuing to complete energy conservation and environmental protection and to maintain high-quality, stable production**

   Based on the emission of flue gases that meets the standards steadily at all bases, the Group will study how to solve the problems regarding the secondary pollution, recycling of solid waste and low-cost operations.

   Moreover, the Group adopts standards for its corporate products which are generally more stringent than the national standards, and will continue to strengthen the processing management and exercise stringent quality control for each base in 2016.

3. **Focusing on centralized purchasing and marketing**

   The Group will further improve the new marketing management system, continue to complete brand enhancement, expand brand influence and awareness, complete the marketing plans for new products with high added value to rapidly increase the proportion of revenue from high value-added products, whereby guiding channels customers to transform and upgrade, and helping the Group tap into the top market and down stream of industrial value chain.

   The Group will carry out strategic procurement of soda ash and petroleum coke when appropriate, so as to reduce procurement costs and achieve the Group's scale effect.

4. **Assuring steady implementation of "go abroad" projects**

   The Group will continue to complete the setup of production lines as well as equipment installation and debugging for the projects in Nigeria, aiming to complete the production lines during the year. Meanwhile, with the active use of national policies combined with the support from government's capital force, the Group will proceed with other overseas production projects, and continue to explore the feasibility of building factories in other countries or regions for opening up new overseas markets in order to carry out its globalized industrial planning.

5. **Strengthening system and management innovation in order to assure the availability of systems for making strategic "breakthroughs"**

   To adapt itself to the globalized-production, innovation-driven strategic breakthroughs, the Group will continue to carry out system and management innovation; optimize and improve the Group's organization and management structures; and set up an institutional management system that supports the Group's strategic "breakthroughs" and matches the Group's transformation and upgrade for assuring the availability of systems for the development of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 21% from RMB2.489 billion for the year ended 31 December 2014 to RMB1.969 billion for the year ended 31 December 2015. The decrease in revenue was mainly attributable to a decrease of 11% in the annual average selling price compared to last year due to a decrease in the market price of glass this year, and a decrease of sales volume of 12% compared to last year.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Total	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Revenue from external customers and reportable segment revenue	**788,606**	911,397	**414,817**	631,051	**616,563**	748,864	**148,871**	198,057	**1,968,857**	2,489,369

Cost of sales

The Group's cost of sales decreased by approximately 11% from RMB2.117 billion for the year ended 31 December 2014 to RMB1.891 billion for the year ended 31 December 2015. This was mainly attributable to the combined effect of the decrease of sales volume of 12%, the reduction in raw material and fuel cost and the increase in environmental cost.

Gross profit

The Group's gross profit decreased by approximately 79% from RMB372 million for the year ended 31 December 2014 to RMB78 million for the year ended 31 December 2015. This was mainly attributable to a decrease in gross profit margin. Gross profit margin decreased from 15% in 2014 to 4% in 2015, which was mainly due to a decrease in the average selling price.

Other income

The Group's other income decreased from RMB218 million for the year ended 31 December 2014 to RMB29 million for the year ended 31 December 2015. The other income in 2014 mainly represented a gain arising from the expropriation of the land use rights of a PRC subsidiary of the Group by local government.

Distribution costs

There was no significant fluctuation of the Group's distribution costs for the year ended 31 December 2015 and for the year ended 31 December 2014.

Administrative expenses

The Group's administrative expenses increased by approximately 36% from RMB292 million for the year ended 31 December 2014 to RMB397 million for the year ended 31 December 2015. The increase was mainly attributable to an increase in provision for doubtful debts for trade and other receivables.

Other expenses

The Group's other expenses increased from RMB19 million for the year ended 31 December 2014 to RMB63 million for the year ended 31 December 2015. The increase was mainly attributable to an increase in impairment losses on property, plant and equipment and intangible assets.

Finance costs

There was no significant fluctuation of the Group's finance costs for the year ended 31 December 2015 and for the year ended 31 December 2014.

Current assets

The Group's current assets decreased by approximately 21% from RMB2.268 billion as at 31 December 2014 to RMB1.787 billion as at 31 December 2015. The decrease was mainly attributable to a decrease in inventories, and trade and other receivables.

Current liabilities

The Group's current liabilities increased by approximately 3% from RMB2.795 billion as at 31 December 2014 to RMB2.872 billion as at 31 December 2015. The increase was mainly attributable to an increase in short-term bank and other loans, and trade and other payables.

Non-current liabilities

The Group's non-current liabilities decreased by approximately 18% from RMB780 million as at 31 December 2014 to RMB643 million as at 31 December 2015. This was attributable to a decrease in long-term bank and other loans.

Capital structure, liquidity, financial resources and assets-liabilities ratio

As at 31 December 2015, the Group's cash and cash equivalents were RMB775 million (31 December 2014: RMB802 million), of which 93% (31 December 2014: 78%) were denominated in RMB, 6% (31 December 2014: 6%) were denominated in United States Dollars ("USD"), and 1% (31 December 2014: 16%) were denominated in Hong Kong dollars ("HK$"). Outstanding bank and other loans were RMB1.640 billion (31 December 2014: RMB1.725 billion), of which 96% (31 December 2014: 94%) were denominated in RMB, and 4% (31 December 2014: 6%) were denominated in USD.

As at 31 December 2015, the gearing ratio (total interest-bearing debts divided by total assets) was 31% (31 December 2014: 30%). As at 31 December 2015, the Group's current ratio (current assets divided by current liabilities) was 0.62 (31 December 2014: 0.81). The Group recorded net current liabilities amounting to RMB1.085 billion as at 31 December 2015 (31 December 2014: RMB527 million). The assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.62 as at 31 December 2015 (31 December 2014: 0.58).

Details of the Group's bank and other loans are set out in Note 20 to the financial statements.

Material acquisitions and disposals and significant investments

The Group did not have any material investments or capital assets, or material acquisitions or disposals of subsidiaries and associated companies or significant investments during the year of 2015.

Human resources and employees' remuneration

As at 31 December 2015, the Group employed approximately a total of 4,078 employees in the PRC and Hong Kong (31 December 2014: about 4,936 employees). The decrease in staff number of the Group as at 31 December 2015 as compared to 31 December 2014 was mainly attributable to higher workplace efficiency of the Group and reduced headcount during the cold repair period as several production bases carried out extended environmental upgrade and cold repair to ensure compliance with the environmental requirements issued by the local governments. According to the relevant market situation, the Group's employees' remuneration level is maintained at a competitive level and is adjusted in accordance with employees' performance.

The employees of the companies in the Group which were established in the PRC and in Hong Kong participate in defined contribution retirement benefit schemes and Mandatory Provident Fund Scheme, respectively. Details of staff costs and pension schemes are set out in Note 6(b).

Charge on assets

Details of the Group's charges on assets are set out in Note 18 and 20 to the financial statements.

Capital commitments

Details of the Group's capital commitments as at 31 December 2015 are set out in Note 26 to the financial statements.

Contingent liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Exchange rate risk and related hedging

The Group's transactions and monetary assets were primarily denominated in RMB, HK$, USD and Euros ("EUR"). Operating expenses and domestic sales of the Group's PRC subsidiaries were primarily denominated in RMB, and certain borrowings of the Group were denominated in USD. The Group was of the opinion that the future fluctuation of RMB will be closely related to the development of the PRC economy. The Group's assets, profits and dividends may be affected by the fluctuation of the RMB exchange rate. During the year ended 31 December 2015, the Group did not adopt any derivatives for hedging purposes.

Major customers and suppliers

The percentage of purchases and sales for the year ended 31 December 2015 attributed to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	7%
– five largest suppliers combined	30%
Sales	
– the largest customer	12%
– five largest customers combined	19%

During the year ended 31 December 2015, no Director or any associates of a Director or any substantial shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) of the Company has any interest in any of the Group's five largest customers and suppliers.

The Board of Directors (the "Board") presented its annual report together with the audited consolidated financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

Details of the principal activities of the Group are set out in Note 4 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The profit of the Group for the year ended 31 December 2015 and the state of the Company's and of the Group's assets and liabilities as at that date are set out in the financial statements on pages 48 to 118.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (31 December 2014: nil).

RESERVES

Details of the distributable reserves of the Company as at 31 December 2015 are set out in Note 24(e) to the financial statements.

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity of the financial statements. Details of movements in the reserves of the Company during the year are set out in Note 24(a) to the financial statements.

DONATIONS

The Group had made donations to charities amounted to RMB127,000 during the year ended 31 December 2015 (2014: RMB108,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company during the year ended 31 December 2015 are set out in Note 11 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2015 are set out in Note 24(c) to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders under the bye-laws of the Company, except if an ordinary resolution is passed by the shareholders of the Company (before the issue of any new shares) to determine that such shares shall be offered to them in the first instance. As at the date hereof the shareholders have not passed such a resolution.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Cui Xiangdong *(Chief Executive Officer)*
Mr. Li Ping (resigned on 13 February 2015)

Non-Executive Directors

Mr. Zhao John Huan *(Chairman)*
Mr. Zhou Cheng *(Honorary Chairman)*
Mr. Peng Shou *(Deputy Chairman)* (appointed on 13 February 2015)
Mr. Ning Min (resigned on 13 February 2015)
Mr. Guo Wen

Independent Non-Executive Directors

Mr. Zhang Baiheng
Mr. Zhao Lihua
Mr. Ni Wei (resigned on 13 February 2015)
Mr. Chen Huachen

DIRECTORS' INTERESTS IN CONTRACTS

During the year ended 31 December 2015, none of the Directors of the Company had any material interest, whether directly or indirectly, in any contracts of significance to which the Company, any of its holding company or any of its subsidiaries and fellow subsidiaries was a party.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save and except for the share option schemes and the share award scheme disclosed in pages 18 to 23 of this report and Note 22 to the financial statements, at no time during the year was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or in any other body corporate.

CONTRACT OF SIGNIFICANCE

No contracts of significance of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2015.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Details of the Directors' emoluments are set out in Note 8 to the financial statements.

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

As at 31 December 2015, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name of Director	Company/name of associated corporation	Capacity	Total number of ordinary shares (1) (3) (4)	Percentage of interest in such corporation (5)
Mr. Cui Xiangdong	The Company	Beneficial owner/ Interest of a controlled corporation	19,532,000(L)(2)	1.08%

Notes:

(1) The letter "L" denotes the Director's long position in such securities.

(2) It included Mr. Cui Xiangdong's interests in 12,000,000 Shares, share options to subscribe for 4,800,000 Shares, and 2,732,000 Shares acquired by Twinkle Fame Limited, which Mr. Cui has 100% direct interest, under the share award scheme.

(3) For further details of the share option scheme adopted by the Company, please refer to the section headed "Share Option Scheme" below.

(4) For further details of the share award scheme adopted by the Company, please refer to the section headed "Share Award Scheme" below.

(5) As at 31 December 2015, the total number of issued shares of the Company is 1,810,147,058.

Save as disclosed above, as at 31 December 2015, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 December 2015, the interest and/or a short position of the persons, other than Directors and chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Total number of ordinary shares (1)	Approximate percentage of shareholding (12)
First Fortune Enterprises Limited	Beneficial owner	272,926,000(L)	15.08%
Hony International Limited	Interest of a controlled corporation (2)	272,926,000(L)	15.08%
Mei Long Developments Limited	Beneficial owner	104,750,740(L)	5.79%
Easylead Management Limited	Interest of a controlled corporation (3)	377,676,740(L)	20.86%
Right Lane Limited	Interest of a controlled corporation (3) (4)	412,676,740(L)	22.80%
Mr. Cao Zhijiang	Interest of a controlled corporation (5)	377,676,740(L)	20.86%
Mr. Liu Jinduo	Interest of a controlled corporation (5)	377,676,740(L)	20.86%
Mr. Zhang Zuxiang	Interest of a controlled corporation (5)	377,676,740(L)	20.86%
Legend Holdings Corporation (formerly known as Legend Holdings Limited) (6)	Interest of a controlled corporation (7)	412,676,740(L)	22.80%
Pilkington Group Limited	Beneficial owner	390,156,318(L)	21.55%
NSG UK Enterprises, Limited	Interest of a controlled corporation (8)	390,156,318(L)	21.55%
NSG Holding (Europe) Limited	Interest of a controlled corporation (9)	390,156,318(L)	21.55%
Nippon Sheet Glass Co., Ltd.	Interest of a controlled corporation (10)	390,156,318(L)	21.55%
Triumph Technology Group Company	Beneficial owner	260,000,000(L)	14.36%
China National Building Material Group Corporation	Interest of a controlled corporation (11)	260,000,000(L)	14.36%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) First Fortune Enterprises Limited is a wholly-owned subsidiary of Hony International Limited. Hony International Limited is taken to be interested in these shares by virtue of Part XV of the SFO.

(3) Hony International Limited is owned as to 60% by Easylead Management Limited and 40% by Right Lane Limited. Mei Long Developments Limited is owned as to 60% by Easylead Management Limited and 40% by Right Lane Limited, Easylead Management Limited and Right Lane Limited are taken to be interested in the shares held by Hony International Limited and Mei Long Developments Limited by virtue of Part XV of the SFO.

(4) Elite World Investments Limited holds 35,000,000 Shares. Elite World Investments Limited is wholly-owned by Cheer Elite Holdings Limited. Cheer Elite Holdings Limited is wholly-owned by Right Lane Limited. Right Lane Limited is taken to be interested in the shares held by Elite World Investments Limited by virtue of Part XV of SFO.

(5) Easylead Management Limited is owned as to one-third by each of Messrs. Cao Zhijiang, Zhang Zuxiang and Liu Jinduo. Each of them is taken to be interested in the shares held by Easylead Management Limited by virtue of Part XV of the SFO.

(6) The English company name "Legend Holdings Corporation" is a direct transliteration of its Chinese company name "聯想控股股份有限公司".

(7) Right Lane Limited is a direct wholly-owned subsidiary of Legend Holdings Corporation. Legend Holdings Corporation is taken to be interested in the shares held by Right Lane Limited by virtue of Part XV of SFO.

(8) Pilkington Group Limited is a direct wholly-owned subsidiary of NSG UK Enterprises, Limited. NSG UK Enterprises, Limited is taken to be interested in the shares held by Pilkington Group Limited by virtue of Part XV of SFO.

(9) NSG UK Enterprises, Limited is a direct wholly-owned subsidiary of NSG Holding (Europe) Limited. NSG Holding (Europe) Limited is taken to be interested in the shares held by NSG UK Enterprises, Limited by virtue of Part XV of SFO.

(10) Nippon Sheet Glass Co., Ltd is a Japan listed company. NSG Holding (Europe) Limited is a direct wholly-owned subsidiary of Nippon Sheet Glass Co., Ltd. Nippon Sheet Glass Co., Ltd. is taken to be interested in the shares held by NSG Holding (Europe) Limited by virtue of Part XV of SFO.

(11) Triumph Technology Group Company is a wholly-owned subsidiary of China National Building Material Group Corporation. China National Building Material Group Corporation is taken to be interested in these shares by virtue of Part XV of the SFO.

(12) As at 31 December 2015, the total number of issued shares of the Company is 1,810,147,058.

Save as disclosed above, as at 31 December 2015, no other person (other than a Director or the chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

A. The Old Share Option Scheme

The Company conditionally adopted a share option scheme (the "Old Share Option Scheme") on 30 May 2005 in order to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares. The following is a summary of the principal terms of the rules of the Old Share Option Scheme:

(a) Who may join

The Board may at its discretion grant options to: (i) any executive Director, or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive Directors (including independent non- executive Directors) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to the Company, any member of the Group or any Invested Entity (collectively, "Qualified Participants").

(b) *The purpose of the Old Share Option Scheme*

The share option scheme seeks to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of the Company and its Shares for the benefit of its shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of the Group.

(c) *Subscription price*

The subscription price shall, subject to any adjustment, be a price determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered to a Qualified Participant ("Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

(d) *Grant of option*

An offer of the grant of an option shall be made to a Qualified Participant by letter ("Offer Letter") in such form as the Board may from time to time determine specifying the terms and subject to the conditions on which the option is to be granted. Subject to the terms of the Offer Letter, there shall be no general performance target to or minimum holding period for the vesting or exercise of options.

An option is deemed to have been accepted and to have taken effect when the duplicate Offer Letter comprising acceptance of the option duly signed by the option-holder together with a remittance in favour of the Company of HK$1 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance as set out in the Offer Letter.

(e) *Maximum number of Shares and entitlement of each Qualified Participant*

The original maximum number of Shares in respect of which options may be granted under the Old Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at the listing date, which was 36,000,000 Shares. As a result of the division of shares in 2011, the maximum number of shares in respect of which options may be granted under the Old Share Option Scheme and other share option schemes of the Company was adjusted to 72,000,000 Shares. On 19 February 2016, the New Share Option Scheme (as defined below) was adopted by the Company. The maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at the 19 February 2016, the date of the special general meeting approving the New Share Option Scheme, which is 181,014,705 Shares (representing 10.00% of the issued share capital as at the date of this report).

Unless approved by the shareholders in general meeting in the manner prescribed in the Listing Rules, the Board of Directors shall not grant options to any Qualified Participant if the acceptance of those options would result in the total number of Shares issued and to be issued to that Qualified Participant upon the exercise of his options (including both exercised and outstanding options) during any 12-month period exceeding 1% of the total Shares then in issue.

(f) Timing for exercise of options

The period during which an option may be exercised in accordance with the terms of the Old Share Option Scheme shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than 10 years commencing on the Offer Date.

(g) Life of the Old Share Option Scheme

The Old Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the date on which the share option scheme is deemed to take effect in accordance with its terms, after which period no further options will be granted but the provisions of the share option scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the share option scheme.

On 29 February 2008, the Directors and certain employees of the Company were granted certain share options under the Old Share Option Scheme. These share options have lapsed on 29 May 2015 and none of these share options were exercised during their contracted life.

On 13 May 2015, the Company granted new share options to a director and certain employees of the Group under the Old Share Option Scheme. Further details of the share options are disclosed in Note 22(a).

The closing price of the shares of the Company on 29 February 2008 was HK$3.50 per share (before adjustment pursuant to the subdivision of Shares in 2011). The closing price of the shares of the Company on 13 May 2015 was HK$1.25 per share. Movement of share options granted under the option scheme during the year ended 31 December 2015 are as follow:

					No. of Share				
Participant	Date of grant[1]	Exercise price per share[2]	Exercise period from	until	Held as at 1/1/2015	Granting during the period	Lapsed during the period	Held as at 31/12/2015	Approximate percentage interest in the Company's issued Shares
Zhou Cheng	29/2/2008	1.75	28/2/2009	29/5/2015	1,500,000	–	1,500,000	–	0.08%
	29/2/2008	1.75	28/2/2010	29/5/2015	1,125,000	–	1,125,000	–	0.06%
	29/2/2008	1.75	28/2/2011	29/5/2015	1,125,000	–	1,125,000	–	0.06%
Li Ping [3]	29/2/2008	1.75	28/2/2009	29/5/2015	640,000	–	640,000	–	0.04%
	29/2/2008	1.75	28/2/2010	29/5/2015	480,000	–	480,000	–	0.03%
	29/2/2008	1.75	28/2/2011	29/5/2015	480,000	–	480,000	–	0.03%
Cui Xiangdong	29/2/2008	1.75	28/2/2009	29/5/2015	640,000	–	640,000	–	0.04%
	29/2/2008	1.75	28/2/2010	29/5/2015	480,000	–	480,000	–	0.03%
	29/2/2008	1.75	28/2/2011	29/5/2015	480,000	–	480,000	–	0.03%
	13/5/2015	1.25	13/5/2016	12/5/2022	–	1,920,000	–	1,920,000	0.11%
	13/5/2015	1.25	13/5/2017	12/5/2022	–	1,440,000	–	1,440,000	0.08%
	13/5/2015	1.25	13/5/2018	12/5/2022	–	1,440,000	–	1,440,000	0.08%
Employees	29/2/2008	1.75	28/2/2009	29/5/2015	12,660,000	–	12,660,000	–	0.70%
	29/2/2008	1.75	28/2/2010	29/5/2015	9,495,000	–	9,495,000	–	0.52%
	29/2/2008	1.75	28/2/2011	29/5/2015	9,495,000	–	9,495,000	–	0.52%
	13/5/2015	1.25	13/5/2016	12/5/2022	–	11,428,000	–	11,428,000	0.63%
	13/5/2015	1.25	13/5/2017	12/5/2022	–	8,571,000	–	8,571,000	0.47%
	13/5/2015	1.25	13/5/2018	12/5/2022	–	8,571,000	–	8,571,000	0.47%
Total					38,600,000	33,370,000	38,600,000	33,370,000	

Notes:

(1) The fair value of the share options granted during the year ended 31 December 2015 was estimated to be approximately from HK$0.5100 to HK$0.7102 per share as at 13 May 2015, being the date of grant, using the Binomial Model. The accounting policy adopted in relation to share options is in accordance with the same accounting policy adopted in the 2014 annual financial statements.

(2) The Company undergone a subdivision of Shares in April 2011 where each of the existing issued and unissued Shares of par value of HK$0.10 in the share capital of the Company has been subdivided into two subdivided Shares of par value of HK$0.05 each. As a result of the subdivision, the exercise price per Share for the options granted on 29 February 2008 has been adjusted to HK$1.75.

(3) Mr. Li Ping resigned as a Director with immediate effect on 13 February 2015.

The Old Share Option Scheme was expired on 22 June 2015. All outstanding options granted under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme. No further options will be granted under the Old Share Option Scheme.

B. The New Share Option Scheme

The Company adopted a new share option scheme (the "New Share Option Scheme") at its special general meeting held on 19 February 2016. Terms of the New Share Option Scheme are substantially the same as the Old Share Option Scheme. As at the date of the report, no options have been granted under the New Share Option Scheme. The following is a summary of the principal terms of the rules of the share option scheme:

(a) Who may join

The Board may at its discretion grant options to: (i) any executive Director, or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive Directors (including independent non- executive Directors) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to the Company, any member of the Group or any Invested Entity (collectively, "Qualified Participants").

(b) The purpose of the New Share Option Scheme

The New Share Option Scheme seeks to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of the Company and its Shares for the benefit of its shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of the Group.

(c) Subscription price

The subscription price shall, subject to any adjustment, be a price determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered to a Qualified Participant ("Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

(d) *Grant of option*

An offer of the grant of an option shall be made to a Qualified Participant by letter ("Offer Letter") in such form as the Board may from time to time determine specifying the terms and subject to the conditions on which the option is to be granted. Subject to the terms of the Offer Letter, there shall be no general performance target to or minimum holding period for the vesting or exercise of options.

An option is deemed to have been accepted and to have taken effect when the duplicate Offer Letter comprising acceptance of the option duly signed by the option-holder together with a remittance in favour of the Company of HK$1 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance as set out in the Offer Letter.

(e) *Maximum number of Shares and entitlement of each Qualified Participant*

The maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at the 19 February 2016, the date of the special general meeting approving the New Share Option Scheme, which is 181,014,705 Shares (representing 10.00% of the issued share capital as at the date of this report).

Unless approved by the shareholders in general meeting in the manner prescribed in the Listing Rules, the Board of Directors shall not grant options to any Qualified Participant if the acceptance of those options would result in the total number of Shares issued and to be issued to that Qualified Participant upon the exercise of his options (including both exercised and outstanding options) during any 12-month period exceeding 1% of the total Shares then in issue.

(f) *Timing for exercise of options*

The period during which an option may be exercised in accordance with the terms of the New Share Option Scheme shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than 10 years commencing on the Offer Date.

(g) *Life of the New Share Option Scheme*

The New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the date on which the New Share Option Scheme is deemed to take effect in accordance with its terms, after which period no further options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the New Share Option Scheme.

SHARE AWARD SCHEME

The Board approved the adoption of the share award scheme of the Company on 12 December 2011. The share award scheme would operate in parallel with the Old Share Option Scheme adopted on 30 May 2005 and the New Share Option Scheme adopted on 19 February 2016.

(a) Who may join

Employee(s) are selected by the Board pursuant to the scheme rules for participation in the share award scheme (the "Selected Employee(s)"). Selected Employees can be any employee of the Group or Directors of the Company. If any grant of awarded shares is proposed to be made to Director (including an independent non-executive Director) of the Company, such grant must first be approved by all the members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee. In addition, where any grant of awarded shares is proposed to be made to any Director or any other person who is a connected person within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

(b) The purpose of the share award scheme

The purposes of the share award scheme are to recognise the contributions by Selected Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

(c) Operation of the share award scheme

Bank of Communications Trustee Limited has been appointed as the trustee of the share award scheme (the "Trustee"). Pursuant to the scheme rules and the trust deed entered into with the Trustee, existing shares of the Company will be purchased by the Trustee on the market out of cash contributed by the Group and be held in trust for the employees of the Group until such shares are vested with the relevant Selected Employees in accordance with the scheme rules.

(d) Life of the share award scheme

The share award scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth (10) anniversary date of the Adoption Date and (ii) such date of early termination as determined by the Board by a resolution of the Board.

No shares were awarded to directors and employees of the Group during the year ended 31 December 2015 under the share award scheme. Further details of the awards granted under the share award scheme are disclosed in Note 22(b).

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive directors

Mr. Cui Xiangdong (崔向東), aged 55, is the Executive Director and the Chief Executive Officer of the Company. Mr. Cui now serve as Chairman and Legal representative of Weihai CNG Coated Glass Co., Ltd., Weihai CNG New Technology Glass Ltd., Zhongbo Technology Co., Ltd., Linyi CNG Glass Co., Ltd., Suqian CNG New Materials Co.,Ltd, subsidiaries of the Company. Mr. Cui is an accountant and a senior economist with a university degree. Mr. Cui has previously served as financial director of Weihai Glass Factory, General Manager of Shandong Blue Star Glass Group Co., Ltd., and Senior Vice President of the Company, Mr. Cui has 38 years of extensive experience in building material industry, corporate management and marketing.

Non-Executive Directors

Mr. Zhao John Huan (趙令歡), aged 53, is a Non-executive Director and the Chairman of the Company. Mr. Zhao joined the Group in January 2005. He graduated from the Physics Department at Nanjing University, and obtained master degrees in Electronic Engineering and Physics from Northern Illinois University in the United States, and a master degree in Business Administration from the Kellogg School of Management at Northwestern University in the United States. Mr. Zhao joined Legend Holdings Limited, a substantial shareholder of the Company, in January 2003 and founding Hony Capital Limited. Prior to founding Hony Capital Limited, Mr. Zhao held a number of senior management positions and directorships at several prestigious multinational companies. Mr. Zhao is currently a managing vice president and a member of the executive committee of Legend Holdings Limited and the President of Hony Capital Ltd. Mr. Zhao is currently an executive director of CSPC Pharmaceutical Group Limited, which is listed on the Stock Exchange (stock code: 1093) and a non-executive director of Lenovo Group Limited, which is listed on the Stock Exchange (stock code: 0992), and Chinasoft International Limited, which is listed on the Stock Exchange (stock code: 0354). Mr. Zhao is also the deputy chairman of Shanghai Chengtou Holding Co., Ltd, which is listed on the Shanghai Stock Exchange (stock code: 600649). Mr. Zhao was formerly a director of Fiat Industrial S.p.A., which is listed on the Mercato Telematico Azionario (International Securities Identification Number: IT0004644743), from January 2011 to September 2013 and Jiangsu Phoenix Publishing & Media Corporation Limited, which is listed on the Shanghai Stock Exchange (stock code: 601928), from June 2009 to June 2012. In addition, Mr. Zhao was formerly a non-executive director of New China Life Insurance Company Limited, which is listed on the Stock Exchange (stock code: 1336), from November 2012 to March 2015 and Wumart Stores, Inc, which is listed on the Stock Exchange (stock code: 1025), from November 2009 to June 2014.

Mr. Zhou Cheng (周誠), aged 59, is a Non-executive Director and the Honorary Chairman of the Company. Mr. Zhou has been an executive Director and Chief Executive Officer of the Company since the listing of the Company in 2005 until 19 October 2010 and 14 September 2007 respectively. Mr. Zhou was the Chairman of the Company from September 2007 to February 2015. He is a senior engineer and graduated from Nanjing University of Technology in 1980, majoring in inorganic chemistry. Mr. Zhou joined the Group in January 1997 and has previously served as head of Jiangsu Glass Factory and the Chairman and general manager of Jiangsu Glass Group Company Limited. Mr. Zhou is currently the venture partner of Hony Capital Limited, which is an indirect substantial shareholder of the Company.

Mr. Peng Shou (彭壽), aged 55, is a Non-executive Director and the Deputy Chairman of the Company. He joined the Group on 13 February 2015. Mr. Peng holds a bachelor's degree in engineering from Wuhan Institute of Building Material Industry (now Wuhan University of Technology) in 1982 and a master's degree in management from Wuhan Poly-technic University (now Wuhan University of Technology) in 2002. Mr. Peng is qualified as a senior engineer at professor level and was awarded a special grant of the government approved by the State Council. Mr. Peng has over 30 years of experience in business and management in the building material industry. He is an expert in inorganic materials research and development as well as engineering design and consulting. Mr. Peng is the general manager of Triumph Technology Group Company* (凱盛科技集團公司) ("Triumph Technology") (a substantial shareholder of the Company). Mr. Peng has served as an executive director of China National Building Material Co. Ltd* (中國建材股份有限公司) (stock code: 3323) ("CNBM") (an associate of Triumph Technology) since June 2006, he is also a Vice President of CNBM and the Chairman and President of China Triumph International Engineering Company Limited* (中國建材國際工程集團有限公司) (an associate of Triumph Technology). At present, Mr. Peng concurrently acts as the Chairman of International Commission on Glass, the Director of State Key Laboratory of Float Glass New Technology* (浮法玻璃新技術國家重點實驗室), the Vice Chairman of China Silicate Association* (中國硅酸鹽學會), the Deputy Chairman of the China Building and Industrial Glass Committee* (中國建築玻璃與工業玻璃協會) and the Vice President of China Building Material Federation* (中國建築材料聯合會).

Mr. Ning Min (寧旻), aged 46, was a Non-executive Director of the Company. Mr. Ning joined the Group on 30 June 2011. He is currently the secretary of the board of directors, a senior vice-president and a member of the executive committee of Legend Holdings Corporation, an indirect substantial shareholder of the Company. Mr. Ning graduated and obtained a bachelor's degree in economics from Beijing City College in 1991 and an EMBA postgraduate degree from Renmin University of China in 2001. Since his joining Legend Holdings Corporation in July 1991, Mr. Ning held positions in various departments including administration, training and finance departments, and has accumulated rich experience in corporate operation, finance and capital management. Mr. Ning has resigned as a Non-executive Director on 13 February 2015.

Mr. Guo Wen (郭文), aged 47, is a Non-executive Director of the Company. He joined the Group on 6 March 2014. Mr. Guo graduated from the University of Science and Technology Beijing with a bachelor degree, and he received an EMBA degree from Cheung Kong Graduate School of Business. Mr. Guo has extensive experience in financial, security, merger and acquisition investment in China and Hong Kong. Mr. Guo is currently a managing director of Hony International Limited, which is an indirect substantial shareholder of the Company; at the same time, Mr. Guo is currently the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC.

Independent Non-Executive Directors

Mr. Zhang Baiheng (張佰恒), aged 54, is an Independent Non-executive Director of the Company. He joined the Group in January 2005. Mr. Zhang is a university graduate. He was a pilot and district chief in the Sixth Flight Institute of the People's Liberation Army of China from 1979 to 1981. From 1985 to 1996, he was a staff officer at the Training Department of the People's Liberation Army Air Force Academy of China. Mr. Zhang has extensive experience in the building material industry. From 1996 to 2002, he was the deputy director of the China Building Material Industry Association and the deputy secretary general of the China Architectural and Industrial Glass Association. From 2002 to 2005, he was the secretary general of the China Architectural and Industrial Glass Association. From 4 June 2010, Mr. Zhang is the independent director of AVIC Sanxin Co., Ltd*(中航三鑫股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002163). In addition, he was an independent director of Jiangsu Xiuqiang Glasswork Co., Ltd*(江蘇秀強玻璃工藝股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300160), from 24 June 2009 to 18 June 2015. Mr. Zhang currently serve as the Executive Vice President and the secretary general of the China Architectural and Industrial Glass Association.

Mr. Zhao Lihua (趙立華), aged 73, is an Independent Non-executive Director of the Company. Mr. Zhao joined the Group on 30 June 2011. He graduated from Hunan University in 1965 with a bachelor's degree majoring in physics. He was a visiting scholar of the University of Wisconsin-Madison in the United States from August 1979 to August 1981 and was promoted to a professor in the same university in 1987. He was a visiting professor of University of Hanover in Germany in 1989 and the vice president of Hunan University from March 1992 to March 2000. He was also a former professor and tutor of doctorate candidates of Hunan University. He served as the Chairman of Hebei Huda Technology & Education Development Co., Ltd. from March 2000 to October 2002. He served as the chief supervisor of Sinosafe General Insurance Co. Ltd. from July 2003 to June 2011. In addition, Mr. Zhao is an Independent Non-executive Director of CNBM (stock code: 3323) since 17 October 2014 and Hydoo International Holding Limited (stock code: 1396) since 23 November 2014.

Mr. Ni Wei (倪瑋), aged 57, was an Independent Non-executive Director of the Company, Mr. Ni joined the Group on 27 December 2012. Mr. Ni graduated from the Department of Chinese Language and Literature of Xiamen University in 1982, and in the same year he was assigned to the head office of the Motor Communication Group of Ministry of Transport. Mr. Ni was transferred to the China Communications and Transportation Association of the National Development and Reform Commission ("NDRC") in 1993, and in 2001 he served as deputy secretary general of the China Communication and Transportation Association and was primarily responsible for the association's major projects and publication work. Mr. Ni also served in various other positions, including service as deputy secretary general of the China Information Association of NDRC in 2005. In addition, Mr. Ni founded the China Logistics Investment and Financing Union and the China Logistics City Alliance during the period from 2010 to 2012, and also served as deputy chairman and secretary general of the two associations. Mr. Ni has received various awards, including the first Chinese Economic Press Innovation award in 2007, and the China Express Delivery Industry Outstanding Achievement award in 2009. Mr. Ni has resigned as an Independent Non-executive Director of the Company on 13 February 2015.

Mr. Chen Huachen (陳華晨), aged 37, is an Independent Non-executive Director of the Company. Mr. Chen joined the Group on 27 December 2012. Mr. Chen is a Chartered Financial Analyst. Mr. Chen graduated from the Capital University of Economics and Business in 2001 with a bachelor's degree in Accounting, and graduated from the Faculty of Business of the Hong Kong Polytechnic University in 2006 with a master's degree in Accounting. Mr. Chen also holds an MBA degree awarded by Columbia Business School in 2009. Mr. Chen was a senior staff member at the Department of Public Offering Supervision of the China Securities Regulatory Commission from 2003 to 2007. After graduating from Columbia University, Mr. Chen returned to China and worked for UBS Securities Co. Limited as a director in the Greater China Investment Banking Division from 2009 to 2011. Mr. Chen worked for Qiming Ventures Partners as a partner from 2011 to 2012. Mr. Chen has ample experience in the capital market and financial related matters.

Senior Management

Mr. Li Ping (李平), aged 54, is the Senior Vice President of the Company. Mr. Li is the Chairman of the CNG Glass (Nigeria) Fze, a subsidiary of the Company. He is a senior engineer at postgraduate level and graduated in 1982 from Zhejiang University with a bachelor degree in Engineering majoring in metasilicate, and obtained a master degree in Business Administration from China University of Mining and Technology in 2002. He has formerly worked as deputy head of Jiangsu Glass Factory, general manager of Jiangsu Glass Group Company Limited and Executive Director of the Company. Mr. Li was an Executive Director of the Company before his resignation from the role on 13 February 2015. He has 33 years of extensive experience in the building material industry and corporate management.

Mr. Lu Guo (呂國), aged 53, is a Vice President of the Company. Mr. Lu is a director of Linyi CNG Glass Co., Ltd., Xianyang CNG Coated Glass Limited and Suqian CNG New Materials Co.,Ltd, subsidiaries of the Company. Mr. Lu is a senior engineer at postgraduate level. He graduated in 1984 with a bachelor degree from Wuhan Institute of Building Material, majoring in glass. He has worked as head of a branch factory of Jiangsu Glass Factory, a deputy general manager of Jiangsu Glass Group, General Manager of Jiangsu SHD New Materials Co. Ltd., and Dongtai China Glass Special Glass Co. Ltd.. He has 31 years of extensive experience in glass industry.

Mr. Ge Yankai (葛言凱), aged 55, is a Vice President of the Company. He is a director of Weihai CNG Coated Glass Co., Ltd., Weihai CNG New Technology Glass Ltd., Zhongbo Technology Co., Ltd. and Linyi CNG Glass Co., Ltd., subsidiaries of the Company; Mr. Ge is a senior engineer. He graduated with an engineering bachelor degree from Shandong University of Technology, majoring in electrical automation, in 1982. Mr. Ge has previously served as deputy general manager Shandong Blue Star Glass Group Co., Ltd. and head of a branch factory of Float Glass Factory, director and deputy general manager of Weihai CNG Coated Glass Co., Ltd., Weihai CNG New Technology Glass Ltd. and Zhongbo Technology Co., Ltd. He has 35 years of extensive experience in the glass industry in the PRC.

Mr. Yang Hongfu (楊洪富), aged 54, is a Vice President of the Company. He is Chairman of Jiangsu SHD New Materials Co. Ltd., Dongtai China Glass Special Glass Co., Ltd. and Beijing Qinchang Glass Co., Ltd., subsidiaries of the Company; Mr. Yang is a senior economist and a university graduate. He has worked as vice director of Jiangsu Branch of Industrial and Commercial Bank of China, senior manager of Nanjing Office of China Huarong Asset Management Corporation, vice chairman of Jiangsu SHD New Materials Company Limited, director of China Nanjing Automobile (Group) Corporation, chairman of the board of supervision of Jiangsu Nantong Yaorong Glass Co., Ltd.

Mr. Cheng Xin (程昕), aged 43, is a Vice President of the Company. Mr. Cheng is a director of Weihai CNG Coated Glass Co., Ltd., Weihai CNG New Technology Glass Ltd., Linyi CNG Glass Co., Ltd., Wuhai CNG Special Glass Limited, and Shaanxi CNG New Technology Co.,Ltd., subsidiaries of the Company, and Supervisor of Zhongbo Technology Co., Ltd., Jiangsu SHD New Materials Co. Ltd., and Dongtai China Glass Special Glass Co., Ltd. Mr. Cheng is a registered security analyst, economist and a Master of Business Administration from China Europe International Business School. Mr. Cheng has previously worked as the manager of Investment Advisory Department of Haitong Securities Co., Ltd., and deputy general manager of Junxin Venture Capital Investment Company. He has 22 years of extensive experience in mergers and acquisitions and investment field.

Mr. Wang Jianxun (汪建勛), aged 58, is the Chief Technology Officer of the Company. Mr. Wang is the Chairman of Hangzhou Blue Star New Materials Technology Company Limited, a subsidiary of the Company. He is a senior engineer at professor level. He graduated from Wuhan Building Materials Technology Institute in 1982 with a bachelor degree in engineering. Mr. Wang has previously worked as engineer, deputy chief engineer, senior engineer, senior engineer at professor level in Qinhuangdao Glass Design Research Institute; he is a professor of Zhejiang University and was awarded National S&T Progress Awards for several times. Mr. Wang has over 34 years of extensive experience in the research and development and application on the glass engineering project design.

Company Secretary

Ms. Pan Jianli (潘建麗), aged 38, has been appointed as the Company Secretary of the Company on 4 June 2014. Ms. Pan joined the Group in March 2007. She was the director of the Finance Department of the Company from December 2008 to May 2012. Since March 2012 and May 2012, Ms. Pan was appointed as the secretary of the audit committee of the Board and the senior director of the Investment Department of the Company, respectively. Ms. Pan is responsible for matters relating to foreign investments, mergers and acquisitions, equity and debt financing, investor relations, corporate governance and compliance matters relating to the corporate and business affairs of the Company and its subsidiaries. Ms. Pan is familiar with the Company's secretarial practice, and has good understanding of the Company's operation and extensive experience in handling the relevant matters. Ms. Pan holds a bachelor degree in economics from the Shandong University of Finance and Economics and a master degree in corporate management from the Peking University. She is a senior accountant and a member of the Chinese Institute of Certified Public Accountants.

CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Group entered into the following transactions (the "Triumph Group Transactions") with certain entities of Triumph Technology Group Company ("Triumph Group Company") which constituted connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. ("Listing Rules") which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules:

(1) On 13 May 2015, Xianyang Blue Star Coated Glass Company Limited ("Xianyang Blue Star") entered into a construction contract with China Triumph International Engineering Company Limited ("CTIEC"), for the supply, installation and servicing machinery parts and materials to Xianyang Blue Star at the contract price of no more than RMB52.67 million. The purpose of the transaction is that one of the production lines of Xianyang Blue Star was due for cold repair in May 2015 according to its design plan, and therefore was required to suspend production for cold repair and modification. Xianyang Blue Star is an indirect subsidiary of the Company. CTIEC is directly owned as to 91% by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 44.11%. CNBM Group Corporation wholly owns Triumph Group Company, which in turn owns 14.36% interests in the Company.

(2) On 11 June 2015, CNG (Nigeria) Investment Limited ("CNG (Nigeria)") entered into a design contract with CTIEC for carrying out design and planning work for a potential new CNG (Nigeria) production line for a contract price of not more than RMB8.8 million, as the Company had plans to invest in the construction of a float and coated glass production line in Nigeria. CNG (Nigeria) is an indirectly wholly-owned subsidiary of the Company. CTIEC is directly owned as to 91% by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 44.11%. CNBM Group Corporation wholly owns Triumph Group Company, which in turn owns 14.36% interests in the Company.

(3) On 11 June 2015, Suqian Huayi Coated Glass Company Limited ("Suqian Huayi") entered into a design contract with Jiangsu China Triumph Environmental Protection Research Institute Limited ("CTIECEP") for carrying out, at contract price of RMB17 million, construction work for flue-gas dust removal, desulphurisation and denitration project for a production line of Suqian Huayi. Suqian Huayi is an indirectly wholly-owned subsidiary of the Company. CTIECEP is directly owned as to 92% by CTIEC. CTIEC is directly owned as to 91% by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 44.11%. CNBM Group Corporation wholly owns Triumph Group Company, which in turn owns 14.36% interests in the Company.

(4) On 15 December 2015, CNG Glass (Nigeria) Fze ("CNG Glass (Nigeria)") entered into a construction contract with Bengbu Glass Industrial Design and Research Institute ("Bengbu Institute"), pursuant to which Bengbu Institute was engaged by CNG Glass (Nigeria) for the supply, installation and testing work for the construction of glass production lines in the production base of the Group located in Nigeria (the "Nigerian Production Base") for a contract price of RMB185.38 million. CNG Glass (Nigeria) is an indirectly wholly-owned subsidiary of the Company. Bengbu Institute is a wholly-owned subsidiary of Triumph Group Company, which in turn owns 14.36% interests in the Company.

(5) On 15 December 2015, Linyi CNG Glass Co., Ltd ("Linyi CNG Glass") entered into the Flue Gas Treatment Contract with Shenzhen Triumph Technology Engineering Co., Ltd ("Shenzhen Triumph Technology Engineering") for construction services, including preliminary and construction design, sourcing of equipment and material, installation and testing of equipment, for the flue-gas treatment system of Linyi CNG Glass for a contract price of RMB28.6 million as the CNG Glass production lines were scheduled for maintenance, and their flue-gas treatment system were to be upgraded at the same period. Linyi CNG Glass is an indirect subsidiary of the Company. Shenzhen Triumph Technology Engineering is a wholly-owned subsidiary of CTIEC. CTIEC is directly owned as to 91% by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 44.11%. CNBM Group Corporation wholly owns Triumph Group Company, which in turn owns 14.36% interests in the Company.

(6) On 15 December 2015, Suqian CNG Electronic Glass Co., Ltd ("CNG Electronic Glass") entered into the Design Contract with CTIEC to carry out design and planning work for an electronic glass production line for CNG Electronic Glass for a contract price of RMB2.58 million as the Company planned to construct an electronic glass production line in Suqian, Jiangsu Province, the PRC to allow the Company to develop its electronic glass manufacturing capability. CNG Electronic Glass is an indirect wholly-owned subsidiary of the Company. CTIEC is directly owned as to 91% by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 44.11%. CNBM Group Corporation wholly owns Triumph Group Company, which in turn owns 14.36% interests in the Company.

Triumph Group Company, a substantial shareholder of the Company, is a connected person of the Company under the Listing Rules and each of CTIEC, CTIECEP, Bengbu Institute and Shenzhen Triumph Technology Engineering is an associate of Triumph Group Company under the Listing Rules. Accordingly, the entering into the Triumph Group Transactions constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group had not entered into any other connected transactions or non-exempted continuing connected transactions for the year ended 31 December 2015 which are subject to reporting, annual review, announcement and independent shareholders' approval requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the "Stock Exchange") (the "Listing Rules").

The material related party transactions are set out in Note 25 to the financial statements. Save as disclosed above, all the related party transactions did not fall within the scope of non-exempted connected transactions under Chapter 14A of the Listing Rules which are required to comply with the reporting, annual review, announcement or independent shareholders' approval requirements.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE CAPITAL

During the year ended 31 December 2015, there were no changes to the total number of shares or the share capital structure of the Company.

EQUITY FUND RAISING

On 9 November 2015, to develop a close and co-operative relationship with the China-Africa Development Fund and to supplement the Company with capital resources for its development in Africa, the Company entered into a subscription agreement with the China-Africa Manufacturing Investment Co., Limited (the "Bondholder"), pursuant to which the Bondholder conditionally agreed to subscribe for and the Company conditionally agreed to issue convertible bonds in the aggregate principal amount of US$10 million. The issue of the convertible bonds was completed on 4 February 2016. Based on the initial conversion price of HK$1.28 per conversion share and assuming full conversion of the Convertible Bonds at the initial Conversion Price under the subscription agreement, the convertible bonds will be convertible into 60,554,687 conversion shares which will rank pari passu in all respects with the existing ordinary shares of the Company in issue. The closing price of the shares of the Company on 9 November 2015 was HK$1.140 per share. The net proceeds of the issue of the convertible bonds was expected to be approximately US$9.9 million, approximately US$6.0 million of which has been applied for capital expenditure relating to the Group's establishment of the new production base in Nigeria, in accordance with the specified uses as disclosed by the Company in the announcement dated 9 November 2015. At the date of this report, none of the convertible bonds have been redeemed or converted into conversion shares.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, during the year ended 31 December 2015, the Company has maintained a public float of not less than 25% of the issued share capital of the Company as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

Save as disclosed in "Material acquisitions and disposals and significant investments" in the Management Discussion and Analysis of this report, the Group had not made any material investments, acquisitions or disposals during the year ended 31 December 2015.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Details of non-adjusting events after the reporting period of the Group are set out in Note 29 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business operates in an industry that is subject to changes in market conditions, changing industry standards, environmental regulations, industry competition and changing customers' needs. It is important for the Group to timely respond to these changes which may adversely affect the Group's business and financial results.

In 2016, the glass industry will be further differentiated and adjusted as the process to cut excessive industrial capacity will continue further. The growth in demand for ordinary float glass from the downstream industry will slow down, while prices are expected to remain at a low level. The Group has taken a number of measures to address the uncertainties faced by the industry, for further details, please refer to the section headed "Major Work Plans for 2016" on page 10 of this Report.

The Group is also subject to other financial risks, such as credit risk, liquidity risk, interest rate risk and currency risk, in the normal course of the Group's business. Particulars of financial risk management of the Group are set out in note 27 to the consolidated financial statements.

RELATIONSHIP WITH EMPLOYEES

The Group understands that employees are valuable assets to the Group and their valuable contribution to the success of the Group. The Group persisted in the combination of a people-oriented management philosophy and an innovation mechanism. Through diversity and humanistic management, the Group has established a close relationship of mutual trust and support between the Company and its staff, and created a positive, healthy and motivated corporate culture and work environment for its employees. Meanwhile, the Group complied with the principle of "adapting to the market environment, actualizing values of talents and bringing out the full effects of incentives" to provide employees with a competitive remuneration mechanism. Moreover, the Group also incessantly optimized its human resources structure, and improved its management methods in order to fully bring out employees' enthusiasm and initiatives.

RELATIONSHIP WITH CUSTOMERS

As a glass manufacturer, the Group's business depends on its ability to develop and maintain successful commercial relationships with its customers. The Group has always been focusing on the concerns of its customers, and fully utilizes all effective routes to execute the collection and analysis of information regarding customer satisfaction. Rectification measures are promptly formulated and executed by the relevant specific departments according to customer's effective opinions and advice. Through various ways including initial training and on-site guidance, the Group strives to perform excellent pre-sales service by allowing the customers to understand product performance, processing parameters, and other matters worthy of attention. The Group has set up nation-wide complaint hotlines and formed stringent customer complaint feed-back mechanism and the relevant solving procedures.

RELATIONSHIP WITH SUPPLIERS

The Group selects and reserves quality suppliers as its partners to establish a long-term strategic partnership. Insisting on equal consultation and win-win principle, the Group has set up a unified supplier management system and established a fair and just supplier evaluation system by tender and negotiated tender procurement, creating a favourable competitive environment for the suppliers. The Group also offers free technology guidance to suppliers, continuously improving their quality management at various aspects including raw material and fuel procurement, product manufacturing, packaging, storage and transportation, protection and product delivery, ensuring the quality control of each process and maximizing the product quality standard.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's construction of environmental protection facilities has been in a leading position in the industry; it adamantly implements government laws and regulations regarding environmental protection. Each of the manufacturing bases has been equipped with environmental protection facilities up to standard.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended on 31 December 2015 and up to the date of this report, there is no material non-compliance with the relevant laws and regulations applicable to the Group.

INVESTOR RELATIONS AND COMMUNICATIONS

The Company adopts a proactive policy in promoting investor relations and communications. Regular meetings are held with institutional investors and financial analysts to ensure two-way communications on the Company's performance and development.

AUDITOR

The financial statements for the financial year ended 31 December 2015 have been audited by KPMG, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

By order of the Board
Zhao John Huan
Chairman

Hong Kong, 29 March 2016

The Group is a leading sheet glass manufacturer, and the largest coated glass manufacturer in China, with focus on the research and development, production, and sales of a range of coated glass for the construction industry, and for the energy conservation and new energy fields. Pursuant to the relevant requirements of Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited regarding "Environmental, Social and Governance Reporting Guidance", the Group will continue to disclose its Environmental, Social and Governance Report ("ESG Report") annually. Important contents closely related to the Group's business are provided as follows:

WORKPLACE QUALITY

Corporate Culture

The Group persisted in the combination of a people-oriented management philosophy and an innovation mechanism. Through diversity and humanistic management, the Group has established a close relationship of mutual trust and support between the Company and its staff, and created a positive, healthy and motivated corporate culture and work environment for its employees. Meanwhile, the Group complied with the principle of "adapting to the market environment, actualizing values of talents and bringing out the full effects of incentives" to provide employees with a competitive remuneration mechanism. Moreover, the Group also incessantly optimized its human resources structure, and improved its management methods in order to fully bring out employees' enthusiasm and initiatives.

The number of the Group's employees by employment type, age group and geographical region is set out as follows:

		As of 31 December 2015									
		Age Group				Geographical Region					
Total number of Employees	Employment Type	Below 35 Years	Between 35-60 Years	Above 60 Years	Total	Shandong	Shaanxi	Jiangsu	Inner Mongolia	Others	Total
4078	Contract Employees	920	3156	2	4078	1269	698	1427	440	244	4078

Health and Safety

The Group constantly complies with the policy in its manufacturing management that "safety comes first; prevention is better than cure; cure is implemented by comprehensive management measures" to ensure the smooth execution of manufacturing management activities through the incorporation of quality, environmental protection, energy conservation, as well as safety and occupational health into an integrated management system (GB/T19001-2000、 GB/T24001-2004、GB/T 23331、GB/T28001-2001) in the activities of manufacturing and operations.

All supervisors persist in the principle that "manufacturing management must be conditional on safety management", indicating that production must follow the safety needs to achieve safety production and civilized production. The Company has set up a sound safety assurance system such as the Procedure Document on Responsibility System for Safety Production, containing a series of safety measures required to be taken.

In 2015, the Group implemented the procedures, rules and regulations above for the year, and sustained zero job related fatality. The process of implementation was reviewed regularly and supervised by spot check by the committee designated by the senior management.

Development and Training

The Group attaches great importance to the improvement of staff quality and their relevant expertise, and works out training programs in a scientific manner for the employees of each position based on their business needs. In 2015, training activities provided by the Company to employees include:

- induction training for new staff;
- in-service and transferred staff skills training;
- professional job skills enhancement and technical backbone staff training;
- learning exchange opportunities like academic seminars and external specialized training organized by professional authoritative institutions; as well as training seminars organized by professionals;
- regular specialized training for employees based overseas;
- training by in-house trainers;
- scheduled and focused year-round comprehensive skills training for management staff of high and middle level through the Group's cyber college.

The Group's statistics of staff training by staff category completed during the year is set out below:

	For the year ended 31 December 2015							
Staff Category	**High Level Management**	**Middle Level Management**	**Base Level Management**	**Professional Technical Staff**	**Marketing Staff**	**Production Staff**	**Others**	**Total**
Staff Size (Persons)	56	282	190	320	78	2947	205	4078
No. of Persons trained	56	282	103	320	78	2632	124	3595
Percent of Persons trained	100%	100%	54.21%	100%	100%	89.31%	60.48%	88.16%

Labour Standards

The Group complies with the relevant requirements of national laws and regulations in its recruitment activities and clarify the relationship of work allocation between employers and employees from the perspective of system and mechanism. Moreover, the Group safeguards its employees' legal rights and interests and rigorously forbids child and forced labor.

The Group will conduct comprehensive self-examination in regards to employment matters from time to time to prevent any potential non-compliance.

ENVIRONMENTAL PROTECTION

Emissions

The Group's construction of environmental protection facilities has been in a leading position in the industry; it adamantly implements government laws and regulations regarding environmental protection. Each of the manufacturing bases has been equipped with environmental protection facilities up to standard.

The Company's current environmental protection system is sound. Each of the manufacturing bases has set up an environment management system; the manufacturing departments of the Group has established a management team to specialize in environmental protection and energy saving matters; and each of the manufacturing bases has responsible staff in charge of operation of environmental protection and energy saving facilities. Smoke and waste gas on-line monitoring systems installed in the manufacturing bases are connected to the Environmental Protection Department's network.

Except for the production lines suspended for reasons such as technical transformation or maintenance, heat recovery power generation equipment has been installed in each of the manufacturing bases and the operation is normal. A total of 100 million kWh of electricity was generated in 2015, representing 50.8% of the total electricity used by the Group.

In 2015, desulfurization equipments of the various manufacturing bases of the Group were in normal operation. Sulfur compound emissions were all within legal limits. For denitration, denitration equipments of Dongtai Base and Wuhai Base were in normal operation in 2015, with nitrogen oxide emission within legal limits. Denitration equipments of Weihai Base and Xianyang Base were completed and put into operation in the third quarter of 2015 and by the end of 2015, respectively, both of which had met the required standard of nitrogen oxide emission. Denitration equipments of Suqian Base have been in operation in early 2016, achieving the required nitrogen oxide emission standards.

In March 2015, Linyi Local Government of Shandong Province ordered 57 enterprises, including the Linyi subsidiary company of the Group, to shut down operation for renewed appraisals of their environmental governance processes (further details were disclosed in the announcement of the Company dated 30 March 2015).

The Group's Dongtai, Xianyang, Linyi and Weihai manufacturing bases intensify research and development in the Online Low-E coated glass and Online Sun-EⓉ coated glass, which are high-tech and energy saving products. Dongtai Base individually produced Online Low-E coated glass and Online Sun-EⓉ coated glass amounted to 26,500 tons in 2015. Promotion and application of this product will have positive effects on buildings' energy saving performance.

Use of Resources

Production lines of the Group's Dongtai, Wuhai and Linyi manufacturing bases utilized the coke oven gas for fuel, which local coking companies originally emitted into the atmosphere, and thus helped to drastically reduce air pollution caused by emission of these gases in the area. There was a saving of nearly 130,000 tons of standard coal equivalent in 2015.

The Group vigorously implements measures for cost reduction and production efficiency improvement, and encourages employees to make justifiable proposals to help the enterprise in its quest in conserving energy and reducing consumption. To this end, the Group reinforces evaluation on its resource consumption.

			2015 Total Consumption					
No.	**Fuel Name**	**Unit**	**Suqian Base**	**Weihai Base**	**Xianyang Base**	**Wuhai Base**	**Dongtai Base**	**Linyi Base**
1	Coke oven gas	'000 m^3				3,797	15,981	1,996
2	Petroleum coke powder	Tons	40,137	110,492				5,000
3	Fuel Oil	Tons				37,395	12,237	
4	Natural Gas	'000 m^3		27				
5	Electricity	'000 kWh	2,405	6,854	2,315	2,593	4,950	566
6	Nitrogen	m^3				23,652,000	41,362,903	11,906,319
7	Coal	Tons			77,760			164

In 2015, the Group have established an energy management system in all bases, further phased out low capacity equipment, and took a number of measures including updating the combustion techniques. Through these activities, it conducted technological and efficiency innovations; and through reasonable and efficient energy utilization, it achieved social and corporate co-development. Every base's overall energy consumption and furnace heat consumption in 2015 decreased compared to 2014. Dongtai Base was awarded Conserving Energy Advanced Company of Jiangsu Province in September 2015. The Group will continue to lower overall energy consumption through technological innovations.

Furthermore, from a resource saving and cost reduction perspectives, all bases of the Group actively explored new, improved packaging ways for glass products. Products selling inside and outside have been changed their original packaging techniques, which has significantly saved wood resources. For overseas sales, the Group is studying the feasibility for the unpackaged product.

The Environment and Natural Resources

Many glass manufacturing equipment works under high temperature conditions. To keep them in good conditions and to ensure normal operation, water cooling is normally the adopted technique. To save water resources, all our bases employ the closed-loop circulation system for recycled water, and its utilization rate reached above 80%.

OPERATING PRACTICES

Supply Chain Management

As of 31 December 2015, the Company procured raw materials, fuel and production line equipment from over 130 appraised and qualified suppliers, of which over 90 suppliers supplied raw materials, over 10 suppliers supplied fuel, and over 20 suppliers supplied production line equipment; all of which were independent third parties and located in China. The Group procures needed raw materials, fuel and spare parts for its equipment from many other suppliers, and does not rely on any single supplier in particular.

The Group selects and reserves quality suppliers as its partners to establish a long-term strategic partnership. Insisting on equal consultation and win-win principle, the Group has set up a unified supplier management system and established a fair and just supplier evaluation system by tender and negotiated tender procurement, creating a favorable competitive environment for the suppliers.

In order to enhance its product competitiveness, the Group optimizes and integrates the supply chain when appropriate by effectively combining suppliers, manufacturers, warehouses and users into one while meeting the needs of service level. Furthermore, the Group also aims at achieving its overall "process quality" optimization target by reinforcing the self-restraint systems of environmental protection and building a green supply chain management concept.

PRODUCT ACCOUNTABILITY

Quality Assurance

The Group sticks to high quality products as live, technologies as development, and actively promotes advanced scientific management technique to enhance the quality awareness of its staff so that the quality management system can be improved as well. Each production base has set up, implemented, maintained and strictly enforced the ISO9001 quality management system, and has acquired the "Quality Management System Certification" issued by the National Accreditation Board Certification Center. The Group offers free technology guidance to suppliers, continuously improving their quality management at various aspects including raw material and fuel procurement, product manufacturing, packaging, storage and transportation, protection and product delivery, ensuring the quality control of each process and maximizing the product quality standard.

Pre-sales and after-sales services

Through various ways including initial training and on-site guidance, the Group strives to perform excellent pre-sales service by allowing the customers to understand product performance, processing parameters, and other matters worthy of attention.

The Group has set up nation-wide complaint hotlines and formed stringent customer complaint feed-back mechanism and the relevant solving procedures.

The Group has always been focusing on the concerns of our customers, and fully utilizes all effective routes to execute the collection and analysis of information regarding customer satisfaction. Rectification measures are promptly formulated and executed by the relevant specific departments according to customer's effective opinions and advice.

Intellectual Property Rights

The Group has been committed to the R&D of high-end energy saving products, and possesses dozens of national and world class glass product technology patents. The Group continues to devote more efforts to the development of low-emission coated ("Low-E") glass technology and the promotion and application of the relevant scientific and technological achievements. By fully utilizing our technological strength on the online Low-E glass with self-owned property rights, we continuously launch new products, extend the product portfolio, improve the product quality and implement import substitution strategy so as to facilitate the development of glass industry in China.

In recent years, the Company has successfully mass-produced energy saving, environmentally friendly and electricity-conducting glass such as online Low-E, online Sun-EⓉ, online Sun-R and TCO glass which have filled the domestic market gap and won the popularity with customers after launching to the market.

ANTI-CORRUPTION

The Group has set up Ethics and Compliance Supervision Department, formulated "Reporting Management System of China Glass Holdings Ltd." and established Ethics and Compliance Supervision Committee to reinforce the internal monitoring system, so that Company interests are not infringed upon, and corruption practices are prevented. In order to further enhance the integrity of the Company's management team, and ensure all manufacturing and operating activities being in compliance with relevant laws and regulations, the Company also developed "Integrity Undertaking for Legal Operation by Officers"(the "Undertaking"), requiring all middle-level and above officers and business executives of departments involving external affairs to sign the Undertaking with the Company and actively cooperate with the monitoring by the staffs and customers of the Company.

In 2015, the Group and its employees were not involved in any legal case in connection with corruption activities.

COMMUNITY INVESTMENT

Contribution to Society

The Group has been playing a positive role in taking its social responsibilities and takes promoting the harmonious social development as an important direction for the corporate's long-term development. We also devote sustained efforts to public welfare charity activities so as to serve the community; these efforts include but are not limited to establishing relief fund for the needy in the surrounding communities where the Group's subsidiaries are located and the provision of educational assistance funds. Furthermore, the Group provides annually a certain sum of money for using in consolation visits, assistance to the sick and retired employees who have contributed to the enterprise, and their close relatives.

The Company is committed to the establishment of good corporate governance practices and procedures. The principles of corporate governance adopted by the Company emphasise a board of high quality, sound internal control, transparency and accountability to all shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For the year under review, the Company has complied with the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviations set out below:

(i) The CG Code A.2.7 requires the chairman of the board to at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors' presence. During the year 2015, save as certain Directors abstained from voting on the connected transactions entered into by the Company for better corporate governance practice, all major decisions of the Company were made by the entire Board with attendance of all Directors, and there were no special circumstances requiring independent discussions with non-executive Directors in the absence of the executive Directors. Therefore, no such meeting with the non-executive Directors was held. Notwithstanding that, the Company has internal policies and arrangements to allow all Directors (including the non-executive Directors) to express their views and raise their concerns in relation to the business of the Company with the Chairman.

(ii) The CG Code A.6.7 requires that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Peng Shou as a non-executive director, did not attend the annual general meeting of the Company held on 22 May 2015 due to other work commitments. Despite his absence, Mr. Peng designated his alternate Director, Mr. Cui Xiangdong, to attend the annual general meeting on his behalf.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiries with all the Directors, the Company confirms that all the Directors have complied with the required standard as set out in the Model Code during the financial year ended 31 December 2015.

THE BOARD OF DIRECTORS

The Board assumes responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Company. The principal roles of the Board are:

- to lay down the Group's objectives, strategies, policies and business plan;
- to monitor and control operating and financial performance through the determination of the annual budget in particular the capital expenditure budget; and
- to set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board has delegated the day-to-day responsibility to the executive management under the instruction and supervision of Chief Executive Officer. Board minutes are kept by the company secretary of the Company, which are sent to the Directors for records and are open for inspection by the Directors.

The Company has arranged for appropriate directors and officers liability insurance in respect of legal action against Directors.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives;
- to ensure the Company establishes and maintains appropriate and effective risk management and internal control systems;
- to oversee the Company's risk management and internal control systems on an ongoing basis;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

Chairman and Chief Executive Officer ("CEO")

The Chairman and the CEO are separate persons and their roles are segregated in order to preserve independency and to have a balanced judgement of views. The Board has appointed a Chairman, Mr. Zhao John Huan, who provides leadership to the Board so that the Board works effectively and discharges its responsibilities, and that all major issues are discussed by the Board in a timely manner. The current CEO, Mr. Cui Xiangdong, who is an Executive Director, has executive responsibilities over the business directions and operational decisions of the management.

Board Composition

The Board currently comprises a total of eight Directors, being one Executive Director, four Non-executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The biographies of the Directors are set out on pages 23 to 27 to the annual report, which demonstrates a diversity of skills, expertise, experience and qualifications.

The Board comprises Independent Non-executive Directors who bring strong independent judgement, rich knowledge and expertise to the Board. As noted below, the majority of the audit committee members are Independent Non-executive Directors. This structure is to ensure a sufficient balance of power and authority in place within the Group.

The Company has received annual confirmation of independence from each Independent Non-executive Director in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-executive Directors are independent within the definition of the Listing Rules.

Election of Directors

According to the bye-laws of the Company, notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office of the Company at least seven days before the date of the general meeting, or else no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting.

The information on election of Directors to ensure shareholders to make an informed decision on their election, including detailed biography of all Directors standing for election or re-election, will be set out in the circular to the shareholders and notice of annual general meeting.

Appointments, Re-election and Removal

Pursuant to the bye-law 102(A), the Company may from time to time in general meeting by ordinary resolution elect, and pursuant to the Bye-law 102(B), the Board shall have power from time to time and at any time to appoint, any person as a Director either to fill a casual vacancy or as an addition to the Board. Such Directors shall hold office until the next general meeting of the Company and shall then be eligible for re-election at the meeting.

Pursuant to the bye-law 99, at each annual general meeting, not less than one-third of the Directors shall retire from office by rotation.

Pursuant to the bye-law 104, the Company may by ordinary resolution remove any Director before the expiration of his period of office notwithstanding anything in the bye-laws or in any agreement between the Company and such Director and may elect another person in his stead.

All Non-executive Directors have contracts with the Company for a specified period of not more than 3 years, which is subject to retirement and rotation at the annual general meeting of the Company in accordance with the Company's bye laws and the CG Code.

Responsibilities of Directors

The Board shall ensure that every newly appointed Director shall have a proper understanding of the operations and business of the Group and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements, and the business and governance policies of the Group. The Directors are continually updated with legal and regulatory developments, business and market changes, and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Independent Non-executive Directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standard of conduct. They will take lead where potential conflicts of interests arise. They are also members of board committees and scrutinise the overall performance of the Group in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

Supply of and Access to Information

In respect of regular board meetings, an agenda and the accompanying board papers of each meeting are sent to the Directors before the intended date of meeting to ensure they have adequate information before the meeting for the ad hoc matters.

The management has the obligation to supply the Board and its committees with adequate information in a timely manner, to enable them to make informed decisions. Where any Director requires more information than is volunteered by the management, each Director has separate and independent access to the Company's senior management to make further enquiries if necessary.

All Directors are entitled to have unlimited access to the board papers and relevant materials. Such information is prepared to enable the Board to make an informed decision on matters placed before it.

Directors are provided with monthly updates on the Company's performance, position and prospects to provide necessary information to the Board and each Director to enable them to discharge their duties.

Directors' Training

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Group's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations. The company secretary also provides Directors with updates on latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged inhouse trainings for Directors in the form of seminar and reading materials in accordance with the CG Code. A summary of training received by Directors for the year ended 31 December 2015 according to the records provided by the Directors is as follows:

The Company has devised a training record to arrange the Directors to record and monitor the training they have untaken or an annual basis.

Directors	**Type of trainings**
Executive Directors	
Mr. Cui Xiangdong	A, B
Mr. Li Ping (resigned on 13 February 2015)	A, B
Non-executive Directors	
Mr. Zhao John Huan *(Chairman)*	A, B
Mr. Zhou Cheng *(Honorary Chairman)*	A, B
Mr. Peng Shou *(Deputy Chairman)* (appointed on 13 February 2015)	
Mr. Ning Min (resigned on 13 February 2015)	A, B
Mr. Guo Wen	A, B
Independent Non-executive Directors	
Mr. Zhang Baiheng	A, B
Mr. Zhao Lihua	A, B
Mr. Ni Wei (resigned on 13 February 2015)	A, B
Mr. Chen Huachen	A, B

A: attending seminars and/or conferences and/or forums relating to sustainable corporate development, corporate governance, disclosure of inside information, director's and officer's duties and responsibilities, media management and corporate communication etc.

B: reading newspapers, journals and updates relating to the economy, general business, glass industry development, director's duties and responsibilities, legal and regulatory matters and corporate governance etc.

BOARD COMMITTEES

The Board currently has four committees, namely the audit committee, nomination committee, remuneration committee and strategy committee. All the Board committees are empowered by the Board under their own terms of reference which have been posted on the websites of the Stock Exchange and the Company.

Audit Committee

Members:

Independent Non-executive Director	Mr. Chen Huachen *(Chairman)*
	Mr. Zhao Lihua
	Mr. Zhang Baiheng
Non-executive Director	Mr. Zhao John Huan

The Company has set up an audit committee to establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors. The members of the audit committee possess deep management experience in the accounting profession and commercial sectors.

Full minutes of audit committee meetings are kept by the company secretary. Draft and final versions of minutes of the audit committee meetings are sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

During the year ended 31 December 2015, the audit committee met twice with the external auditors to discuss and review areas of concerns and internal control without the presence of the management. The audit committee reviewed the interim and annual reports before submission to the Board. The committee not only focused on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports.

The audit committee has reviewed with the Company's management and the external auditors the accounting principles and practices adopted by the Group, and has discussed auditing, risk management and internal control systems and financial reporting matters, including the review of the annual results for the year ended 31 December 2015. This discussion also includes the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and internal audit.

Nomination Committee

Members:

Independent Non-executive Director	Mr. Zhang Baiheng *(Chairman)*
	Mr. Zhao Lihua
Non-executive Director	Mr. Zhou Cheng

The principal responsibilities of nomination committee include examinating the structure, size and composition of the Board, identifying suitable individual qualified to become board members and give advice to the Board, and making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors. The Board shall consider the recommendations made by nomination committee and agree any appointment of its members and recommend appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing Directors. During the year ended 31 December 2015, the nomination committee met twice to consider the re-election of retiring Directors and recommend the appointment of new Chairman, Deputy Chairman and Non-executive Director for the Board's approval.

The Company recognises the importance of diversity to corporate governance and the board effectiveness. The Board Diversity Policy (the "Policy") was adopted by the Board in September 2013 which set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

Board nomination and appointments will continue to be made on merit basis based on the Company's business needs from time to time while taking into account diversity. The nomination committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the Policy in the selection of Board candidates. Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to age, cultural and educational background, gender, professional expertise and industry experience.

The nomination committee is responsible for reviewing the Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these objectives. The nomination committee shall review the Policy and the measurable objectives at least annually to ensure the continued effectiveness of the Board.

Remuneration Committee

Members:

Independent Non-executive Director	Mr. Zhao Lihua *(Chairman)*
	Mr. Zhang Baiheng
Non-executive Director	Mr. Zhao John Huan

The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, recommending the remuneration packages of all Executive Directors and make recommendations to the Board of the remuneration of Non-executive Directors, by reference to the Company's goals and objectives. During the year ended 31 December 2015, the remuneration committee met three times to review and approve the terms as set out in the new directors' service contracts and letters of appointment entered into between the relevant Directors and the Company and to grant share options to relevant directors and senior management.

In order to attract, retain and motivate Directors and senior management serving for the Group, the Company maintained a competitive level of remuneration according to the relevant market situation, and it also corresponds with the Directors' and the senior management's performance. No Director is involved in deciding his own remuneration. Details of the remuneration paid to Directors and senior management for the year ended 31 December 2015 are disclosed in notes 8 and 25(d) to the financial statements.

Strategy Committee

Members:

Non-executive Director	Mr. Zhao John Huan *(Chairman)*
	Mr. Zhou Cheng
Executive Director	Mr. Cui Xiangdong

The strategy committee is mainly responsible for reviewing the mid-term and long-term strategies of the Company pursuant to its defined terms of reference. The strategy committee meets regularly as when necessary.

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

Name of Directors	Meetings attended/held in 2015				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Cui Xiangdong	5/5	–	–	–	1/1
Mr. Li Ping[1]	1/5	–	–	–	N/A
Non-executive Directors					
Mr. Zhao John Huan	5/5	2/2	3/3	–	1/1
Mr. Zhou Cheng	4/5[2]	–	–	2/2	1/1
Mr. Ning Min[1]	1/5	–	–	–	N/A
Mr. Guo Wen	5/5	–	–	–	1/1
Mr. Peng Shou[3]	4/5	–	–	–	0/1[4]
Independent Non-executive Directors					
Mr. Zhang Baiheng	5/5	2/2	3/3	2/2	1/1
Mr. Zhao Lihua	5/5	2/2	3/3	2/2	1/1
Mr. Ni Wei[1]	1/5	–	–	–	N/A
Mr. Chen Huachen	5/5	2/2	–	–	1/1

1 Resigned on 13 February 2015
2 The meeting not attended in person was attended by his alternate director, Mr. Guo Wen
3 Appointed on 13 February 2015
4 The meeting not attended in person was attended by his alternate director, Mr. Cui Xiangdong

Delegation by the Board

The day-to-day management of the Company is delegated to the management, with division heads responsible for different aspects of the business.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

ACCOUNTABILITY AND AUDIT

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board.

The Directors acknowledge their responsibility for preparing the financial statements of the Company and of the Group for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the Group's results and cash flows for the year then ended. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, therefore, the Board continues to adopt the going concern approach in preparing the financial statements.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcement and other financial disclosures required under the relevant legal and regulatory requirements.

The Company engaged KPMG, as external auditors of the Group. The auditors' reporting responsibilities are set out in the Independent Auditor's Report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for maintaining a sound and effective risk management internal control system of the Group. The Group endeavors to set up risk management and internal control systems with a well defined management structure with limits of authority, which is designed for the achievement of business objectives, to safeguard assets against unauthorized use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated to the audit committee the responsibilities of reviewing the effectiveness of its risk management and internal control systems and the audit committee has conducted a review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2015. The review has covered all material controls, including financial, operational and compliance controls with an aim of minimising the overall business and operational risks of the Group, and management has provided a confirmation to the Board on the effectiveness and adequacy of these systems for the year ended 31 December 2015, which is then discussed with and reviewed by the Board.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. For the year under review, the company secretary has confirmed that she has taken no less than 15 hours of relevant professional training. The biography of the company secretary is set out on page 27 of this report.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

AUDITORS' REMUNERATION

The Company engaged the auditors to review and audit the financial statements of the Company included in the interim and annual reports, respectively, for RMB5.9 million (which is payable by the Company). Save as disclosed above, the Company did not engage KPMG for any other non-audit services during the year ended 31 December 2015.

SHAREHOLDERS' RIGHTS

Convening Special General Meeting ("SGM") and Putting Forward Proposals at Shareholders' Meetings

Shareholders holding not less than one-twentieth (1/20) of the paid-up capital of the Company can deposit a written request to convene a SGM (stating the objects of the meeting and signed by the shareholders concerned) at the registered office of the Company for the attention of the company secretary. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene a SGM for a day not more than 28 days after the date on which the notice convening the SGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the request.

To put forward proposals at shareholders' meeting, a request in writing must be made by:

(a) shareholders holding not less than one-fortieth (1/40) of the total voting rights of all shareholders having the right to vote at the meeting; or

(b) not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than HK$2,000,

to the Company to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office of the Company for the attention of the company secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement provided that the shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in regard thereto.

Proposing a person for election as Director

Pursuant to Bye-law 103 of the bye-law of the Company, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company, i.e. Unit 2608, 26/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, at least seven days before the date of the general meeting.

The period for lodgment of the notices required under the bye-law of the Company will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Enquiries to the Board

Enquiries may be put to the Board through the Company Secretarial Department of the Company at Unit 2608, 26/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (email: jianli.pan@chinaglassholdings.com).

COMMUNICATIONS WITH SHAREHOLDERS

In every general meeting, in respect of each substantially separate issue, a separate resolution would be proposed by the Chairman of that meeting.

The Board and senior management maintain a continuing dialogue with the Company's shareholders and investors through various channels including the Company's annual general meeting. The Chairman, other members of the Board and external auditors attend the annual general meeting. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company holds analysts conferences at least twice a year following the release of interim and full year results announcements at which the Executive Directors or senior management of the Group are available to answer questions regarding the performance of the Group. Our Company's website which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group enables the Company's shareholders to have a timely and updated information of the Group.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA GLASS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Glass Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 118, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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.

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 judgement, 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 the 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 Group as at 31 December 2015 and of the Group's 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 Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

(Expressed in Renminbi ("RMB"))

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	**1,968,857**	2,489,369
Cost of sales		**(1,890,567)**	(2,117,120)
Gross profit	4	**78,290**	372,249
Other income	5	**29,063**	217,625
Distribution costs		**(73,218)**	(77,346)
Administrative expenses		**(397,117)**	(292,134)
Other expenses	6(c)	**(62,563)**	(18,620)
(Loss)/profit from operations		**(425,545)**	201,774
Share of losses of an associate		**(43)**	(64)
Finance costs	6(a)	**(130,386)**	(136,088)
(Loss)/profit before taxation	6	**(555,974)**	65,622
Income tax	7	**75,876**	(52,463)
(Loss)/profit for the year		**(480,098)**	13,159
Attributable to:			
Equity shareholders of the Company		**(426,389)**	1,807
Non-controlling interests		**(53,709)**	11,352
(Loss)/profit for the year		**(480,098)**	13,159
(Loss)/earnings per share (RMB cent)			
Basic	10(a)	**(23.56)**	0.12
Diluted	10(b)	**(23.56)**	0.12

The notes on pages 56 to 118 form part of these financial statements. Details of distributions payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 24(b).

(Expressed in RMB)

	2015 RMB'000	2014 RMB'000
(Loss)/profit for the year	**(480,098)**	13,159
Other comprehensive income for the year (before and after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of the Company and certain subsidiaries into presentation currency	**15,781**	(551)
Total comprehensive income for the year	**(464,317)**	12,608
Attributable to:		
Equity shareholders of the Company	**(410,608)**	1,256
Non-controlling interests	**(53,709)**	11,352
Total comprehensive income for the year	**(464,317)**	12,608

The notes on pages 56 to 118 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2015

(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	11	**3,407,633**	3,504,510
Lease prepayments	13	**248,767**	249,512
Intangible assets	14	**–**	23,669
Interest in an associate	15	**493**	536
Available-for-sale investments		**1,495**	1,000
Deferred tax assets	23(b)	**200,348**	117,282
		3,858,736	3,896,509
Current assets			
Inventories	16	**385,701**	481,937
Trade and other receivables	17	**607,022**	968,242
Prepaid income tax	23(a)	**18,926**	16,012
Cash and cash equivalents	18	**775,217**	802,234
		1,786,866	2,268,425
Current liabilities			
Trade and other payables	19	**1,647,105**	1,609,257
Bank and other loans	20(a)	**1,132,943**	1,095,114
Obligations under finance leases	21	**26,567**	24,993
Income tax payable	23(a)	**65,006**	65,741
		2,871,621	2,795,105
Net current liabilities		**(1,084,755)**	(526,680)
Total assets less current liabilities		**2,773,981**	3,369,829

The notes on pages 56 to 118 form part of these financial statements.

(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank and other loans	20(b)	**506,736**	629,586
Obligations under finance leases	21	**106,142**	119,211
Deferred tax liabilities	23(b)	**30,502**	31,373
		643,380	780,170
NET ASSETS		**2,130,601**	2,589,659
CAPITAL AND RESERVES	24		
Share capital		**84,867**	84,867
Reserves		**1,840,819**	2,245,268
Total equity attributable to equity shareholders of the Company		**1,925,686**	2,330,135
Non-controlling interests		**204,915**	259,524
TOTAL EQUITY		**2,130,601**	2,589,659

Approved and authorised for issue by the board of directors on 29 March 2016.

Zhao John Huan
Director

Cui Xiangdong
Director

The notes on pages 56 to 118 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000 (Note 24(c))	Share premium RMB'000 (Note 24(d)(i))	Shares held under share award scheme RMB'000 (Note 24(d)(ii))	Capital reserve RMB'000 (Note 24(d)(iii))	Statutory reserves RMB'000 (Note 24(d)(iv))	Other reserve RMB'000	Exchange reserve RMB'000 (Note 24(d)(v))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	74,553	2,019,042	(12,604)	29,973	40,785	(447,114)	(32,529)	474,778	2,146,884	248,413	2,395,297
Changes in equity for 2014											
Profit for the year	–	–	–	–	–	–	–	1,807	1,807	11,352	13,159
Other comprehensive income	–	–	–	–	–	–	(551)	–	(551)	–	(551)
Total comprehensive income for the year	–	–	–	–	–	–	(551)	1,807	1,256	11,352	12,608
Issuance of shares	10,314	183,590	–	–	–	–	–	–	193,904	–	193,904
Distribution approved in respect of the previous year (Note 24(b)(ii))	–	–	–	–	–	–	–	(12,187)	(12,187)	–	(12,187)
Effect on disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(241)	(241)
Shares granted under the share award scheme (Note 22(b))	–	–	–	278	–	–	–	–	278	–	278
Shares vested under the share award scheme (Note 22(b))	–	–	12,604	(12,331)	–	–	–	(273)	–	–	–
Transfer between share premium accounts and accumulated loss accounts of the Company	–	(120,720)	–	–	–	–	–	120,720	–	–	–
	10,314	62,870	12,604	(12,053)	–	–	–	108,260	181,995	(241)	181,754
Balance at 31 December 2014	84,867	2,081,912	–	17,920	40,785	(447,114)	(33,080)	584,845	2,330,135	259,524	2,589,659

The notes on pages 56 to 118 form part of these financial statements.

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000 (Note 24(c))	Share premium RMB'000 (Note 24(d)(i))	Shares held under share award scheme RMB'000 (Note 24(d)(ii))	Capital reserve RMB'000 (Note 24(d)(iii))	Statutory reserves RMB'000 (Note 24(d)(iv))	Other reserve RMB'000	Exchange reserve RMB'000 (Note 24(d)(v))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	84,867	2,081,912	–	17,920	40,785	(447,114)	(33,080)	584,845	2,330,135	259,524	2,589,659
Changes in equity for 2015											
Loss for the year	–	–	–	–	–	–	–	(426,389)	(426,389)	(53,709)	(480,098)
Other comprehensive income	–	–	–	–	–	–	15,781	–	15,781	–	15,781
Total comprehensive income for the year	–	–	–	–	–	–	15,781	(426,389)	(410,608)	(53,709)	(464,317)
Dividends approved by a subsidiary of the Group in respect of the previous year	–	–	–	–	–	–	–	–	–	(900)	(900)
Shares granted under the share option scheme (Note 22(a))	–	–	–	6,159	–	–	–	–	6,159	–	6,159
	–	–	–	6,159	–	–	–	–	6,159	(900)	5,259
Balance at 31 December 2015	84,867	2,081,912	–	24,079	40,785	(447,114)	(17,299)	158,456	1,925,686	204,915	2,130,601

The notes on pages 56 to 118 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
(Loss)/profit before taxation		**(555,974)**	65,622
Adjustments for:			
Depreciation and amortisation	6(d)	**274,858**	276,968
Net loss/(gain) on disposal of property, plant and equipment	5	**263**	(512)
Net gain on relocation of a production plant		**–**	(184,768)
Impairment losses on property, plant and equipment and intangible assets	6(c)	**62,563**	18,620
Interest income	5	**(11,301)**	(9,710)
Interest expenses and other borrowing costs	6(a)	**145,275**	134,555
Share of losses of an associate		**43**	64
Equity-settled share-based payment expenses	6(b)	**6,159**	278
Changes in working capital:			
Decrease/(increase) in inventories		**96,236**	(91,328)
Decrease in trade and other receivables		**85,528**	59,172
Increase in trade and other payables		**97,887**	144,276
Cash generated from operations		**201,537**	413,237
The People's Republic of China (the "PRC") Income Tax paid	23(a)	**(11,710)**	(44,403)
Net cash generated from operating activities		**189,827**	368,834
Investing activities			
Payments for the purchase of property, plant and equipment		**(255,727)**	(307,032)
Payments for land use right premiums		**(9,248)**	(2,785)
Proceeds from disposal of property, plant and equipment and land use rights		**278,536**	7,090
Payment for purchase of available-for-sale investment		**(495)**	–
(Increase)/decrease in time deposits	18	**(30,000)**	6,100
Interest received		**11,301**	9,710
Net cash used in investing activities		**(5,633)**	(286,917)

The notes on pages 56 to 118 form part of these financial statements.

(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Financing activities			
Proceeds from bank and other loans		**1,264,650**	1,765,906
Repayment of bank and other loans		**(1,359,088)**	(1,409,768)
Repayment of unsecured notes		**–**	(97,180)
Proceeds from issuance of new shares		**–**	193,904
Payments for acquisition of non-controlling interests in subsidiaries		**(785)**	(35,277)
Distribution paid to the equity shareholders of the Company		**–**	(12,187)
Dividends paid to non-controlling interests		**(3,599)**	(4,240)
Borrowing costs paid		**(145,432)**	(142,661)
Net cash (used in)/generated from financing activities		**(244,254)**	258,497
Net (decrease)/increase in cash and cash equivalents		**(60,060)**	340,414
Cash and cash equivalents at 1 January	18	**762,234**	421,818
Effect of foreign exchange rate changes		**3,043**	2
Cash and cash equivalents at 31 December	18	**705,217**	762,234

The notes on pages 56 to 118 form part of these financial statements.

1 CORPORATE INFORMATION

The Company was incorporated in Bermuda on 27 October 2004 as an exempted company with limited liability under the Bermuda Companies Act 1981. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 June 2005. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in an associate. The Group is principally involved in the production, marketing and distribution of glass and glass products, and the development of glass production technology.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity interests in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those equity interests which would result in the Group as a whole having a contractual obligation in respect of those equity interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between the non-controlling interests and the equity shareholders of the Company. Contractual obligations towards these equity shareholders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(p).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

Changes in the Group's equity interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire equity interests in that subsidiary, with a resulting gain or loss being recognised in the consolidated statement of profit or loss. Any equity interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 2(e)) or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)), unless the investment is classified as held-for-sale.

(e) Associate

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held-for-sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(k)(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated statement of profit or loss.

When the Group cease to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in the consolidated statement of profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a finance asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Plant and buildings	8 – 45 years
Machinery and equipment	3 – 30 years
Motor vehicles and others	3 – 15 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

(g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs (see Note 2(u)), where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use and their estimated useful lives are as follows:

	Estimated useful lives
Intellectual properties	7 years

Both the period and method of amortisation are reviewed annually.

(h) Lease prepayments

Lease prepayments represent land use right premiums paid and are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)(ii)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognized as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(k)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see Note 2(k)(i)).

(k) Impairment of assets

(i) Impairment of investments in equity securities and receivables

Investments in equity securities and current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Impairment of investments in equity securities and receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– for investment in an associate accounted for under the equity method in the consolidated financial statements (see Note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 2(k)(ii).

– for unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– for trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

– If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– lease prepayments;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(k)(i) and 2(k)(ii)).

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group's contributions to defined contribution retirement plans are charged to profit or loss when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense or cost of construction in progress not yet transferred to property, plant and equipment.

(ii) Share-based payments

– Share options granted to employees under the share option scheme

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model and Binomial model, taking into account the terms and conditions upon which the share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the share option is exercised (when it is transferred to the share premium account) or the share option expires (when it is released directly to retained profits).

– Shares granted to employees under the share award scheme

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under share award scheme" and deducted from equity.

For shares granted under the share award scheme, the fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is based on the closing price of the Company's shares on grant date plus any directly attributable incremental costs. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(ii) Share-based payments (continued)

– Shares granted to employees under the share award scheme (continued)

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest with a corresponding adjustment to the capital reserve.

When the awarded shares are transferred to the awardees upon vesting, the related weighted average acquisition cost of the awarded shares vested are credited to "Shares held under share award scheme", and the grant date fair value of the awarded shares vested are debited to the capital reserve. The difference between the related weighted average acquisition cost and the grant date fair value of the awarded shares vested is transferred to retained profits directly.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue excludes value added tax or other sales taxes and is after deduction of any sales discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expenses.

(t) Translation of foreign currencies

Foreign currency transactions are translated into the functional currency of the entity to which they relate at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity to which they relate at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency of the entity to which they relate using the foreign exchange rates ruling at the transaction dates.

The results of operations which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group;
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products, the nature of production processes, the type or class of customers, the methods used to distribute the products and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Determine whether an arrangement contains a lease

During the year ended 31 December 2014, the Group entered into service contracts whereby suppliers installed sets of machinery and equipment to generate electricity and will provide power services to certain production plants of the Group for periods from 7 to 10 years. The production plants pay fixed annual amount over the term of the arrangements.

Although the arrangements are not in the legal form of a lease, the Group concluded that the arrangements contain leases of the machinery and equipment, because fulfilment of the arrangements is economically dependent on the use of the specific machinery and equipment, it is unlikely that any parties other than the Group will receive more than an insignificant part of the output and the Group pays a fixed annual amount over the term of the arrangements.

The leases were classified as finance leases as the durations of the arrangements are for more than major parts of the specific machinery and equipment's useful life and the Group has the right to purchase the leased machinery and equipment at nil consideration at the end of the arrangements. At the inception of the arrangements, obligations under finance leases are recognised at amounts equal to the present value of the minimum lease payments and the imputed finance charges on the finance leases liabilities have been estimated using the Group's incremental borrowing rate. The remaining payments under the arrangements are accounted for as arising under executory contracts for the purchase of inventory and are therefore recognised in accordance with the policy set out in Note 2(i)(ii).

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Sources of estimation uncertainty

Notes 22 and 27 contain information about the assumptions and their risk factors relating to fair value of shares granted under share award scheme and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Impairment of receivables

The management maintains an allowance for doubtful accounts for estimated losses resulting from the inability of the customers and debtors to make the required payments. The management bases the estimates on the ageing of the individual receivable balance, customer and debtor credit-worthiness and historical write-off experience. If the financial condition of the customers or debtors were to deteriorate, actual write-offs would be higher than estimated.

(ii) Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of long-lived assets as described in Note 2(k)(ii). The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

(iii) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values, if any. The management reviews the estimated useful lives and the residual values, if any, of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The determination of the useful lives and the residual values, if any, are based on historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Sources of estimation uncertainty (continued)

(iv) Deferred tax

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In determining the amount of deferred tax assets to be recognised, significant judgement is required relating to the timing and level of future taxable profits, after taking into account future tax planning strategies. The amount of deferred tax assets recognised at future dates are adjusted if there are significant changes from these estimates.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the production, marketing and distribution of glass and glass products, and the development of glass production technology.

Revenue represents the sales value of goods supplied to customers, net of value added tax.

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2015 (2014: Nil). For the year ended 31 December 2015, revenue from sales of glass products to this customer amounted to approximately RMB240.1 million (2014: RMB230.9 million). Details of concentration of credit risk arising from this customer are set out in Note 27(a).

Further details regarding the Group's principal activities are disclosed below.

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which the information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Clear glass products: this segment produces, markets and distributes clear glass products.
- Painted glass products: this segment produces, markets and distributes painted glass products.
- Coated glass products: this segment produces, markets and distributes coated glass products.
- Energy saving and new energy glass products: this segment produces, markets and distributes energy saving and new energy glass products, such as low-emission coated glass and photovoltaic battery module products.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred for the years ended 31 December 2015 and 2014. The Group's other operating expenses, such as distribution costs and administrative expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Total	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Revenue from external customers and reportable segment revenue	**788,606**	911,397	**414,817**	631,051	**616,563**	748,864	**148,871**	198,057	**1,968,857**	2,489,369
Reportable segment gross (loss)/profit	**(53,941)**	47,848	**39,534**	104,614	**84,797**	197,039	**7,900**	22,748	**78,290**	372,249

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, lease prepayments, intangible assets and interest in an associate (together as the "specified non-current assets"). The geographical location of customers is determined based on the location at which the goods were delivered. The geographical location of the specified non-current assets is determined based on the physical location of the assets, in the case of property, plant and equipment and lease prepayments, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

	Revenue from external customers		Specified non-current assets	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
The PRC (including Hong Kong) (place of domicile)	**1,397,079**	1,870,276	**3,646,698**	3,778,227
Middle East	**156,211**	149,883	**–**	–
South Korea	**120,085**	75,224	**–**	–
Nigeria	**75,821**	58,559	**10,195**	–
Bangladesh	**28,197**	37,699	**–**	–
Thailand	**20,626**	9,173	**–**	–
Columbia	**13,197**	116,041	**–**	–
Ecuador	**10,102**	14,340	**–**	–
Philippines	**7,513**	10,208	**–**	–
Other countries	**140,026**	147,966	**–**	–
	571,778	619,093	**10,195**	–
	1,968,857	2,489,369	**3,656,893**	3,778,227

5 OTHER INCOME

	2015 RMB'000	2014 RMB'000
Interest income	**11,301**	9,710
Government grants	**8,886**	18,424
Net gain/(loss) from sale of raw and scrap materials	**3,137**	(970)
Net gain on relocation of a production plant (Note (i))	**–**	184,768
Net (loss)/gain on disposal of property, plant and equipment	**(263)**	512
Others	**6,002**	5,181
	29,063	217,625

Note:

(i) The amount represented a gain of RMB184.8 million arising from the expropriation of the land use rights of a PRC subsidiary of the Group by the local government during the year ended 31 December 2014 due to the change of the local city development plan, after netting off disposal loss of a production plant amounting to RMB52.8 million and impairment loss of certain machinery and equipment amounting to RMB107.5 million.

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2015 RMB'000	2014 RMB'000
Interest on bank advances and other borrowings wholly repayable within five years	**112,271**	111,612
Finance charges on obligations under finance leases	**17,922**	12,806
Bank charges and other finance costs	**32,401**	30,058
Total borrowing costs	**162,594**	154,476
Less: amounts capitalised into property, plant and equipment*	**(17,319)**	(19,921)
Net borrowing costs	**145,275**	134,555
Net foreign exchange (gain)/loss	**(14,889)**	1,533
	130,386	136,088

* The borrowing costs have been capitalised at 6.65% per annum for the year ended 31 December 2015 (2014: 6.70% per annum).

6 (LOSS)/PROFIT BEFORE TAXATION (continued)

(b) Staff costs#:

	2015 RMB'000	2014 RMB'000
Salaries, wages and other benefits	**232,674**	236,159
Contributions to defined contribution retirement plans	**30,311**	28,891
Equity-settled share-based payment expenses in respect of share option scheme (Note 22(a))	**6,159**	–
Equity-settled share-based payment expenses in respect of share award scheme	**–**	278
	269,144	265,328

The employees of the subsidiaries of the Group established in the PRC participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at rates ranging from 14% to 20% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement schemes at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant salaries, subject to a cap of monthly relevant salaries of HK$30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further obligation for payment of other retirement benefits beyond the above annual contributions.

(c) Other expenses

	2015 RMB'000	2014 RMB'000
Impairment losses on property, plant and equipment (Note 11)	**52,531**	18,620
Impairment losses on intangible assets (Note 14)	**10,032**	–
	62,563	18,620

6 (LOSS)/PROFIT BEFORE TAXATION (continued)

(d) Other items:

	2015 RMB'000	2014 RMB'000
Cost of inventories# (Note 16)	**1,890,896**	2,117,120
Auditors' remuneration – audit services	**5,900**	6,200
Depreciation and amortisation# (Notes 11, 13 and 14)	**274,858**	276,968
Impairment losses on trade and other receivables (Note 17(ii))	**65,703**	29,326
Operating lease charges in respect of		
– land	**196**	196
– plant and buildings	**5,986**	8,213
– motor vehicles	**2,868**	2,346
Research and development costs (other than capitalised costs and related amortisation)	**1,193**	1,758

Cost of inventories includes RMB343.2 million (2014: RMB401.0 million) for the year ended 31 December 2015, relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2015 RMB'000	2014 RMB'000
Current taxation – PRC Corporate Income Tax (Note 23(a))		
– Provision for the year	**7,601**	41,423
– Under-provision in respect of prior years	**460**	1,607
	8,061	43,030
Deferred taxation (Note 23(b))		
– Origination and reversal of temporary differences	**(102,953)**	(7,609)
– Write-down of deferred tax assets	**19,016**	14,990
– Effect on deferred tax balances at 1 January resulting from a change in tax rate	**–**	2,052
	(83,937)	9,433
	(75,876)	52,463

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2015 RMB'000	2014 RMB'000
(Loss)/profit before taxation	**(555,974)**	65,622
Expected tax on (loss)/profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Notes (i), (ii), (iii) and (iv))	**(136,051)**	19,289
Tax effect of non-deductible expenses	**8,713**	1,644
Tax effect of unused tax losses and temporary differences not recognised (Note 23(c))	**33,531**	16,051
Tax concessions (Notes (v) and (vi))	**(1,545)**	(3,170)
Tax effect of write-down of deferred tax assets (Note (vii))	**19,016**	14,990
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**–**	2,052
Under-provision in respect of prior years	**460**	1,607
Income tax	**(75,876)**	52,463

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 December 2015 is 16.5% (2014: 16.5%). No provision for Hong Kong Profits Tax has been made, as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2015 (2014: RMBNil).

(ii) The Company and the subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) and Nigeria are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% (2014: 25%).

(iv) The subsidiaries of the Group established in Nigeria are subject to Nigeria Corporate Income Tax rate of 30%.

(v) A subsidiary of the Group established in Nigeria is established in one of Nigerian Export Processing Zones and exempted from all Federal, State and Local Government taxes and levies.

(vi) A subsidiary of the Group established in the PRC obtained an approval from the tax bureau that it is entitled to tax benefits applicable to entity under the Second Phase of the Western Region Development Plan of the PRC, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% (2014: 15%).

(vii) The Group wrote down previously recognised tax losses of RMB19.0 million (2014: RMB15.0 million), as the utilisation of these unused tax losses have changed due to changes were made to the estimates of the future operating results of certain subsidiaries of the Group.

8 DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2015						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based payments RMB'000 (Note (i))	Total RMB'000
Executive directors							
Mr. Cui Xiangdong	–	818	220	48	1,086	1,042	2,128
Mr. Li Ping (resigned on 13 February 2015)	–	–	–	–	–	–	–
Non-executive directors							
Mr. Zhao John Huan	1	–	–	–	1	–	1
Mr. Zhou Cheng	1	64	–	–	65	–	65
Mr. Guo Wen	1	–	–	–	1	–	1
Mr. Peng Shou (appointed on 13 February 2015)	1	–	–	–	1	–	1
Mr. Ning Min (resigned on 13 February 2015)	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Zhang Baiheng	147	–	–	–	147	–	147
Mr. Zhao Lihua	147	–	–	–	147	–	147
Mr. Chen Huachen	147	–	–	–	147	–	147
Mr. Ni Wei (resigned on 13 February 2015)	–	–	–	–	–	–	–
	445	882	220	48	1,595	1,042	2,637

	2014						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based payments RMB'000 (Note (ii))	Total RMB'000
Executive directors							
Mr. Cui Xiangdong	–	818	660	46	1,524	41	1,565
Mr. Li Ping (resigned on 13 February 2015)	–	612	464	31	1,107	11	1,118
Non-executive directors							
Mr. Zhao John Huan	1	–	–	–	1	–	1
Mr. Zhou Cheng	1	61	–	–	62	–	62
Mr. Guo Wen (appointed on 6 March 2014)	1	–	–	–	1	–	1
Mr. Chen Shuai (resigned on 6 March 2014)	–	–	–	–	–	–	–
Mr. Ning Min (resigned on 13 February 2015)	1	–	–	–	1	–	1
Independent non-executive directors							
Mr. Zhang Baiheng	142	–	–	–	142	–	142
Mr. Zhao Lihua	142	–	–	–	142	–	142
Mr. Chen Huachen	142	–	–	–	142	–	142
Mr. Ni Wei (resigned on 13 February 2015)	142	–	–	–	142	–	142
	572	1,491	1,124	77	3,264	52	3,316

8 DIRECTORS' REMUNERATION (continued)

Notes:

(i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(o)(ii). The details of these benefits in kind, including the principal terms and number of share options granted are disclosed under the section "Share option scheme" in the Report of the Directors and Note 22(a).

(ii) These represent the estimated value of awarded shares granted to the directors under the Company's share award scheme. The value of these awarded shares is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(o)(ii). The details of these benefits in kind, including the principal terms and number of awarded shares granted, are disclosed under the section "Share award scheme" in the Report of the Directors and Note 22(b).

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2014: two) is director whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other four (2014: three) individuals is as follows:

	2015 **RMB'000**	2014 RMB'000
Salaries, allowances and benefits in kind	**2,047**	1,603
Discretionary bonuses	**316**	1,415
Share-based payments	**1,907**	58
Retirement scheme contributions	**145**	118
	4,415	3,194

The emoluments of the employees who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	2015	2014
(In Hong Kong dollar ("HK$"))		
1,000,001 – 1,500,000	**4**	3

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year ended 31 December 2015 is based on the loss attributable to ordinary equity shareholders of the Company of RMB426,389,000 (2014: profit attributable to ordinary equity shareholders of the Company of RMB1,807,000) and the weighted average of 1,810,147,000 ordinary shares (2014: 1,560,557,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2015	2014
	'000	'000
Issued ordinary shares at 1 January	**1,810,147**	1,538,977
Effect of shares issued on 17 December 2014	**–**	10,685
Effect of shares purchased and/or vested under a share award scheme	**–**	10,895
Weighted average number of ordinary shares at 31 December	**1,810,147**	1,560,557

(b) Diluted earnings per share

There are no dilutive potential ordinary shares during the year ended 31 December 2015.

The calculation of diluted earnings per share for the year ended 31 December 2014 was based on the profit attributable to ordinary equity shareholders of the Company of RMB1,807,000 and the weighted average of 1,560,832,000 ordinary shares in issue during the year, calculated as follows:

	2014
	'000
Weighted average number of ordinary shares at 31 December	1,560,557
Effect of deemed issue of shares under the share award scheme	275
Weighted average number of ordinary shares (diluted) at 31 December	1,560,832

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:					
At 1 January 2014	1,560,188	2,806,307	33,646	405,839	4,805,980
Additions	7,528	174,691	2,130	183,279	367,628
Transfer in/(out)	8,909	133,263	–	(192,105)	(49,933)
Disposals	(39,845)	(5,333)	(4,004)	–	(49,182)
At 31 December 2014	1,536,780	3,108,928	31,772	397,013	5,074,493
Accumulated depreciation and impairment losses:					
At 1 January 2014	280,825	964,077	15,907	–	1,260,809
Charge for the year	50,316	201,621	3,430	–	255,367
Impairment losses for the year	–	89,598	–	36,474	126,072
Transfer out	–	(49,933)	–	–	(49,933)
Written back on disposals	(15,973)	(3,819)	(2,540)	–	(22,332)
At 31 December 2014	315,168	1,201,544	16,797	36,474	1,569,983
Net book value:					
At 31 December 2014	1,221,612	1,907,384	14,975	360,539	3,504,510
Cost:					
At 1 January 2015	1,536,780	3,108,928	31,772	397,013	5,074,493
Additions	16,585	20,849	810	180,728	218,972
Transfer in/(out)	1,211	(303,277)	–	153,005	(149,061)
Disposals	(80)	(9,224)	(4,238)	–	(13,542)
At 31 December 2015	1,554,496	2,817,276	28,344	730,746	5,130,862
Accumulated depreciation and impairment losses:					
At 1 January 2015	315,168	1,201,544	16,797	36,474	1,569,983
Charge for the year	47,721	203,569	2,692	–	253,982
Impairment losses for the year (Note (i))	13,384	39,147	–	–	52,531
Transfer out	–	(149,061)	–	–	(149,061)
Written back on disposals	(7)	(1,493)	(2,706)	–	(4,206)
At 31 December 2015	376,266	1,293,706	16,783	36,474	1,723,229
Net book value:					
At 31 December 2015	1,178,230	1,523,570	11,561	694,272	3,407,633

At 31 December 2015, property certificates of certain properties with an aggregate net book value of RMB451.6 million (31 December 2014: RMB466.4 million) are yet to be obtained.

Expressed in RMB unless otherwise indicated

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

Note:

(i) In 2015, the Group considered the value of certain property, plant and equipment were impaired and therefore assessed the recoverable amount of these assets. As a result, a provision of RMB52.5 million (2014: RMB126.1 million) was made in respect of these property, plant and equipment with the carrying amount of RMB153.9 million (2014: RMB144.7 million) as at 31 December 2015. The recoverable amount of these assets has been estimated based on their value in use.

(b) Property, plant and equipment held under finance leases

The Group leases machinery and equipment under finance leases expiring from 7 to 10 years. These leases are arrangements that are not in the legal form of a lease, but are accounted for as such based on their terms and conditions (see Note 3(a)). At the end of arrangements, the Group has the right to purchase the leased machinery and equipment at nil consideration. None of the leases includes contingent rentals.

At 31 December 2015, the net book value of machinery and equipment held under finance leases of the Group was RMB116.0 million (2014: RMB127.9 million).

12 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary.

Name of company	Place of establishment/ incorporation and business	Particulars of registered/issued and paid-up capital	Effective percentage of equity attributable to the Company		Principal activities
			Indirect	Direct	
Beijing Qinchang Glass Company Limited* 北京秦昌玻璃有限公司	The PRC	Registered and paid-up capital of RMB100,000,000	100%	–	Production, marketing and distribution of glass and glass products
China Glass Investment Limited* 中玻投資有限公司	The PRC	Registered and paid-up capital of RMB200,000,000	100%	–	Investment holding
Dongtai China Glass Special Glass Company Limited* 東台中玻特种玻璃有限公司	The PRC	Registered and paid-up capital of RMB200,000,000	100%	–	Production, marketing and distribution of glass and glass products
Jiangsu SHD New Materials Company Limited* 江蘇蘇華達新材料有限公司	The PRC	Registered and paid-up capital of RMB136,000,000	100%	–	Production, marketing and distributio of glass and glass products
JV Investments Limited	The Cayman Islands	Issued and paid-up capital of United States dollar ("USD") 90,313	–	100%	Investment holding

Expressed in RMB unless otherwise indicated

12 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of establishment/ incorporation and business	Particulars of registered/issued and paid-up capital	Effective percentage of equity attributable to the Company		Principal activities
			Indirect	Direct	
Linyi CNG Glass Company Limited* (formerly known as ("fka"): Zhongbo Blue Star (Linyi) Glass Company Limited) 中玻（臨沂）玻璃有限公司（原：中玻藍星（臨沂）玻璃有限公司）	The PRC	Registered and paid-up capital of RMB206,800,000	77.98%	–	Production, marketing and distribution of glass and glass products
Nanjing Yuanhong Special Glass Company Limited* 南京遠鴻特种玻璃有限公司	The PRC	Registered and paid-up capital of RMB80,000,000	73.07%	–	Production, marketing and distribution of glass and glass products
Shaanxi CNG New Technology Limited* (fka:Shaanxi Blue Star Glass Company Limited) 中玻（陝西）新技術有限公司（原：陝西藍星玻璃有限公司）	The PRC	Registered and paid-up capital of RMB100,000,000	99.05%	–	Production, marketing and distribution of glass and glass products
Suqian Huasheng Management Consulting Company Limited* 宿遷華盛投資顧問有限公司	The PRC	Registered and paid-up capital of RMB100,000	100%	–	Provision of management services to group companies
Suqian CNG New Materials Company Limited* (fka:Suqian Huayi Coated Glass Company Limited) 宿遷中玻新材料有限公司（原：宿遷華毅鍍膜玻璃有限公司）	The PRC	Registered and paid-up capital of RMB100,000,000	100%	–	Production, marketing and distribution of glass and glass products
Weihai China Glass Solar Company Limited* 威海中玻光電有限公司	The PRC	Registered and paid-up capital of USD14,920,000	60.58%	–	Production, marketing and distribution of photovoltaic battery module products
Weihai CNG Coated Glass Company Limited* ("Weihai CNG") (fka: Weihai Blue Star Glass Company Limited) 威海中玻鍍膜玻璃股份有限公司（原：威海藍星玻璃股份有限公司）	The PRC	Registered and paid-up capital of RMB107,700,000	90.42%	–	Production, marketing and distribution of glass and glass products
Weihai CNG New Technology Glass Company Limited* (fka: Weihai Blue Star New Technology Glass Company Limited) 威海中玻新技術玻璃有限公司（原：威海藍星新技術玻璃有限公司）	The PRC	Registered and paid-up capital of USD12,000,000	91.46%	–	Production, marketing and distribution of glass and glass products

12 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of establishment/ incorporation and business	Particulars of registered/issued and paid-up capital	Effective percentage of equity attributable to the Company		Principal activities
			Indirect	Direct	
Wuhai CNG Special Glass Company Limited* ("Wuhai CNG") (fka: Wuhai Blue Star Glass Company limited) 烏海中玻特种玻璃有限責任公司 (原：烏海藍星玻璃有限責任公司)	The PRC	Registered and paid-up capital of RMB128,378,729	94.20%	–	Production, marketing and distribution of glass and glass products
Xianyang CNG Coated Glass Company Limited* (fka:Xianyang Blue Star Coated Glass Company limited) 中玻(咸陽)鍍膜玻璃有限公司 (原：咸陽藍星鍍膜玻璃有限公司)	The PRC	Registered and paid-up capital of RMB90,000,000	88.28%	–	Production, marketing and distribution of glass and glass products
Zhongbo Technology Company Limited* 中玻科技有限公司	The PRC	Registered and paid-up capital of RMB194,860,000	82.76%	–	Production, marketing and distribution of glass and glass products

* The English translation of the names are for reference only and the official names of these entities are in Chinese.

The following table lists out the combined financial information of Weihai CNG and its subsidiaries and Wuhai CNG and its subsidiaries, two sub-groups within the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2015 RMB'000	2014 RMB'000
Revenue	**1,093,638**	1,493,284
(Loss)/profit for the year	**(271,115)**	133,700
Attributable to NCI	**(52,474)**	17,926
Dividend paid to NCI	**3,599**	4,240
Non-current assets	**2,145,240**	2,185,165
Current assets	**2,286,173**	2,289,780
Current liabilities	**(2,771,410)**	(2,494,563)
Non-current liabilities	**(452,476)**	(485,840)
Net assets	**1,207,527**	1,494,542
Carrying amount of NCI	**179,082**	232,456

13 LEASE PREPAYMENTS

	RMB'000
Cost:	
At 1 January 2014 and 31 December 2014	301,132
Additions	6,494
At 31 December 2015	307,626
Accumulated amortisation:	
At 1 January 2014	46,384
Charge for the year	6,683
Written back on disposal	(1,447)
At 31 December 2014	51,620
Charge for the year	7,239
At 31 December 2015	58,859
Net book value:	
At 31 December 2015	248,767
At 31 December 2014	249,512

Lease prepayments represented land use right premiums paid by the Group for land situated in the PRC and Nigeria. At 31 December 2015, land use right certificates of certain land use rights with an aggregate carrying value of RMB6.9 million (31 December 2014: RMB7.2 million) are yet to be obtained.

14 INTANGIBLE ASSETS

	Intellectual properties RMB'000
Cost:	
At 1 January 2014, 31 December 2014 and 31 December 2015	145,017
Accumulated amortisation and impairment losses:	
At 1 January 2014	106,430
Charge for the year	14,918
At 31 December 2014	121,348
Charge for the year	13,637
Impairment losses for the year (Note (i))	10,032
At 31 December 2015	145,017
Net book value:	
At 31 December 2015	–
At 31 December 2014	23,669

The amortisation charge for the year is included in "cost of sales" in the consolidated statement of profit or loss.

Note:

(i) In 2015, the Group considered the value of certain intangible assets were impaired and therefore assessed the recoverable amount of these assets. As a result, a provision of RMB10.0 million was made in respect of intangible assets with the carrying amount of RMB10.0 million as at 31 December 2015 (31 December 2014: RMB23.7 million). The recoverable amount of these assets has been estimated based on their value in use.

15 INTEREST IN AN ASSOCIATE

	2015 RMB'000	2014 RMB'000
Share of net assets	**493**	536

15 INTEREST IN AN ASSOCIATE (continued)

The following list contains the particulars of the Group's associate at 31 December 2015, which is an unlisted entity whose quoted market price is not available:

Name of associate	Place of establishment/ incorporation and business	Particulars of registered and paid-up capital	Effective percentage of equity attributable to the Company		Principal activities
			Indirect	Direct	
Weihai Lvjian New Energy Technology Company Limited* 威海綠建新能源科技有限公司	The PRC	Registered and paid-up capital of RMB1,800,000	20.19%	–	Design and research of photovoltaic system

* The English translation of the name is for reference only and the official name of this entity is in Chinese.

The Group's associate is not material to the consolidated financial statements, and is accounted for using the equity method in the consolidated financial statements.

16 INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**101,057**	112,875
Work in progress and finished goods	**254,437**	337,493
Racks, spare parts and consumables	**38,983**	40,674
	394,477	491,042
Less: write-down of inventories	**(8,776)**	(9,105)
	385,701	481,937

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	2015 RMB'000	2014 RMB'000
Carrying amount of inventories sold	**1,890,896**	2,111,193
(Reversal of write-down)/write-down of inventories	**(329)**	5,927
	1,890,567	2,117,120

All of the inventories are expected to be recovered within one year.

17 TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables from (Notes (i) and (iii)):		
– Third parties	**218,207**	272,715
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**16,280**	16,166
– Companies under common significant influence	**12,961**	20,485
Bills receivables	**116,454**	95,820
	363,902	405,186
Less: allowance for doubtful debts (Note (ii))	**(74,760)**	(52,070)
	289,142	353,116
Amounts due from related companies:		
– Equity shareholders of the Company and their affiliate (Note (a))	**298**	280
– Companies under common significant influence (Note (a))	**8,603**	11,768
	8,901	12,048
Less: allowance for doubtful debts (Note (ii))	**(1,784)**	(1,784)
	7,117	10,264
Prepayments, deposits and other receivables:		
– Prepayments for the purchase of inventories	**46,650**	56,129
– Prepayments for the purchase of property, plant and equipment and land use rights	**48,307**	43,565
– Value added tax refundable	**54,047**	57,323
– Advances to third parties	**93,530**	62,961
– Receivable for disposal of land use rights	**5,129**	8,129
– Receivable for relocation of a production plant	**77,435**	345,098
– Others	**37,430**	40,813
	362,528	614,018
Less: allowance for doubtful debts (Note (ii))	**(51,765)**	(9,156)
	310,763	604,862
	607,022	968,242

17 TRADE AND OTHER RECEIVABLES (continued)

Note:

(a) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(i) Ageing analysis

Included in trade and other receivables are trade and bills receivables (net of allowance for doubtful debts) with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	2015	2014
	RMB'000	RMB'000
Within 1 month	**110,437**	121,858
More than 1 month but less than 3 months	**29,698**	59,078
More than 3 months but less than 6 months	**33,510**	49,591
Over 6 months	**115,497**	122,589
	289,142	353,116

Further details on the Group's credit policy are set out in Note 27(a).

(ii) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly (see Note 2(k)(i)).

The movements in the allowance for doubtful debts during the year are as follows:

	2015	2014
	RMB'000	RMB'000
At 1 January	**63,010**	35,920
Impairment losses recognised	**65,703**	29,326
Uncollectible amounts written off	**(404)**	(2,236)
At 31 December	**128,309**	63,010

At 31 December 2015, the Group's trade and other receivables of RMB128.3 million (31 December 2014: RMB63.0 million) were individually determined to be impaired. The individually impaired receivables related to customers and debtors that were in financial difficulties and management assessed that these receivables are irrecoverable. The Group does not hold any collateral over these balances.

17 TRADE AND OTHER RECEIVABLES (continued)

(iii) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**121,776**	115,179
Less than 1 month past due	**20,002**	63,900
More than 1 month but less than 3 months past due	**17,011**	32,892
More than 3 months but less than 6 months past due	**14,856**	18,556
More than 6 months past due	**115,497**	122,589
	167,366	237,937
	289,142	353,116

Receivables that were neither past due nor impaired relate to bills receivables from the issuing banks and customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18 CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and on hand	**705,217**	762,234
Time deposits with banks	**70,000**	40,000
Cash and cash equivalents in the consolidated statement of financial position	**775,217**	802,234
Less: time deposits with original maturity over 3 months	**(70,000)**	(40,000)
Cash and cash equivalents in the consolidated cash flow statement	**705,217**	762,234

At 31 December 2015, cash and cash equivalents of RMB352.2 million (31 December 2014: RMB276.1 million) were pledged to secure bills issued by the Group's short-term bank loan.

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

19 TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables to:		
– Third parties	**580,002**	574,063
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**599**	550
– Companies under common significant influence	**3,375**	9,478
Bills payables	**381,640**	311,350
	965,616	895,441
Amounts due to related companies:		
– An equity shareholder of the Company (Note (i))	**73**	1,258
– Companies under common significant influence (Note (ii))	**166,427**	93,516
	166,500	94,774
Accrued charges and other payables:		
– Payables for construction and purchase of property, plant and equipment and land use rights	**231,992**	298,297
– Payables for staff related costs	**95,845**	87,826
– Payables for acquisitions of non-controlling interests in subsidiaries of the Group	**5,120**	5,905
– Payables for miscellaneous taxes	**30,381**	27,457
– Payables for transportation expenses	**7,296**	14,816
– Advances from third parties	**26,893**	46,948
– Others	**49,613**	48,685
	447,140	529,934
Financial liabilities measured at amortised cost	**1,579,256**	1,520,149
Advances received from customers	**67,849**	89,108
	1,647,105	1,609,257

Notes:

(i) The amounts are unsecured, non-interest bearing and are repayable within one year.

(ii) The amounts are unsecured and non-interest bearing. Except for an amount of RMB2.8 million at 31 December 2015 (31 December 2014: RMB5.5 million) which is repayable within one year, all of the remaining balances have no fixed terms of repayment.

19 TRADE AND OTHER PAYABLES (continued)

All of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

Included in trade and other payables are trade and bills payables with the following ageing analysis (based on the maturity date) as of the end of the reporting period:

	2015 **RMB'000**	2014 RMB'000
Due within 1 month or on demand	**643,976**	618,936
Due after 1 month but within 6 months	**321,640**	276,505
	965,616	895,441

All of the payables are expected to be settled within one year or are repayable on demand.

20 BANK AND OTHER LOANS

(a) Short-term bank and other loans

	2015 **RMB'000**	2014 RMB'000
Bank loans	**975,459**	960,169
Loans from third parties	**–**	7,889
Loans from a company under common significant influence	**–**	15,000
	975,459	983,058
Add: current portion of long-term bank and other loans (Note (b))	**157,484**	112,056
	1,132,943	1,095,114

20 BANK AND OTHER LOANS (continued)

(a) Short-term bank and other loans (continued)

At 31 December 2015, the Group's short-term bank and other loans (excluding current portion of long-term bank and other loans) are secured as follows:

	2015 RMB'000	2014 RMB'000
Bank loans:		
– Pledged by bank bills	**148,555**	151,827
– Secured by the Group's property, plant and equipment and land use rights	**287,000**	222,000
– Unguaranteed and unsecured	**539,904**	586,342
	975,459	960,169
Loans from a third party:		
– Unguaranteed and unsecured	**–**	7,889
Loans from a company under common significant influence:		
– Unguaranteed and unsecured	**–**	15,000
	975,459	983,058

At 31 December 2015, the aggregate carrying value of the secured property, plant and equipment and land use rights for the Group's short-term bank loans is RMB741.7 million (31 December 2014: RMB532.1 million).

(b) Long-term bank and other loans

	2015 RMB'000	2014 RMB'000
Bank loans	**633,681**	681,222
Loans from an equity shareholder of the Company	**–**	38,403
Loans from third parties	**30,539**	22,017
	664,220	741,642
Less: current portion of long-term bank and other loans (Note (a))	**(157,484)**	(112,056)
	506,736	629,586

20 BANK AND OTHER LOANS (continued)

(b) Long-term bank and other loans (continued)

The Group's long-term bank and other loans are repayable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year or on demand	**157,484**	112,056
After 1 year but within 2 years	**493,765**	151,331
After 2 years but within 5 years	**7,403**	478,255
After 5 years	**5,568**	–
	664,220	741,642

At 31 December 2015, the Group's long-term bank and other loans are secured as follows:

	2015 RMB'000	2014 RMB'000
Bank loans:		
– Secured by the Group's property, plant and equipment and land use rights	**27,400**	80,600
– Secured by shares of several subsidiaries of the Company	**581,278**	565,045
– Unguaranteed and unsecured	**25,003**	35,577
	633,681	681,222
Loans from an equity shareholder of the Company:		
– Secured by the Group's property, plant and equipment and land use rights	**–**	8,860
– Unguaranteed and unsecured	**–**	29,543
	–	38,403
Loans from third parties:		
– Secured by the Group's property, plant and equipment and land use rights	**16,471**	–
– Unguaranteed and unsecured	**14,068**	22,017
	30,539	22,017
	664,220	741,642

At 31 December 2015, the aggregate carrying value of the secured property, plant and equipment and land use rights for the Group's long-term bank and other loans is RMB414.0 million (31 December 2014: RMB706.0 million).

20 BANK AND OTHER LOANS (continued)

(b) Long-term bank and other loans (continued)

All of the non-current interest-bearing borrowings are carried at amortised cost and are not expected to be settled within one year.

At 31 December 2015, the Group's banking facilities amounted to RMB302.9 million (31 December 2014: RMB269.1 million) were utilised to the extent of RMB192.9 million (31 December 2014: RMB198.9 million).

(c) Certain of the Group's bank and other loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 27(b).

Although the Group has failed to fulfil certain requirement under a syndicated loan agreement (the "Syndicated Loan") as at 31 December 2015, waiver was granted by majority of the lenders of the Syndicated Loan. Except this, none of the covenants relating to the bank and other loans had been breached (31 December 2014: RMBNil).

21 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2015, the Group had obligations under finance leases repayable as follows:

	2015		2014	
	Present value of the minimum lease payments RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**26,567**	**28,277**	24,993	29,417
After 1 year but within 2 years	**18,235**	**21,860**	23,304	28,277
After 2 year but within 5 years	**66,105**	**95,374**	56,629	83,310
After 5 years	**21,802**	**40,256**	39,278	74,180
	106,142	**157,490**	119,211	185,767
	132,709	**185,767**	144,204	215,184
Less: total future interest expenses		**(53,058)**		(70,980)
Present value of finance lease obligations		**132,709**		144,204

Expressed in RMB unless otherwise indicated

22 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

The Company has a share option scheme which was adopted on 30 May 2005 whereby the directors of the Company are authorised, at their discretion, to invite (i) any executive director or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive directors (including independent non-executive directors) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to the Company, any member of the Group or any Invested Entity, to take up share options at HK$1.00 as consideration to subscribe for shares in the Company.

The Company granted share options to certain directors and employees on 29 February 2008 with contractual life of 7.25 years under the share option scheme. The share options granted in 2008 have lapsed on 29 May 2015 and no one has exercised the share options during its contractual life.

On 13 May 2015, the Company granted new share options to a director and certain employees of the Group under the share option scheme. Each share option gives the holder the right to subscribe for one ordinary share in the Company.

(i) The terms and conditions of the share options granted in 2015 are as follows:

	Exercise price	Number of options	Vesting conditions	Contractual life of options
Options granted to a director:				
– on 13 May 2015	HK$1.25	1,920,000	One year from the date of grant	7 years
– on 13 May 2015	HK$1.25	1,440,000	Two years from the date of grant	7 years
– on 13 May 2015	HK$1.25	1,440,000	Three years from the date of grant	7 years
Options granted to employees:				
– on 13 May 2015	HK$1.25	11,428,000	One year from the date of grant	7 years
– on 13 May 2015	HK$1.25	8,571,000	Two years from the date of grant	7 years
– on 13 May 2015	HK$1.25	8,571,000	Three years from the date of grant	7 years
Total share options granted		33,370,000		

22 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

(ii) The number and weighted average exercise price of share options are as follows:

	2015		2014	
	Weighted average exercise price	**number of options**	Weighted average exercise price	number of options
		'000		*'000*
Outstanding at the beginning of the year	**HK$1.75**	**38,600**	HK$1.75	38,600
Lapsed during the year	**HK$1.75**	**(38,600)**		–
Granted during the year	**HK$1.25**	**33,370**		–
Outstanding at the end of the year	**HK$1.25**	**33,370**	HK$1.75	38,600
Exercisable at the end of the year		**–**	HK$1.75	38,600

(iii) The fair value and assumptions of the share options issued in 2015:

Fair value of share options and assumptions	**Share options granted on 13 May 2015**
Fair value at measurement date	HK$0.5100 to HK$0.7102
Share price	HK$1.25
Exercise price	HK$1.25
Expected volatility	65.19%
Option life	7 years
Expected dividends	0.32%
Risk-free interest rate (based on Exchange Fund Notes of Hong Kong)	1.24%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Model. The expected life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Model.

22 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

(iii) The fair value and assumptions of the share options issued in 2015: (continued)

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share options granted.

(b) Share award scheme

On 12 December 2011, the directors of the Company adopted a share award scheme (the "Share Award Scheme") as a mean of rewarding and retaining employees of the Group and to attract suitable personnel for further development with the Group. A trust has been set up for the purpose of administering the Share Award Scheme.

No shares were awarded to directors and employees of the Group during the year ended 31 December 2015 under the Share Award Scheme. During the year ended 31 December 2014, 11,170,000 shares previous awarded to certain directors and employees were vested.

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Movements in current taxation in the consolidated statement of financial position are as follows:

	2015 **RMB'000**	2014 RMB'000
Balance of income tax payable (net of prepaid income tax) at 1 January	**49,729**	51,102
Provision for income tax on the estimated taxable profits for the year (Note 7(a))	**7,601**	41,423
Under-provision in respect of prior years (Note 7(a))	**460**	1,607
Income tax paid	**(11,710)**	(44,403)
Balance of income tax payable (net of prepaid income tax) at 31 December	**46,080**	49,729
Represented by:		
Income tax payable	**65,006**	65,741
Prepaid income tax	**(18,926)**	(16,012)
	46,080	49,729

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Assets						Liabilities	
Deferred tax arising from:	Unused tax losses RMB'000	Write-down of inventories RMB'000	Impairment losses on trade and other receivables RMB'000	Depreciation expenses in excess of related tax allowances, amortisation of government grants, and fair value adjustment of investments RMB'000	Impairment losses on property, plant and equipment and intangible assets RMB'000	Total RMB'000	Fair value adjustments on property, plant and equipment, lease prepayments, finance lease and intangible assets, interest capitalisation and related depreciation RMB'000	Net RMB'000
At 1 January 2014	85,916	5,727	8,806	18,027	6,348	124,824	(29,482)	95,342
(Charged)/credited to the consolidated statement of profit or loss (Note 7(a))	(8,032)	(4,978)	1,405	3,738	325	(7,542)	(1,891)	(9,433)
At 31 December 2014	**77,884**	**749**	**10,211**	**21,765**	**6,673**	**117,282**	**(31,373)**	**85,909**
Credited/(charged) to the consolidated statement of profit or loss (Note 7(a))	**57,686**	**(57)**	**16,329**	**9,108**	**–**	**83,066**	**871**	**83,937**
At 31 December 2015	**135,570**	**692**	**26,540**	**30,873**	**6,673**	**200,348**	**(30,502)**	**169,846**

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of unused tax losses and impairment provision arising from certain subsidiaries of the Group of RMB464.8 million (31 December 2014: RMB317.6 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Except for the amount of RMB39.3 million which will not expire under the relevant tax legislation, the remaining unused tax losses at 31 December 2015 will expire on or before 31 December 2020.

(d) Deferred tax liabilities not recognised

At 31 December 2015, temporary differences relating to the undistributed profits of certain subsidiaries of the Group established in the PRC amounted to RMB610.5 million (31 December 2014: RMB750.7 million). Deferred tax liabilities of RMB61.1 million (31 December 2014: RMB75.1 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

24 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital RMB'000 (Note 24(c))	Share premium RMB'000 (Note 24(d)(i))	Shares held under share award scheme RMB'000 (Note 24(d)(ii))	Capital reserve RMB'000 (Note 24(d)(iii))	Exchange reserve RMB'000 (Note 24(d)(v))	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	74,553	2,019,042	(12,604)	29,973	(228,930)	(111,739)	1,770,295
Changes in equity for 2014:							
Loss for the year	–	–	–	–	–	(23,140)	(23,140)
Other comprehensive income	–	–	–	–	5,389	–	5,389
Total comprehensive income for the year	–	–	–	–	5,389	(23,140)	(17,751)
Distribution approved in respect of the previous year (Note 24(b)(ii))	–	–	–	–	–	(12,187)	(12,187)
Issuance of shares	10,314	183,590	–	–	–	–	193,904
Shares granted under the share award scheme (Note 22(b))	–	–	–	278	–	–	278
Shares vested under share award scheme (Note 22(b))	–	–	12,604	(12,331)	–	(273)	–
Transfer between share premium account and accumulated losses account of the Company	–	(120,720)	–	–	–	120,720	–
	10,314	62,870	12,604	(12,053)	–	108,260	181,995
At 31 December 2014	84,867	2,081,912	–	17,920	(223,541)	(26,619)	1,934,539

24 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(a) Movements in components of equity (continued)

The Company (continued)

	Share capital RMB'000 (Note 24(c))	Share premium RMB'000 (Note 24(d)(i))	Shares held under share award scheme RMB'000 (Note 24(d)(ii))	Capital reserve RMB'000 (Note 24(d)(iii))	Exchange reserve RMB'000 (Note 24(d)(v))	Accumulated losses RMB'000	Total RMB'000
At 1 January 2015	**84,867**	**2,081,912**	**–**	**17,920**	**(223,541)**	**(26,619)**	**1,934,539**
Changes in equity for 2015:							
Loss for the year	–	–	–	–	–	(48,695)	(48,695)
Other comprehensive income	–	–	–	–	120,067	–	120,067
Total comprehensive income for the year	–	–	–	–	120,067	(48,695)	71,372
Shares granted under the share option scheme (Note 22(a))	–	–	–	6,159	–	–	6,159
	–	–	–	6,159	–	–	6,159
At 31 December 2015	**84,867**	**2,081,912**	**–**	**24,079**	**(103,474)**	**(75,314)**	**2,012,070**

(b) Dividends/distributions

(i) The directors of the Company do not propose final dividends after 31 December 2015 (2014: HK$Nil).

(ii) Dividends/distributions payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015 RMB'000	2014 RMB'000
Final dividends/distributions in respect of the previous financial year, approved and paid during the year, of HK$Nil per ordinary share (2014: HK$0.01 per ordinary share)	**–**	12,187

24 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(c) Share capital

(i) Authorised and issued share capital

	2015		2014	
	No. of shares	**HK$'000**	No. of shares	HK$'000
Authorised:				
At 1 January and 31 December, at HK$0.05 each	**3,600,000,000**	**180,000**	3,600,000,000	180,000

	2015		2014	
	No. of shares	**RMB'000**	No. of shares	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	**1,810,147,058**	**84,867**	1,550,147,058	74,553
Shares issued on 17 December 2014	**–**	**–**	260,000,000	10,314
At 31 December	**1,810,147,058**	**84,867**	1,810,147,058	84,867

(ii) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	**Exercise price**	**2015 Number**	2014 Number
28 February 2009 to 29 May 2015	HK$1.75	**–**	15,440,000
28 February 2010 to 29 May 2015	HK$1.75	**–**	11,580,000
28 February 2011 to 29 May 2015	HK$1.75	**–**	11,580,000
13 May 2016 to 12 May 2022	HK$1.25	**13,348,000**	–
13 May 2017 to 12 May 2022	HK$1.25	**10,011,000**	–
13 May 2018 to 12 May 2022	HK$1.25	**10,011,000**	–
		33,370,000	38,600,000

Each share option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 22(a) to these financial statements.

(iii) At 31 December 2015, no ordinary shares are held by the Company under the Share Award Scheme (31 December 2014: Nil) (see Note 22(b)).

24 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Shares held under share award scheme

The shares held under Share Award Scheme represents the weighted average acquisition cost for unvested shares acquired under the Share Award Scheme that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(o)(ii).

(iii) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options and unvested shares under the Share Award Scheme granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(o)(ii).

(iv) Statutory reserves

In accordance with the articles of association of the subsidiaries of the Group established in the PRC, these subsidiaries were required to set up certain statutory reserves, which were non-distributable. The transfers of these reserves are at discretion of the directors of the respective subsidiaries. The statutory reserves can only be utilised for predetermined means upon approval by the relevant authority.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations which have a functional currency other than RMB into RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2(t).

(e) Distributable reserves

At 31 December 2015, the aggregate amount of reserves (including the Company's retained profits, if any, and share premium, subject to equity shareholders' approval) available for distribution to equity shareholders of the Company was RMB2,081.9 million (31 December 2014: RMB2,081.9 million). The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

24 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(f) Capital management (continued)

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank and other loans, obligations under finance leases, and trade and other payables) plus unaccrued proposed dividends/distributions, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends/distributions.

During 2015, the Group's strategy was to continue to maintain the adjusted net debt-to-capital ratio at an acceptable level. In order to improve the Group's capital structure, the Group may adjust the amount of dividends/distributions paid to equity shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The adjusted net debt-to-capital ratio at 31 December 2015 and 2014 was as follows:

	2015 **RMB'000**	2014 RMB'000
Current liabilities:		
Trade and other payables	**1,647,105**	1,609,257
Obligations under finance leases	**26,567**	24,993
Bank and other loans	**1,132,943**	1,095,114
	2,806,615	2,729,364
Non-current liabilities:		
Bank and other loans	**506,736**	629,586
Obligations under finance leases	**106,142**	119,211
	612,878	748,797
Total debt	**3,419,493**	3,478,161
Less: cash and cash equivalents	**(775,217)**	(802,234)
Adjusted net debt	**2,644,276**	2,675,927
Total equity	**2,130,601**	2,589,659
Adjusted net debt-to-capital ratio	**124%**	103%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) Transactions with companies under common significant influence

(i) Purchase of properties

On 4 January 2005, the Group purchased the properties it had previously leased from Jiangsu Glass Group under operating leases. The consideration is RMB56.1 million and is repayable by 120 monthly equal instalments within ten years. At 31 December 2015, the outstanding amount is non-interest bearing. For the year ended 31 December 2015, no interest expenses had incurred and been paid to Jiangsu Glass Group (2014: RMB0.3 million).

(ii) Other transactions

	Note	**2015** **RMB'000**	2014 RMB'000
Sale of glass and glass products to related parties		**14,994**	42,996
Purchase of raw materials from related parties		**17,320**	16,283
Operating lease expenses		**–**	1,786
Interest expenses	(i)	**723**	1,706
Construction service expenses		**104,418**	–
Net increase in non-interest bearing advances granted to related parties	(ii)	**–**	862
Net decrease in non-interest bearing advances received from related parties	(ii)	**(4,131)**	(6,079)
Net (decrease)/increase in loans received from a related party	(iv)	**(15,000)**	5,000

(b) Transactions with equity shareholders of the Company and their affiliates

	Note	**2015** **RMB'000**	2014 RMB'000
Interest expenses	(i)	**1,163**	3,246
Net decrease in loans received from a related party	(iii)	**38,730**	38,987

25 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with non-controlling equity holders of subsidiaries of the Group and their affiliates

	2015 RMB'000	2014 RMB'000
Sale of glass and glass products to a related party	**1,532**	382

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 8 and the highest paid employees as disclosed in Note 9, is as follows:

	2015 RMB'000	2014 RMB'000
Short-term employee benefits	**5,148**	7,927
Contributions to defined contribution retirement plans	**354**	303
Equity compensation benefits under share option scheme (see Note 22(a))	**3,128**	–
Equity compensation benefits under Share Award Scheme (see Note 22(b))	**–**	211
	8,630	8,441

Total remuneration is included in "staff costs" (see Note 6(b)).

Notes:

(i) Interest expenses represented interest charges on the advances and loans received from related parties.

(ii) The advances are unsecured and have no fixed terms of repayment.

(iii) The loans were unsecured, bear interest ranging from 4.66% to 7.73% per annum and had been repaid in 2015.

(iv) The loans were unsecured, bear interest ranging from 10.00% to 10.14% per annum and had been repaid in 2015.

(e) Applicability of the Listing Rules relating to connected transactions

For the year ended 31 December 2015, the related party transactions in respect of receiving construction services from companies under common significant influence above constitute connected transactions as defined in Chapter 14A of the Listing Rules. These transactions are disclosed in the "Report of the Directors" as required by Chapter 14A of the Listing Rules.

26 COMMITMENTS

(a) Capital commitments

At 31 December 2015, the outstanding capital commitments of the Group not provided for in the consolidated financial statements were as follows:

	2015 RMB'000	2014 RMB'000
Commitments in respect of land and buildings, and machinery and equipment		
– Contracted for	**260,335**	115,886
– Authorised but not contracted for	**137,686**	64,620
	398,021	180,506

At 31 December 2015, capital commitments in respect of land and buildings, and machinery and equipment are for the expansion and upgrade of the production lines of the Group.

(b) Operating lease commitments

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	**6,152**	5,926
After 1 year but within 5 years	**11,620**	14,249
After 5 years	**3,093**	3,957
	20,865	24,132

The Group leases certain land, plant and buildings and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 18 years, where all terms are renegotiated upon renewal. None of the leases includes contingent rentals.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group considers its exposure to equity price risk arising from its equity investment in other entity to be insignificant.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customer's and debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customer and debtor as well as pertaining to the economic environment in which the customer and debtor operates.

For sales of glass and glass products, cash before delivery is generally required for all customers. Credit terms of three to six months from the date of billing or separately negotiated repayment schedules may be granted to customers and debtors, depending on credit assessment carried out by management on an individual customer basis. Normally, the Group does not obtain collateral from customers and debtors.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and debtor rather than the industry or country in which the customers and debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers and debtors. At 31 December 2015, 4.8% (31 December 2014: 6.8%) and 15.7% (31 December 2014: 24.1%) of the total trade and bills receivables was due from the Group's largest trade debtor and the five largest trade debtors respectively.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 17.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's directors when the borrowings exceed certain predetermined levels of authorisation. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At 31 December 2015, the Group had net current liabilities of RMB1,084.8 million (31 December 2014: RMB526.7 million). The Group is currently under negotiation with several institutions in the raising of new long term bank loans or issuing new shares that if successfully obtained, would be sufficient to cover most of the Group's short-term liquidity needs, in particular for the purpose of the repayment of short-term bank and other loans that are to fall due during the year ending 31 December 2016. In addition to the above, based on a cash flow forecast of the Group for the year ending 31 December 2016 prepared by the management, the directors of the Company anticipate that the Group would generate sufficient cash inflows from its operating activities to meet its operating liabilities as they fall due for at least twelve months from the end of the current reporting period. Nevertheless, the Group will continue to undertake various measures in order to further improve its liquidity position in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay:

	2015 Contractual undiscounted cash outflow								
	Within 3 months or on demand RMB'000	More than 3 months but less than 6 months RMB'000	More than 6 months but less than 9 months RMB'000	More than 9 months but less than 12 months RMB'000	More than 1 years but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Trade and other payables measured at amortised cost	1,428,156	151,100	–	–	–	–	–	1,579,256	1,579,256
Bank and other loans	210,026	502,993	316,549	161,887	536,154	11,812	6,660	1,746,081	1,639,679
Obligations under finance leases	6,994	6,994	7,144	7,145	21,860	95,374	40,256	185,767	132,709
	1,645,176	661,087	323,693	169,032	558,014	107,186	46,916	3,511,104	3,351,644

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	2014 Contractual undiscounted cash outflow								
	Within 3 months or on demand RMB'000	More than 3 months but less than 6 months RMB'000	More than 6 months but less than 9 months RMB'000	More than 9 months but less than 12 months RMB'000	More than 1 years but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Trade and other payables measured at amortised cost	1,188,584	331,565	–	–	–	–	–	1,520,149	1,520,149
Bank and other loans	350,776	457,268	184,972	171,837	187,429	530,569	–	1,882,851	1,724,700
Obligations under finance leases	8,229	8,229	6,479	6,480	28,277	83,310	74,180	215,184	144,204
	1,547,589	797,062	191,451	178,317	215,706	613,879	74,180	3,618,184	3,389,053

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2015		2014	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Fixed rate borrowings:				
Obligations under finance leases	**9.51%**	**132,709**	9.51%	144,204
Bank and other loans	**5.58%**	**890,191**	5.73%	961,855
		1,022,900		1,106,059
Variable rate borrowings:				
Bank and other loans	**6.52%**	**749,488**	6.82%	762,845
Total borrowings		**1,772,388**		1,868,904
Fixed rate borrowings as a percentage of total borrowings		**58%**		59%

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB7.1 million (31 December 2014: the Group's profit after tax and retained profits by approximately RMB7.1 million).

The sensitivity analysis above indicates the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group at the end of the reporting period. The impact on the Group's results after tax and retained profits is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2014.

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to receivables, payables, loans and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, RMB, HK$ and Euros. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of receivables, payables and borrowings denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2015 Exposure to foreign currencies			
	USD RMB'000	**RMB RMB'000**	**HK$ RMB'000**	**Euros RMB'000**
Trade and other receivables	**11,740**	**400,712**	**–**	**–**
Cash and cash equivalents	**22,775**	**104,863**	**1**	**1**
Trade and other payables	**(256,841)**	**(9,384)**	**(72,994)**	**–**
Bank and other loans	**(21,883)**	**(611,880)**	**–**	**–**
Gross exposure arising from recognised assets and liabilities	**(244,209)**	**(115,689)**	**(72,993)**	**1**

	2014 Exposure to foreign currencies			
	USD RMB'000	RMB RMB'000	HK$ RMB'000	Euros RMB'000
Trade and other receivables	33,176	–	–	–
Cash and cash equivalents	33,151	179,473	2,398	247
Trade and other payables	(231,816)	(5,076)	(52,080)	–
Bank and other loans	(104,011)	(565,045)	–	–
Gross exposure arising from recognised assets and liabilities	(269,500)	(390,648)	(49,682)	247

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's results after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HK$ and USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	**(Increase)/ decrease in loss after tax and (decrease)/ increase in retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits RMB'000
USD	**5%**	**(9,718)**	5%	(10,650)
	(5%)	**9,718**	(5%)	10,650
RMB	**5%**	**(5,784)**	5%	(19,532)
	(5%)	**5,784**	(5%)	19,532
HK$	**5%**	**(2,801)**	5%	(1,907)
	(5%)	**2,801**	(5%)	1,907
Euros	**10%**	**–**	10%	18
	(10%)	**–**	(10%)	(18)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' results after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement

The Group does not have any financial instruments measured at fair value at the end of the reporting period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2015 and 2014 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	2015		2014	
	Carrying amount at 31 December RMB'000	**Fair value measurements at 31 December categorised into Level 3 RMB'000**	Carrying amount at 31 December RMB'000	Fair value measurements at 31 December categorised into Level 3 RMB'000
Assets				
Available-for-sale equity investments	**1,495**	*	1,000	*
Liabilities				
Long-term bank and other loans	**506,736**	**506,063**	629,586	627,372

* The available-for-sale equity investments represent unquoted equity securities in PRC companies and is measured at cost less any impairment losses. The investments do not have quoted market prices in active markets and accordingly a reasonable estimate of the fair value of the investments cannot be measured reliably. Hence, the directors of the Company consider it is not meaningful to disclose their fair values.

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of long-term bank and other loans is estimated as being the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

The Group uses the interest rates published by the People's Bank of China at the end of the reporting period plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2015 RMB'000	2014 RMB'000
Long-term bank and other loans	**5.07%**	6.55%

28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015
(Expressed in RMB)

	Note	**2015 RMB'000**	2014 RMB'000
Non-current assets			
Property, plant and equipment		**69**	3
Investments in subsidiaries		**908,666**	854,680
Loans to subsidiaries		**64,798**	65,024
		973,533	919,707
Current assets			
Other receivables		**1,600,525**	1,372,410
Cash and cash equivalents		**118,889**	301,130
		1,719,414	1,673,540
Current liabilities			
Other payables		**59,386**	47,103
Bank and other loans		**156,469**	46,560
		215,855	93,663
Net current assets		**1,503,559**	1,579,877
Total asset less current liabilities		**2,477,092**	2,499,584
Non-current liabilities			
Bank loan		**465,022**	565,045
NET ASSETS		**2,012,070**	1,934,539
CAPITAL AND RESERVES	24		
Share capital		**84,867**	84,867
Reserves		**1,927,203**	1,849,672
TOTAL EQUITY		**2,012,070**	1,934,539

Approved and authorised for issue by the board of directors on 29 March 2016.

Zhao John Huan	**Cui Xiangdong**
Director	*Director*

29 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Issuance of convertible bonds

On 9 November 2015, the Company announced that it has entered into a Strategic Cooperation Agreement with China-Africa Development Fund and a Subscription Agreement with China-Africa Manufacturing Investment Co., Limited (the "Bondholder") pursuant to which the Bondholder has conditionally agreed to subscribe in cash for, and the Company conditionally agrees to issue, convertible bonds in the aggregate principal amount of US$10.0 million (the "Convertible Bonds").

On 4 February 2016, the Company announced that the issuance of the Convertible Bonds has been completed on the same date.

(b) Adoption of new share option scheme

On 29 January 2016, the Company announced that the board of the Company proposes to adopt a new share option scheme (the "New Share Option Scheme") in view that the old share option scheme was expired on 22 June 2015. The New Share Option Scheme will be valid and effective for a period of 10 years commencing from the date on which the New Share Option Scheme is deemed to take effect in accordance its terms.

The New Share Option Scheme has been approved by a special general meeting of shareholders of the Company on 19 February 2016.

(c) Entering into connected transactions

On 16 December 2015, the Company announced that certain subsidiaries of the Company has entered into various construction and design contracts with certain affiliates of Triumph Technology Group Company, a substantial shareholder of the Company, with an aggregate contract amount of RMB216.6 million.

The above transactions constitute connected transactions and have been approved by a special general meeting of shareholders of the Company on 19 February 2016.

30 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation to facilitate comparison.

31 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors of the Company consider the immediate and ultimate holding company of the Company at 31 December 2015 to be First Fortune Enterprises Limited and Easylead Management Limited, respectively, which are both incorporated in the British Virgin Islands. Neither of these companies produces financial statements available for public use.

Expressed in RMB unless otherwise indicated

32 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to HKAS 27, *Equity method in separate financial statements*	1 January 2016
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28, *Investment entities: Applying the consolidation exception*	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
HKFRS 14, *Regulatory deferral accounts*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these new standards and amendments to standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.