福萊特玻璃集團股份有限公司
Flat Glass Group Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 6865

ANNUAL REPORT **2015**

Contents

Corporate Information

DIRECTORS

Executive directors

Mr. Ruan Hongliang *(Chairman of the Board of Directors)*
Ms. Jiang Jinhua
Mr. Wei Yezhong
Mr. Shen Qifu

Independent non-executive directors

Ms. Pan Yushuang
Mr. Li Shilong
Mr. Ng Ki Hung

SUPERVISORS

Mr. Zheng Wenrong *(Chairman of the Board of Supervisors)*
Mr. Shen Fuquan
Mr. Zhu Quanming
Ms. Zhang Hongming
Mr. Meng Lizhong

AUDIT COMMITTEE

Ms. Pan Yushuang *(Chairman)*
Mr. Li Shilong
Mr. Ng Ki Hung

REMUNERATION COMMITTEE

Ms. Pan Yushuang *(Chairman)*
Mr. Ruan Hongliang
Mr. Li Shilong

NOMINATION COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Ms. Pan Yushuang
Mr. Ng Ki Hung

STRATEGIC DEVELOPMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Wei Yezhong
Ms. Pan Yushuang

RISK MANAGEMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Ms. Jiang Jinhua
Ms. Pan Yushuang

JOINT COMPANY SECRERARIES

Ms. Ruan Zeyun
Ms. Leung Wing Han Sharon

AUTHORISED REPRESENTATIVES

Mr. Ruan Hongliang
Ms. Ruan Zeyun

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1999 Yunhe Road
Xiuzhou District
Jiaxing
Zhejiang Province
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

CORPORATE WEBSITE

www.flatgroup.com.cn

LEGAL ADVISERS AS TO HONG KONG LAW

Orrick, Herrington & Sutcliffe

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountant

PRINCIPAL BANKERS

Bank of China Limited, Jiaxing Branch
China CITIC Bank Corporation Limited, Jiaxing Branch
Industrial and Commercial Bank of China Limited, Jiaxing Branch
Bank of China (Hong Kong) Limited
Citibank, N.A (China) Limited, Shanghai Branch
Citibank, N.A., Hong Kong Branch

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Chairman's Statement

Dear all shareholders,

On behalf of the board (the "Board") of directors ("Directors") of Flat Glass Group Co., Ltd. (the "Company", together with its subsidiaries, the "Group") to present the audited consolidated financial statements of the Group for the year ended 31 December 2015. 2015 has been a great year for the Company, under the great trust and support of every single shareholder of the Company, we successfully landed in the international capital market, which opened a new era of development and laid a more solid foundation for our future.

Although significant fluctuation of the capital market and continuous decline of the global economy in 2015 affected greatly the demand and price of the market, but almost every business operation of the Group had performed steadily during the reviewing period. The Group's revenue for the year ended 31 December 2015 increased by 2.8% as compared to that for the year ended 31 December 2014 to RMB2,914.0 million. Profit and total comprehensive income of the Group recorded an increase of 10.5% from RMB392.7 million for the year ended 31 December 2014 to RMB433.8 million for the year ended 31 December 2015.

In order to share the achievement of the Group in 2015 with all our shareholders, the Board has recommended a final dividend of RMB 7.2 cent per share, subject to shareholders' approval at the annual general meeting to be held on 28 June 2016.

CONTINUOUS GROWTH OF PV MARKET

In 2015, with continuous decline of photoroltaic ("PV") module prices, PV power generation becamemore competitive, which in turn promoted growth in the installation of PV systems as compared to installation of other power generation systems. According to the data from the National Energy Administration (國家能源局) ("NEA"), as at 31 December 2015, the cumulative PV installation in the PRC was 43.18 million kilowatts, making the People's Republic of China (the "PRC" or "China") the leading country in terms of global PV power generation capacity. In 2015, the PRC installed new PV systems with a total capacity of 15.13 million kilowatts, which achieved the goal of 15 million kilowatts for the year 2015. The installation of PV systems in the PRC accounted for more than one-fourth of the world's newly installed capacity, and one-third of annual PV modules output in the PRC for 2015 alone. These provided strong market support for the Chinese PV manufacturing industry, and driving a steady growth in market size of the PV glass industry.

PV GLASS CAPACITY EXPANSIONS

In view of the PRC government's initiatives to encourage domestic PV glass manufacturers to expand production to overseas, in 2015, the Group carried out a detailed feasibility study for suitable locations and decided to set up factories in Vietnam to meet the anticipated growing demand for PV glass from the Group's overseas customers. See "Business — Our Production Facilities and Processes — Our Overseas Expansion Plan for PV Glass Production" in the Prospectus for details.

Based on the expansion plan, the Group plans to design and construct PV raw glass production facilities with an expected daily maximum production of 800 tons and an expected designed annual processing capacity of PV glass of approximately 27.0 million square meters. With the new overseas facilities, it is expected that it willincrease the Group's overseas PV glass sales and will enable the Group to provide better localized services to its overseas PV glass customers, including those located in Southeast Asia, India, Europe, Korea and Japan.

The Group had completed the due diligence on investment and construction site as at 31 December 2015. The Group is currently in discussion with the relevant government authorities to finalize matters relating to the investment.

The Group is currently in discussion with the relevant government authorities to finalize matters relating to the investment. It is expected there to be a slight delay in entering into the investment agreement and land acquisition agreement with the Vietnamese local government authorities, and for the commencement of the construction design. Based on the information currently available and to the best information, knowledge and belief of the Directors, the overall completion time of this project will not be materially and adversely affected.

RESEARCH AND DEVELOPMENT

During the period under review, the Group continued to enhance its research and development efforts in order to (i) improve existing production and processing facilities so as to improve product performance, and production and processing efficiency, (ii) maintain and develop industry-leading technologies; and (iii) improve product quality. For example, in the past, the Group developed a coating agent in-house for its PV glass to enhance its light transmission rate. Based on laboratory testing carried out by an independent testing center, our 3.2 millimeters coated PV glass has a light transmission rate of up to 94.5% as compared to 91.8% before the application of the coating agent.

As part of our research and development efforts, in 2015, the Group successfully developed the production methods and manufactured PV glass with thickness of 2.5 millimeters and 2.8 millimeters in order to resolve the issue on the weight of PV modules that use PV glass as back panel. So far, the Group's customers have provided positive feedbacks on these new PV glasses, which have resolved the weight issue of PV modules that use PV glass as back panel and have higher light transmission rate as compared to PV glass of more standard thickness.

LEVERAGING ON QUARTZITE ORE FROM THE MINE

In order to secure a more stable source of silica sand supply for the production of float glass, the Group owns the mining rights to the mine located at the seventh segment of a quartzite mine in the Lingshan-Mujishan mining zone, Fengyang County, Chuzhou City, Anhui Province, the PRC. The Group has commenced using the silica sand processed and refined from the quartzite ore extracted from the mine for the production of the float glass since January 2015. As a result, the Group is able to better control the production costs and increased profitability for the float glass production.

ENVIRONMENTAL PROTECTION

The major pollutants produced from the production of the Group include nitrogenoxides and sulphur dioxide. As part of our social responsibility, and in order to contribute to a better environment, in May 2015, the Group's new flue-gas denitration facilities came into operation.

In recognition of the Company's continuous efforts in environmental protection and energy saving, the China Building Materials Federation* (中國建築材料聯合會), China Concrete Association* (中國水泥協會), China Architectural Land Industrial Glass Association* (中國建築玻璃與工藝玻璃協會) and China Construction Health Ceramics Association* (中國建築衛生陶瓷協會) awarded the Company with"Advanced Exemplary Enterprise for Energy Conservation and Emission Reduction in the Concrete Glass Ceramics Industry of the PRC* (全國水泥玻璃陶瓷產業節能減排先進典型企業)" in October 2015.

Chairman's Statement

LOOKING TO THE FUTURE

Affected by the reduced cost of PV installation, gradual increase in efficiency of PV power generation and increasing awareness of environmental protection across the world, a number of countries have introduced favorable policies to promote the development of PV industry. For example, according to the consultation draft of "Solar Energy Development Thirteenth Five-year Plan (2016-2020)" (《太陽能發展十三五規劃(2016年至2020年)》) published by the NEA in late December 2015, China will complete installed capacity of PV systems of 150 gigawatts by the end of 2020. According to news reports, Bharti Enterprises Ltd. of India, Foxconn Technology Corporation of Taiwan, and Soft Bank Corporation of Japan announced the formation of a three-way joint venture which plans to generate about 20 gigawatts of electricity in India, which would translate to around US$20 billion worth of investments in PV and wind power generation. President Park Geun-hye of SouthKorea announced at the end of 2015 at the United Nations 21st Climate Change Conference (COP21) in Paris that South Korea will develop solar and wind power and other renewable energy sources, and by 2030, the size of renewable energy market in South Korea is expected to reach 100 trillion Korean won. In the next few years, the global PV industry will continue to maintain a rapid growth, thus ensuring continued growth in the demand for PV glass.

As one of the world's leaders in the PV glass industry, the Group will continue to seize market opportunities, expand the Group's production capacity of PV glass, and enhance the technical level of PV glass produced. Our plans to establish our overseas PV glass production and processing facilities in Vietnam and our PV glass processing facilities in Anhui Province, the PRC, are progressing as planned. Upon completion, these facilities will further enhance the Group's economy of scale and market position. At the same time, we will continue to optimize our product mix so as to be able to better adapt to changes in market conditions and reduce any adverse impacts on our operations, allocate more production capacity to higher-margin products so as to improve our profitability, and bring greater returns for shareholders.

Further, the Group installed a total of 8.1 megawatts of distributed PV systems, bringing the total power generation capacity from distributed PV systems to 18.4 megawatts. With the Group's experience in the installation and operation of distributed PV systems, the Group continues to explore opportunities to expand the Group's distributed PV systems operations.

Chairman
Ruan Hongliang

Jiaxing, Zhejiang, the PRC
21 March 2016

* *For identification purposes only*

Four-Year Financial Summary

	Year ended 31 December			
	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,914,049	2,833,306	2,187,283	1,488,557
Cost of sales	(2,060,315)	(1,904,972)	(1,592,422)	(1,167,434)
Gross profit	853,734	928,334	594,861	321,123
Profit before tax	536,405	486,404	264,043	63,406
Income tax expenses	(102,615)	(93,737)	(60,428)	(3,523)
Profit and total comprehensive income for the year	433,790	392,667	203,615	59,883

	As at 31 December			
	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	2,208,527	2,272,220	2,289,444	2,296,356
Current assets	2,479,008	1,831,980	1,663,108	1,347,865
Current liabilities	1,800,454	2,089,462	1,650,601	1,479,673
Net current (liabilities) assets	678,554	(257,482)	12,507	(131,808)
Total assets less current liabilities	2,887,081	2,014,738	2,301,951	2,164,548
Net assets	2,572,775	1,657,534	1,739,677	1,536,062
Share capital	450,000	337,500	359,400	359,400
Reserves	2,122,775	1,320,034	1,380,277	1,176,662
Total equity	2,572,775	1,657,534	1,739,677	1,536,062

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group principally engages in the manufacture and sale of various glass products, namely, PV glass products, float glass products, architectural glass products, household glass products. The production facilities of the Group are strategically located in Jiaxing, Zhejiang Province, the PRC. The Group primarily sells glass products to customers in the PRC, Japan, Singapore, Korea, Taiwan, Germany and the United States. For the year ended 31 December 2015, there was a stable demand for PV installation in China and around the world. Based on (i) the report of NEA published on 5 February 2016 regarding PV installation for the year ended 31 December 2015 and other public information; (ii) the total sales volume of the Group for the year ended 31 December 2015; and (iii) the Group's internal studies, the Group maintained its leading position in the PV glass industry for the year ended 31 December 2015 in terms of PV glass sales volume.

Also, as part of the strategies of the Group in optimizing the product mix in order to readily adapt to the changing market conditions and reduce any adverse impact on its operations, while increasing profitability by allocating more production volume to products with higher gross profit margins and leveraging on the opportunities from the development of energy efficient safety glass products in the PRC, the Group has completed the upgrades for one of its existing low-emissivity ("Low-E") glass processing facilities and has commenced the establishment of new Low-E glass and Low-E composite glass facilities. The newly upgraded Low-E glass processing facilities have improved its processing efficiency of Low-E glass from an average of 52 seconds per glass to up to 35 seconds per glass. As for the new Low-E glass and Low-E composite glass facilities in Jiaxing, Zhejiang Province, the PRC, upon completion by the end of 2016, it is expected to contribute to an additional annual processing capacity of approximately 5.8 million square meters and 1.0 million square meters, respectively.

Furthermore, with the Group's continuing effort to reduce production costs, the Group installed a total of 8.1 megawatts of distributed PV systems at the Group's Jiaxing production facilities, bringing the total power generation capacity from distributed PV systems to 18.4 megawatts as at 31 December 2015. With the Group's experience in the installation and operation of distributed PV systems, the Group continues to explore opportunities to expand the Group's distributed PV systems operations.

CONTINUOUS GROWTH OF PV MARKET

In 2015, with continuous decline of PV module prices, PV power generation became more competitive, which in turn promoted growth in the installation of PV systems as compared to installation of other power generation systems. According to the data from NEA, as at 31 December 2015, the cumulative PV installation in the PRC was 43.18 million kilowatts, making the PRC the leading country in terms of global PV power generation capacity. In 2015, the PRC installed new PV systems with a total capacity of 15.13 million kilowatts, which achieved the goal of 15 million kilowatts for the year 2015. The installation of PV systems in the PRC accounted for more than one-fourth of the world's newly installed capacity, and one-third of annual PV modules output in the PRC for 2015 alone. These provided strong market support for the Chinese PV manufacturing industry, and driving a steady growth in market size of the PV glass industry.

PV GLASS CAPACITY EXPANSIONS

In view of the PRC government's initiatives to encourage domestic PV glass manufacturers to expand production to overseas, in 2015, the Group carried out a detailed feasibility study for suitable locations and decided to set up factories in Vietnam to meet the anticipated growing demand for PV glass from the Group's overseas customers. See "Business — Our Production Facilities and Processes — Our Overseas Expansion Plan for PV Glass Production" in the Prospectus for details.

Based on the expansion plan, the Group plans to design and construct PV raw glass production facilities with an expected daily maximum production of 800 tons and an expected designed annual processing capacity of PV glass of approximately 27.0 million square meters. With the new overseas facilities, it is expected that it will increase the Group's overseas PV glass sales and will enable the Group to provide better localized services to its overseas PV glass customers, including those located in Southeast Asia, India, Europe, Korea and Japan.

The Group had completed the due diligence on investment and construction site as at 31 December 2015. The Group is currently in discussion with the relevant government authorities to finalize matters relating to the investment.

The Group is currently in discussion with the relevant government authorities to finalize matters relating to the investment. It is expected there to be a slight delay in entering into the investment agreement and land acquisition agreement with the Vietnamese local government authorities, and for the commencement of the construction design. Based on the information currently available and to the best information, knowledge and belief of the Directors, the overall completion time of this project will not be materially and adversely affected.

RESEARCH AND DEVELOPMENT

During the period under review, the Group continued to enhance its research and development efforts in order to (i) improve existing production and processing facilities so as to improve product performance, and production and processing efficiency, (ii) maintain and develop industry-leading technologies; and (iii) improve product quality. For example, in the past, the Group developed a coating agent in-house for its PV glass to enhance its light transmission rate. Based on laboratory testing carried out by an independent testing center, our 3.2 millimeters coated PV glass has a light transmission rate of up to 94.5% as compared to 91.8% before the application of the coating agent.

As part of our research and development efforts, in 2015, the Group successfully developed the production methods and manufactured PV glass with thickness of 2.5 millimeters and 2.8 millimeters in order to resolve the issue on the weight of PV modules that use PV glass as back panel. So far, the Group's customers have provided positive feedbacks on these new PV glasses, which have resolved the weight issue of PV modules that use PV glass as back panel and have higher light transmission rate as compared to PV glass of more standard thickness.

Management Discussion and Analysis

LEVERAGING ON QUARTZITE ORE FROM THE MINE

In order to secure a more stable source of silica sand supply for the production of float glass, the Group owns the mining rights to the mine located at the seventh segment of a quartzite mine in the Lingshan-Mujishan mining zone, Fengyang County, Chuzhou City, Anhui Province, the PRC. The Group has commenced using the silica sand processed and refined from the quartzite ore extracted from the mine for the production of the float glass since January 2015. As a result, the Group is able to better control the production costs and increased profitability for the float glass production.

ENVIRONMENTAL PROTECTION

The major pollutants produced from the production of the Group include nitrogen oxides and sulphur dioxide. As part of our social responsibility, and in order to contribute to a better environment, in May 2015, the Group's new flue-gas denitration facilities came into operation.

In recognition of the Company's continuous efforts in environmental protection and energy saving, the China Building Materials Federation* (中國建築材料聯合會), China Concrete Association* (中國水泥協會), China Architectural Land IndustrialGlass Association* (中國建築玻璃與工藝玻璃協會) and China Construction Health Ceramics Association* (中國建築衛生陶瓷協會) awarded the Company with"Advanced Exemplary Enterprise for Energy Conservation and Emission Reduction in the Concrete Glass Ceramics Industry of the PRC* (全國水泥玻璃陶瓷產業節能減排先進典型企業)" in October 2015.

LOOKING INTO THE FUTURE

Affected by the reduced cost of PV installation, gradual increase in efficiency of PV power generation and increasing awareness of environmental protection across the world, a number of countries have introduced favorable policies to promote the development of PV industry. For example, according to the consultation draft of"Solar Energy Development Thirteenth Five-year Plan (2016-2020)" (《太陽能發展十三五規劃 (2016年至2020年)》) published by the NEA in late December 2015, China will complete installed capacity of PV systems of 150 gigawatts by the end of 2020. According to news reports, Bharti Enterprises Ltd. of India, Foxconn Technology Corporation of Taiwan, and SoftBank Corporation of Japan announced the formation of a three-way joint venture which plans to generate about 20 gigawatts of electricity in India, which would translate to around US$20 billion worth of investments in PV and wind power generation. President Park Geun-hye of South Korea announced at the end of 2015 at the United Nations 21st Climate Change Conference (COP21) in Paris that South Korea will develop solar and wind power and other renewable energy sources, and by 2030, the size of renewable energy market in South Korea is expected to reach 100 trillion Korean won. In the next few years, the global PV industry will continue to maintain a rapid growth, thus ensuring continued growth in the demand for PV glass.

As one of the world's leaders in the PV glass industry, the Group will continue to seize market opportunities, expand the Group's production capacity of PV glass, and enhance the technical level of PV glass produced. Our plans to establish our overseas PV glass production and processing facilities in Vietnam and our PV glass processing facilities in Anhui Province, the PRC, are progressing as planned. Upon completion, these facilities will further enhance the Group's economy of scale and market position. At the same time, we will continue to optimize our product mix so as to be able to better adapt to changes in market conditions and reduce any adverse impacts on our operations, allocate more production capacity to higher-margin products so as to improve our profitability, and bring greater returns for shareholders.

Further, the Group installed a total of 8.1 megawatts of distributed PV systems, bringing the total power generation capacity from distributed PV systems to 18.4 megawatts. With the Group's experience in the installation and operation of distributed PV systems, the Group continues to explore opportunities to expand the Group's distributed PV systems operations.

The Group will continue to maintain sufficient resources for research and development, quality improvement and performance increase, so as to maintain the Group's overall competitiveness and profitability.

FINANCIAL REVIEW

Financial Performance

The Group continues to seek ways to improve efficiency and optimizing product mix in order to increase profitability. The Group believes the results for the year ended 31 December 2015 is a statement of its achievements. The revenue of the Group for the year ended 31 December 2015 amounted to RMB2,914.0 million, representing an increase of 2.8% as compared to RMB2,833.3 million for the year ended 31 December 2014. Profit and total comprehensive income of the Group recorded an increase of 10.5% from RMB392.7 million for the year ended 31 December 2014 to RMB433.8 million for the year ended December 2015.

Revenue

The revenue of the Group increased by RMB80.7 million, or 2.8%, from RMB2,914.0 million for the year ended 31 December 2015 to RMB2,833.3 million the year ended 31 December 2014, primarily due to (i) steady increase in sales of PV glass; and (ii) growth in the sales of architectural glass, in particular, Low-E glass products.

The following table sets forth our segment revenue for the years indicated:

	For the year ended 31 December			
	2015 RMB'000	%	2014 RMB'000	%
PV glass	**2,161,194**	**74.16**	2,078,373	73.36
Float glass	**288,980**	**9.92**	353,846	12.49
Household glass	**243,399**	**8.35**	250,875	8.85
Architectural glass	**186,434**	**6.40**	139,197	4.91
Mineral products *(Note)*	**34,042**	**1.17**	11,015	0.39
Total	**2,914,049**	**100.00**	2,833,306	100.00

Note: Mineral products represented quartzite ore extracted from the mine of the Group located in the seventh segment of a quartzite mine in the Lingshan-Mujishan mining zone, Fengyang County, Chuzhou City, Anhui Province, the PRC.

Management Discussion and Analysis

The following table sets forth the revenue of the Group by geographical market, based on the location of operations of the customers of the Group for the years indicated:

	2015 RMB'000	2014 RMB'000
Place of domicile of group entities:		
PRC	**1,587,374**	1,533,670
Other foreign countries:		
Japan	**405,567**	453,109
Other countries in Asia (excluding PRC and Japan)	**630,413**	503,880
Europe	**171,350**	250,650
North America	**92,406**	60,555
Others	**26,939**	31,442
	2,914,049	2,833,306

Cost of Sales

The cost of sales of the Group increased by RMB155.3 million, or 8.2%, from RMB1,905.0 million for the year ended 31 December 2014 to RMB2,060.3 million for the year ended 31 December 2015. The increase of cost of sales was primarily due to the increase in the sales quantity of PV glass and architectural glass. The sales volume of PV glass rose from the 69.5 million square meters in 2014 to 76.6 million square meters in 2015; the sales volume of architectural glass rose from 2.7 million square meters in 2014 to 3.7 million square meters in 2015.

Gross Profit

Gross profit and gross profit margin of the Group for the year ended 31 December 2015 was RMB853.7 million and 29.3%, respectively, as compared to RMB928.3 million and 32.8% for the year ended 31 December 2014, respectively, primarily due to (i) the decline of gross profit of float glass; (ii) average selling price of PV glass having decreased slightly due to new PV glass capacity being released in the year; and (iii) higher energy cost of production from the increased use of natural gas as the Group charged its fuel oil suppliers for better quality fuel oil and for environmental protection reasons.

The table below sets forth the gross profit and gross profit margin by business segments of the Group for the years indicated:

	For the year ended 31 December			
	2015		2014	
	Gross profit RMB'000	Margin (%)	Gross profit RMB'000	Margin (%)
Gross profit rate of branches				
PV glass	738,382	34.17	768,601	36.98
Float glass	14,253	4.93	69,475	19.63
Household glass	55,785	22.92	62,531	24.93
Architectural glass	34,424	18.46	33,762	24.25
Mineral products	10,890	31.99	(6,035)	(54.79)
Total	853,734	29.30	928,334	32.77

Other Income and Expenses

Other income and expenses of the Group for the year ended 31 December 2015 increased by RMB6.7 million, or 32.7%, from RMB20.5 million for the year ended 31 December 2014 to RMB27.2 million for the year ended 31 December 2015. Such increase was primarily due to an increase of government grants.

Other Gains and Losses

Other gains and losses for the year ended 31 December 2015 changed from a loss of RMB38.5 million to a gain of RMB25.6 million. The increase was primarily due to foreign exchange gains of approximately RMB39.2 million from the sales to overseas customers and proceeds from the Global Offering.

Selling and Marketing Expenses

Sales and marketing expenses of the Group for the year ended 31 December 2015 decreased slightly by RMB4.8 million, or 4.4%, from RMB108.8 million for the year ended 31 December 2014 to RMB104.0 million for the year ended 31 December 2015. Selling and marketing expenses represented 3.8% and 3.6% of the total revenue of the Group for the years ended 31 December 2014 and 2015, respectively. The decrease was primarily due to the result of more stringent cost control of the Group in transportation arrangements and expenses for domestic and overseas sales despite an increase in sales for the year ended 31 December 2015.

Management Discussion and Analysis

Administration Expenses

Administration expenses of the Group decreased slightly by RMB3.5 million, or 3.3%, from RMB105.5 million for the year ended 31 December 2014 to RMB102.0 million for the year ended 31 December 2015. Administration expenses represented 3.7% and 3.5% of the total revenue for the years ended 31 December 2014 and 2015, respectively. The decrease was primarily due to the fact that environmental protection and depreciation expenses for the year ended 31 December 2015 had decreased by RMB8.78 million as compared to the year ended 31 December 2014. Environmental cost was incurred mainly due to emissions charges, and as our group invested and installed flue-gas denitration equipment, the emission was significantly reduced and emission cost was greatly reduced as a result.

Research and Development Expenditure

Research and development expenditure decreased by RMB26.8 million, or 20.7%, from RMB129.3 million for the year ended 31 December 2014 to RMB102.5 million for the year ended 31 December 2015.

Finance Costs

Finance costs decreased by RMB18.8 million, or 23.4%, from RMB80.3 million for the year ended 31 December 2014 to RMB61.5 million for the year ended 31 December 2015. The decrease was primarily due to lower interest rate of outstanding loans.

Gearing Ratio

Gearing ratio equals total debt divided by total equity as of the end of the year or period multiplied by 100%. Total debt includes all interest-bearing bank and other loans. As at 31 December 2015 was approximately 36.2% (2014: 54.3%).

Income Tax Expense

Our income tax expense increased by RMB8.9 million, or 9.5%, from RMB93.7 million for the year ended 31 December 2014 to RMB102.6 million for the year ended 31 December 2015. The increase was primarily because our profit before tax increased by RMB50.0 million, or 10.3%, from RMB486.4 million for the year ended 31 December 2014 to RMB536.4 million for the year ended 31 December 2015. Effective tax rates of Group for the years ended 31 December 2014 and 2015 was 19.3% and 19.1%, respectively, which remained relatively stable.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, profit and total comprehensive income for the year of the Group increased by RMB41.1 million, or 10.5%, from RMB392.7 million for the year ended 31 December 2014 to RMB433.8 million for the year ended 31 December 2015.

ASSETS AND EQUITY

Total assets of the Group as at 31 December 2015 amounted to RMB4,687.5 million, representing an increase of 14.2% as compared to RMB4,104.2 million as at 31 December 2014. Total equity increased by RMB915.3 million, or 55.2%, from RMB1,657.5 million as at 31 December 2014 to RMB2,572.8 million as at 31 December 2015.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2015, the liquidity position of the Group was satisfactory. As at 31 December 2015, the Group's principal sources of cash inflow were from cash generated from operating activities and cash generated from financing activities such as financing provided by the banks. Net proceeds from the Global Offering amounted to approximately RMB779.1 million. See "Future Plans and Use of Proceeds" of the Prospectus for details.

CREDIT RISK AND FOREIGN EXCHANGE RISK

Transactions of the Group are settled in RMB, United States dollars, Euros, Hong Kong dollars and Japanese yen whereas the Group's operating activities are located in the PRC. Bank financing of the Group was settled in RMB and United States dollars for the year ended 31 December 2015 with annual interest rates between 2.31% and 6.50%. As certain sales and procurements, and the proceeds from the Global Offering were not in our reporting currency of RMB but in foreign currency, the Group is exposed to foreign exchange risks. For the year ended 31 December 2015, such risks did not have any material impact on the financial performance of the Group.

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged (i) buildings, plant and machineries with aggregate net book values of appropriately RMB1,150.6 million (31 December 2014: RMB1,304.8 million) to secure bank borrowings granted to the Group; (ii) leasehold land with aggregate net book values of approximately RMB136.7 million (31 December 2014: RMB115.8 million) to secure bank borrowings granted to the Group; and (iii) bank deposits of approximately RMB23.1 million (31 December 2014: RMB16.1 million) to secure letter of credit facilities and bank loans. The pledge bank deposits carry interest at market rates with range from 1.3% to 2.6% per annual as at 31 December 2015 (31 December 2014: 2.6% to 2.8%).

CAPITAL COMMITMENT

Capital commitment includes planned contractual amount of the acquisition of property, plant and equipment, or construction projects of the Group. As at 31 December 2015, the Group's capital commitment amounted to RMB105.2 million, which was primarily related to PV glass project, Low-E production line, environmental protection equipment, machine substitution and technical transformation of other fixed assets.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 2,671 employees and most of them were based in the PRC. For the year ended 31 December 2015, our Group's total employee remuneration was RMB 199.8 million, representing 6.9% of the Group's total revenue.

The Group maintains a good relationship with its employees and provides trainings to employees. New joiners must attend mandatory in-house training. Furthermore, employees may attend external trainings such as trainings for manufacturing management, quality control management and human resources management. Remuneration of employees is reviewed periodically by reference to the market rate. After considering performance of the Group and job performance of specific employees, the Group may pay them discretionary bonus.

The Group makes contributions for our employees in relation to the mandatory social security funds including pension, work-related injury insurance, maternity insurance, medical and unemployment insurance and housing provident fund contributions in the PRC.

DIVIDEND

For the year ended 31 December 2015, the Board proposed a final dividend of RMB7.2 cents per ordinary share (before tax) (equivalent to approximately HK8.6 cents per ordinary share (before tax)) (the "2015 Final Dividend"), subject to approval by the shareholders of the Company at the upcoming annual general meeting of the Company to be held on 28 June 2016 (Tuesday) (the "AGM"). Dividends on domestic shares will be paid in RMB and dividends on H shares will be paid in Hong Kong dollars.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlement to attend and vote at the AGM, the H share register of members of the Company will be closed from 29 May 2016 (Sunday) to 28 June 2016 (Tuesday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, holders of H shares of the Company shall lodge transfer documents with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on 27 May 2016 (Friday).

In addition, subject to the approval of the 2015 Final Dividend by the shareholders at the AGM, the H share register of members of the Company will be closed from 8 July 2016 (Friday) to 12 July 2016 (Tuesday) (both days inclusive) for the purpose of determining shareholders' entitlement to the 2015 Final Dividend. The record date for entitlement to the 2015 Final Dividend is 12 July 2016 (Tuesday). In order to qualify for receiving the 2015 Final Dividend, holders of H shares of the Company shall lodge transfer documents with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at the abovementioned address for registration before 4:30 p.m. on 7 July 2016 (Thursday). Subject to approval by the shareholders of the Company at the AGM, the 2015 Final Dividend will be paid on or around 22 August 2016 (Monday).

TAXATION

Under current PRC tax laws, regulations and rules, foreign individuals and foreign enterprises that are not PRC residents are subject to different tax obligations with respect to the dividends paid by the Company or the gains realized upon the sale or other disposition of H shares of the Company.

Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知) issued by the SAT on 28 June 2011, the Company is required to withhold taxes from dividend payments to non-PRC resident individual holders of H shares at rates ranging from 5% to 20% (usually 10%), depending on the applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H shares resides. Non-PRC resident individual holders of H shares who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from the Company.

Accordingly, when distributing the final dividend to individual shareholders of H shares listed on the Company's H share register of members, the Company shall withhold 10% of final dividend as individual income tax, except where relevant taxation regulation, taxation agreement or notice otherwise stipulated.

In addition, under the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得稅法) and its implementation rules, for foreign enterprises that do not have offices or establishments in the PRC, or have offices or establishments in the PRC to which their income is not related, dividends paid by the Company and the gains realized by such foreign enterprises upon the sale or other disposition of H shares are ordinarily subject to PRC enterprise income tax at a rate of 10%, subject to a further reduction under a special arrangement or applicable treaty between the PRC and the jurisdiction of the relevant foreign enterprise's residence. In accordance with the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Nonresident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代繳企業所得稅有關問題通知》國稅函[2008]897號), which became effective on 6 November 2008, 10% withholding tax shall be imposed on dividends paid by Chinese resident enterprises to holders of H shares that are overseas non-resident enterprises.

Accordingly, the Company shall withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders listed on the Company's H share register of members. Shares registered under the name of non-individual registered shareholders (including HKSCC Nominees Limited, other nominees, trustees or other organizations and institutions) will be treated as being held by non-resident enterprise shareholders, and the dividends receivable shall therefore withhold corporate income tax.

* *For identification purposes only*

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ruan Hongliang (阮洪良先生), aged 54, is a founder of the Group. He is currently an executive Director and the chairman of Board and the general manager of the Company, mainly responsible for the overall corporate strategies formulation, management of business and operation of the Group. Mr. Ruan is currently a member of the remuneration committee and the chairman of each of the nomination committee, strategic development committee and risk management committee of the Company. Mr. Ruan graduated from Jiaxing First High School (嘉興市第一中學) in July 1978.

Mr. Ruan has over 30 years' experience in glass industry. Mr. Ruan served in the Company's predecessor as a director from June 1998 to December 2005, the deputy chairman of the Board from June 1998 to February 1999 and as the chairman of the Board from March 1999 to May 2000 and from September 2003 to December 2005, respectively. Mr. Ruan also served as the deputy general manager of the Company's predecessor from May 2000 to September 2003. Mr. Ruan has served in the Company as the chairman of the Board and the general manager since December 2005. Mr. Ruan also serves in the Company's subsidiaries. He has been a director and general manager of Shanghai Flat Glass Co., Ltd.*(上海福萊特玻璃有限公司) ("Shanghai Flat") since June 2006, of Zhejiang Jiafu Glass Co., Ltd.* (浙江嘉福玻璃有限公司) ("Zhejiang Jiafu") since August 2007, of Anhui Flat Solar Materials Co., Ltd.* (安徽福萊特光伏材料有限公司) ("Anhui Flat Materials") since January 2011, of Anhui Flat Solar Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司) ("Anhui Flat Glass") since January 2011, of Zhejiang Flat Glass Co., Ltd.* (浙江福萊特玻璃有限公司) ("Zhejiang Flat") since February 2011 and of Jiaxing Flat New Energy Technology Co., Ltd.* (嘉興福萊特新能源科技有限公司) ("Flat New Energy") since March 2014. He has also been a director of Flat (Hong Kong) Co., Limited (福萊特（香港）有限公司) ("Flat HK") since January 2013.

Outside of the Group, Mr. Ruan worked as plant manager of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from September 1984 to May 2000. Mr. Ruan has also served as a director of Jiaxing Xiuzhou District Lianhui Venture Capital Co., Ltd.* (嘉興市秀洲區聯會創業投資有限公司) since June 2009.

Mr. Ruan also serves in various industry and business associations. He has served as a standing vice-chairman of Zhejiang Provincial Glass Industry Association* (浙江省玻璃行業協會) since April 2009, a vice-chairman of Jiaxing City Entrepreneur Association* (嘉興市企業家協會) and Jiaxing City Chamber of Commerce* (嘉興市工商業聯合會) since October 2010 and December 2011, respectively. Mr. Ruan has received several awards during the past years, including but not limited to, "the Advanced Participants in Association Activities in the Year 2012* (2012年度協會活動先進工作者)" granted by China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會) in March 2013, "Excellent Entrepreneur of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業優秀企業家)" granted by Association of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業協會) and Selection Committee of Excellent Entrepreneur of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業優秀企業家評選委員會) in December 2012, and "Jiaxing Charity Award in the Year 2011* (2011年度嘉興慈善獎)" granted by Jiaxing Municipal People's Government in December 2011. In addition, Mr. Ruan was also awarded as "The Innovative Pioneer People of Small and Medium Enterprises in the PRC* (中國中小企業創新先鋒人物)" granted by Association of Small and Medium Enterprises in the PRC* (中國中小企業協會) and Selection Committee of Innovative Products among the PRC Enterprises* (中國企業創新成果案例審定委員會) in October 2011, and one of Mr. Ruan's research results was awarded as "Top 100 Innovative & Excellent Research Results of Small and Medium Enterprises in the PRC* (2011年中國中小企業創新100強/優秀創新成果)" by same institutions in October 2011.

Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua, an executive Director, father of Ms. Ruan Zeyun, the chief financial officer and father-in-law of Mr. Zhao Xiaofei, a deputy general manager of the Company.

Ms. Jiang Jinhua (姜瑾華女士), formerly known as Ms. Jiang Jin'e (薑瑾娥), aged 54, joined the Group in June 2000 and is currently an executive Director, the deputy chairman of Board and a deputy general manager of the Company, mainly responsible for assisting Mr. Ruan Hongliang to discharge his duties as the general manager of the Company. Ms. Jiang is currently a member of the remuneration committee of the Company. Ms. Jiang graduated from Arizona State University in the United States in May 2013 with a master degree in business management (long distance learning).

Ms. Jiang has over 22 years' experience in glass industry. She chaired the Board from June 2000 to September 2003 and served as the deputy general manager of our predecessor from September 2003 to December 2005. Ms. Jiang has also served as our deputy chairman of Board since December 2005. She has been a deputy general manager of the Company since June 2009. She served as a director of Zhejiang Jiafu and Anhui Flat Materials, our subsidiaries, from August 2007 to March 2014 and from January 2011 to March 2014, respectively. She also served as the executive deputy general manager of Zhejiang Jiafu from February 2012 to November 2012.

Outside of the Group, Ms. Jiang has been the legal representative of Jiaxing Xiucheng District Construction Project Co., Ltd.* (嘉興市秀城區建設建築工程公司) since September 1993 and was a supervisor of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to August 2009. Ms. Jiang served as a supervisor of Jiaxing City Fute Safety Glass Co., Ltd.* (嘉興市福特安全玻璃有限公司) from November 2003 to August 2008. Ms. Jiang was awarded as "Excellent Female Entrepreneur in Jiaxing* (嘉興市優秀女企業家)" by Female Association of Jiaxing* (嘉興市婦女聯合會) and Association of Female Entrepreneur in Jiaxing* (嘉興市女企業家協會) in December 2012. Ms. Jiang is also the vice-chairman of Association for Female Entrepreneur of Xiuzhou District of Jiaxing* (嘉興市秀洲區企業家協會).

Ms. Jiang Jinhua is the spouse of Mr. Ruan Hongliang, an executive Director, mother of Ms. Ruan Zeyun, the chief financial officer, and mother-in-law of Mr. Zhao Xiaofei, a deputy general manager of the Company.

Mr. Wei Yezhong (魏葉忠先生), aged 44, a co-founder of the Group and is currently an executive Director and a deputy general manager of the Company, mainly responsible for management of our architectural glass business department. Mr. Wei is currently a member of the strategic development committee of the Company. Mr. Wei graduated from Jiaxing Advanced Vocational College* (嘉興市高等專科學校) in Jiaxing City, Zhejiang Province, the PRC, in July 1992. Mr. Wei has been an assistant engineer recognized by Jiaxing Municipal Bureau of Personnel, Zhejiang Province* (浙江省嘉興市人事局), now known as Jiaxing Municipal Bureau of Human Resources and Social Security* (嘉興市人力資源與社會保障局), since August 2000, and an engineer recognized by Jiaxing Municipal Bureau of Human Resources and Social Security since February 2013. Mr. Wei has also been an expert member of the building curtain wall risk-based detection committee of detection technology branch of the Chinese Ceramic Society* (中國硅酸鹽學會測試技術分會建築幕牆風險檢測技術委員會) since March 2015.

Mr. Wei has over 20 years' experience in glass industry. He served in our predecessor as a sales manager from March 2003 to September 2010. He has been serving as a deputy general manager of the Company since July 2009 and a Director since August 2009. He also served as the chairman of the board of Supervisors of the Company from December 2005 to June 2009 and served as the executive deputy general manager of Zhejiang Flat from February 2012 to January 2013.

Outside of the Group, Mr. Wei worked at production position in Jiaxing Bakenaier Glassware Co., Ltd.* (嘉興巴克耐爾玻璃製品有限公司) from September 1994 to September 2001.

Mr. Shen Qifu (沈其甫先生), aged 49, joined the Group in September 1999 and is currently an executive Director of the Company, mainly responsible for management of the business and operation of Zhejiang Flat. Mr. Shen graduated from Shanghai University of Engineering Science* (上海工程技術大學) in Shanghai, the PRC, in January 1987, majoring in machinery manufacturing and equipment.

Mr. Shen has over 15 years' experience in glass industry. Ms.Shen served successively as workshop manager and deputy manager of production department in our predecessor from September 1999 to December 2001. He also served in our predecessor as a brand management manager from December 2001 to August 2010. He served as a Supervisor of the Company from December 2005 to June 2009 and as the chairman of the board of Supervisors of the Company from June 2009 to January 2015. Mr. Shen also served or serves in our subsidiaries. He successively served as a manager of processing production department, an assistant general manager and a deputy general manager of Zhejiang Jiafu from August 2010 to May 2012. He also served as a deputy general manager of Zhejiang Flat from May 2012 to January 2014. He has served as the executive deputy general manager of Zhejiang Flat since January 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Pan Yushuang (潘煜雙女士), aged 51, joined the Group in August 2009 and is currently an independent non-executive Director of the Company. Ms. Pan is currently the chairman of each of the audit committee and remuneration committee, and a member of each of the nomination committee, strategic development committee and risk management committee of the Company. Ms. Pan graduated from Central South University of Technology* (中南工業大學, the predecessor of Central South University (中南大學)) in Changsha City, Hunan Province, the PRC, in March 1996 with a master degree in engineering and furthered her study in Macao University of Science and Technology (澳門科技大學) in Macao, where she graduated with a doctor degree in management (finance) in January 2007. She has been a professor recognized by Zhejiang Provincial Department of Personnel* (浙江省人事廳), now known as Zhejiang Province Human Resources and Social Security Bureau* (浙江省人力資源與社會保障局), since November 2005.

Ms. Pan has served as an independent Director of the Company since August 2009. Ms. Pan has been long dedicated to education of accounting and has over 10 years' experience of accounting and finance. She has served as a professor of accounting in Jiaxing College* (嘉興學院) since 2005. She was hired as 2013 Exam Proposition (Analyzation) Expert for the National Professional Qualification Exam of Accounting* (2013年度全國會計專業技術資格考試命(審)題專家) by the Leading Group Office of the National Professional Qualification Exam of Accounting* (全國會計專業技術資格考試領導小組辦公室) and the Accounting Qualification Assessment Center of Ministry of Finance* (財政部會計資格評價中心) in July 2013. She was awarded by Zhejiang Provincial Bureau of Education* (浙江省教育廳) as one of the Young and Middle-aged Academic Leaders in Institutions of Higher Education in Zhejiang Province* (浙江高校中青年學科帶頭人) in January 2008, and as one of Distinguished Teachers in Institutions of Higher Education in Zhejiang province* (浙江高等學校教學名師) in March 2011. She has also served as a member of Committee of Professional Education of Accounting under Accounting Society of China* (中國會計學會會計教育專業委員會) since May 2010.

Ms. Pan served as an independent non-executive director of Zhejiang Jingxing Paper Joint Stock Co., Ltd.* (浙江景興紙業股份有限公司) (listed on Shenzhen Stock Exchange, stock code: 002067) from September 2007 to September 2013. She currently serves as an independent non-executive director in three listed companies, including Zhejiang Qianjiang Biochemical Co., Ltd.* (浙江錢江生物化學股份有限公司) (listed on Shanghai Stock Exchange, stock code: 600796) since June 2013, Zhejiang Jingxin Pharmaceutical Co., Ltd.* (浙江京新藥業股份有限公司) (listed on Shenzhen Stock Exchange, stock code: 002020) since October 2013 and Zhejiang Jiaxin Silk Co., Ltd.* (浙江嘉欣絲綢股份有限公司) (listed on Shenzhen Stock Exchange, stock code: 002404) since July 2014.

Mr. Li Shilong (李士龍先生), aged 62, joined the Group in July 2012 and is currently an independent non-executive Director of the Company. Mr. Li is currently a member of each of the audit committee and remuneration committee of the Company. Mr. Li graduated from the Correspondence College of China's Communist Party School* (中共中央黨校函授學院) in June 1991, majoring in economic management. Mr. Li has been a senior engineer recognized by National Nuclear Safety Administration* (國家核安全局) since July 1995.

Mr. Li served as a deputy head, the section head and deputy party secretary of the office of Nuclear Safety Bureau under State Scientific and Technological Commission* (國家科委國家核安全辦公室) successively from June 1996 to October 1998, as a deputy director-general-level cadre* (副司局級幹部) of Party Committee of State Administration of Environmental Protection* (國家環境保護總局機關黨委) from October 1998 to August 2005 and has served as the vice chairman of Recycling Metal Branch under China Nonferrous Metals Industry Association* (中國有色金屬工業協會再生金屬分會) since January 2006.

Mr. Ng Ki Hung (吳其鴻先生), aged 62, joined the Group in January 2015 and is currently an independent non-executive Director of the Company. Mr. Ng is currently a member of each of the audit committee and nomination committee of the Company.

Mr. Ng has served as an executive director of Jinhui Holdings Company Limited (金輝集團有限公司) (listed on the Stock Exchange, stock code: 137) and Jinhui Shipping and Transportation Limited (listed on Oslo Stock Exchange, stock code: JIN) since August 1991 and May 1994, respectively.

SUPERVISORS

Mr. Zheng Wenrong (鄭文榮先生), aged 52, a co-founder of the Group, is currently the chairman of the board of supervisors of the Company. Mr. Zheng graduated from Jiaxing First High School* (嘉興市第一中學) in June 1979.

Mr. Zheng has over 16 years' experience in glass industry. He served as the chairman of the Board, the deputy chairman of the Board and the manager of domestic sales of our predecessor from May 2000 to June 2000, from June 2000 to December 2005 and from June 1998 to February 2008, respectively. He served as a Director and the deputy general manager of PV glass business department of the Company from December 2005 to January 2015 and from August 2011 to March 2012, respectively. And he has served as the deputy head of the president's office of the Company since March 2012. Mr. Zheng also served in our subsidiaries. He served as a deputy general manager of Zhejiang Jiafu and a director of Anhui Flat Materials from February 2008 to September 2010 and from January 2011 to March 2014, respectively.

Outside of the Group, Mr. Zheng worked as a director and the chairman of the board of directors of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to May 2000 and from May 2000 to August 2009, respectively.

Mr. Shen Fuquan (沈福泉先生), aged 56, a co-founder of the Group, is currently a supervisor of the Company.

Mr. Shen has over 15 years' experience in glass industry. He served as a Director, the deputy chairman of the Board and a manager of sales department I in our predecessor from May 2000 to June 2000, from May 2000 to June 2000 and from December 2001 to December 2005, respectively. Mr. Shen served as a Director of the Company from December 2005 to January 2015 and has been a manager of procurement department since November 2011. Mr. Shen also served in our subsidiaries. He served as a manager of procurement department of Shanghai Flat from January 2006 to November 2008 and a director of Anhui Flat Glass from January 2011 to March 2014.

Outside of the Group, Mr. Shen served as a supervisor of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to August 2009. He also served as a director of Jiaxing Flat Glass Mirror Co., Ltd.* (嘉興福萊特鏡業有限公司) from July 2000 to December 2008.

Mr. Zhu Quanming (祝全明先生), aged 62, a co-founder of the Group, is currently a supervisor of the Company.

Mr. Zhu has over 16 years' experience in glass industry. He served as a supervisor and manager of retail department of our predecessor from June 1998 to December 2005 and a manager of production department of the Company from December 2005 to September 2010, respectively. He served in the Company as a Director from December 2005 to January 2015, as a deputy general manager from June 2009 to May 2011 and as a deputy general manager of processed glass business department from September 2010 to February 2012. Mr. Zhu also served or serves in our subsidiaries. He served as the executive deputy general manager of Shanghai Flat from February 2012 to November 2012 and served as a supervisor of Anhui Flat Materials from January 2011 to March 2014. He also served as a deputy general manager of Zhejiang Jiafu from November 2012 to January 2015.

Outside of the Group, Mr. Zhu served as a director of Jiaxing Flat Mirror Co., Ltd.* (嘉興福萊特鏡業有限公司) from July 2000 to December 2008.

Ms. Zhang Hongming (張紅明女士), aged 43, joined the Group in March 2003 and is currently a supervisor of the Company. In July 1998, Ms. Zhang graduated from Jiaxing Secondary Specialized School of Broadcasting and Television* (嘉興市廣播電視中等專業學校) in Jiaxing City, Zhejiang Province, the PRC, majoring in finance and accounting.

Ms. Zhang served as the head of planning department of the Company from March 2003 to September 2010, a general manager assistant of processed glass business department of the Company from September 2010 to February 2012, a general manager assistant of Zhejiang Flat from February 2012 to January 2013 and a deputy manager of production of Zhejiang Flat from January 2013 to September 2014. She has served as a deputy manager of credit control department in finance center of the Company since September 2014.

Before joining the Group, Ms. Zhang worked at Jiaxing Bakenaier Glassware Co., Ltd.* (嘉興巴克耐爾玻璃製品有限公司) from January 1994 to September 2000.

Mr. Meng Lizhong (孟利忠先生), aged 32, joined the Group in May 2005 and is currently a supervisor of the Company. Mr. Meng graduated from the Correspondence College of China's Communist Party School* (中共中央黨校函授學院), majoring in public administration in December 2008.

Mr. Meng has over 10 years' experience in glass industry. Mr. Meng served as a salesman of the Company from May 2005 to May 2009, a manager assistant of our external sales department from May 2009 to September 2010, a deputy manager of our external sales department from September 2010 to February 2012 and a deputy manager of our sales center from February 2012 to August 2013. He has served as our sales manager of the sales department of Zhejiang Flat since August 2013. He has also served as a general manager assistant of Zhejiang Flat since January 2015.

SENIOR MANAGEMENT

Mr. Wei Zhiming (韋志明先生), aged 47, joined the Group in August 2006 and is currently a deputy general manager of the Company, mainly responsible for management of the strategic department and technology research and development of the Group. Mr. Wei graduated from Hangzhou University* (杭州大學) in Hangzhou City, Zhejiang Province, the PRC, in July 1991 with a bachelor degree in chemistry.

Mr. Wei has over 23 years' experience in glass industry. He severed as a deputy general manager of the Company and the general manager of the strategic department of the Company since May 2011 and January 2016, respectively. He served as a general manger of the PV glass business department of the Company from February 2012 to December 2015. He served successively as assistant to president and deputy manager of technology research and development center of the Company from May 2011 to June 2011. He also served as the deputy general manager of Shanghai Flat and the executive deputy general manager of Zhejiang Jiafu from August 2006 to February 2008 and from February 2008 to February 2012, respectively. Mr. Wei is also a member of PV Specialized Committee of China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會光伏玻璃專業委員會). In October 2011, one of the research results Mr. Wei participated in was awarded as "Top 100 Innovative & Excellent Research Results of Small and Medium Enterprises in the PRC* (2011年中國中小企業創新100強/優秀創新成果)" by Association of Small and Medium Enterprises in the PRC* (中國中小企業協會) and Selection Committee of Innovative Products among the PRC Enterprises* (中國企業創新成果案例審定委員會).

Prior to joining the Group, he started his career working as the deputy plant manager of Huzhou Glass Plant* (湖州玻璃廠) from August 1991 to June 2001.

Mr. Zhao Xiaofei (趙曉非先生), aged 30, joined the Group in May 2011 and is currently a deputy general manager of the Company, mainly responsible for the management of the business and operation of the Group's PV glass business department. Mr. Zhao graduated from the University of Northern Virginia in the United States in December 2007 with a bachelor degree in science in business administration (long distance learning).

Mr. Zhao served as assistant to manager of the PV glass sales department of sales center of the Company and assistant to general manager of sales center of the Company from May 2011 to July 2011 and from July 2011 to February 2012, respectively, a deputy general manager of float glass business department of the Company from November 2012 to February 2013, as well as deputy general manager of sales center of the Company from February 2013 to July 2013. He also served as assistant to general manager of Zhejiang Jiafu from February 2012 to August 2012. He served as a deputy general manager of Zhejiang Jiafu from August 2012 to November 2012. He served as the executive deputy general manager of Zhejiang Jiafu from July 2013 to December 2015. He served as a deputy general manager of the Company and the general manager of the PV glass business department of the Company since January 2015 and January 2016, respectively.

Prior to joining the Group, Mr. Zhao worked as a sales manager for Zhejiang Newfine Industry Co., Ltd.* (浙江新正方實業股份有限公司) from May 2008 to April 2011.

Mr. Zhao Xiaofei is the spouse of Ms. Ruan Zeyun, the chief financial officer, and son-in-law of Mr. Ruan Hongliang, an executive Director, and Ms. Jiang Jinhua, an executive Director.

Biographies of Directors, Supervisors and Senior Management

Ms. Ruan Zeyun (阮澤雲女士), formerly known as Ms. Ruan Xiao (阮曉), aged 29, joined the Group in October 2009 and is currently the chief financial officer and Board secretary of the Company, mainly responsible for the daily affairs of the Board and the management of our finance center. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management.

Ms. Ruan served as the Board secretary and the chief financial officer of the Company since April 2010 and since November 2013, respectively. She also served or serves in our subsidiaries. She served as an assistant to general manager of Shanghai Flat from October 2009 to January 2011 and has served as the executive deputy general manager of Shanghai Flat from January 2010 to December 2011. She served as a director of Anhui Flat Glass from January 2011 to March 2014. Ms. Ruan also serves in several industry and business associations. She is a member of PV Specialized Committee of China Architectural and Glass Association* (中國建築玻璃與工業玻璃協會光伏玻璃專業委員會) and a member of Youth Association in Jiaxing* (嘉興市青年聯合會).

Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, a deputy general manager of the Company, and the daughter of Mr. Ruan Hongliang, and an executive Director, and Ms. Jiang Jinhua, an executive Director.

JOINT COMPANY SECRETARIES

Ms. Ruan Zeyun (阮澤雲), formerly known as Ms. Ruan Xiao (阮曉), aged 29, joined the Group in October 2009 and was appointed as a joint company secretary on 1 April 2015.

Ms. Leung Wing Han Sharon (梁頴嫻), was appointed as a joint company secretary of the Company on 1 April 2015. She is a vice president of SW Corporate Services Group Limited. She has over 10 years of experience in finance, accounting and company secretarial matters. Ms. Leung holds degrees of Bachelor Business Administration in Accounting, Bachelor of Laws, and Master of Laws in International Corporate and Financial Law. She is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators in UK, and the Association of Chartered Certified Accountants in UK. She is also a member of the Hong Kong Institute of Certified Public Accountants.

* *For identification purposes only*

Corporate Governance Report

The Board recognizes the importance of good corporate governance in the management structure and internal control procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-making process are properly regulated and are in full compliance with the applicable laws and regulations.

In the opinion of the Directors, the Company had complied with the code provisions in the Corporate Governance Code ("CG Code") as set forth in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since the date of listing of the Company's H shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 November 2015 (the "Listing Date") up to and including 31 December 2015 except for code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ruan Hongliang currently holds both positions. Throughout the Group's business history of over 15 years, Mr. Ruan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Board considers that Mr. Ruan is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Company and the shareholders as a whole.

BOARD OF DIRECTORS

The Board currently comprises four executive Directors and three independent non-executive Directors. Biographical details of the Directors are set forth on pages 18 to 24 of this annual report.

The Directors during the year ended 31 December 2015 were:

Executive Directors

Mr. Ruan Hongliang
Ms. Jiang Jinhua
Mr. Wei Yezhong
Mr. Shen Qifu

Independent Non- executive Directors

Ms. Pan Yushuang
Mr. Li Shilong
Mr. Ng Ki Hung

Mr. Ruan Hongliang, an executive Director and chairman of the Board, is the spouse of Ms. Jiang Jinhua, an executive Director.

Ms. Ruan Zeyuon, the Chief financial officer, Board secretary and the joint company secretary of the Company is the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Mr. Zhao Xiaofei, a deputy general manager of the Company, is the spose of Ms. Ruan Zeyun and the Son-in-law of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Other than that, there is no relationship among members of the Boards in respect of financial, business or other material relationship.

Corporate Governance Report

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating operating and financial performance, reviewing the corporate governance measures and supervising of the overall management of the Group. The Board is also responsible for developing, reviewing and monitoring policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The senior management of the Group is responsible for the implementation of business strategies and day-to-day operations of the Group under the leadership of the chairman of the Group. The Directors have full access to all the information of the Group in relation to business operations and financial performance of the Group. Senior management of the Group also provides the Directors from time to time with information on the business operations of the Group. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. Throughout the year ended 31 December 2015, all Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties.

Meetings and Directors Attendance Record

The Board meets regularly either in person or through electronic means of communication to discuss the overall strategy as well as the operation and financial performance of the Group. The number of the Board meetings and general meetings held and the attendance of each Director at these meetings for the year ended 31 December 2015 have been set out as follows:

No. of attendance/No. of meetings

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Strategic Development Committee meetings	Risk Management Committee meetings	General meetings
Executive Directors							
Mr. Ruan Hongliang	9/9	N/A	—/— *(Note)*	—/— *(Note)*	—/— *(Note)*	—/— *(Note)*	6/6
Ms. Jiang Jinhua	9/9	N/A	N/A	N/A	N/A	—/— *(Note)*	6/6
Mr. Wei Yezhong	9/9	N/A	N/A	N/A	—/— *(Note)*	N/A	6/6
Mr. ShenQifu	9/9	N/A	N/A	N/A	N/A	N/A	6/6
Independent Non-executive Directors							
Ms. Pan Yushuang	9/9	1/1	—/— *(Note)*	—/— *(Note)*	—/— *(Note)*	—/— *(Note)*	3/6
Mr. Li Shilong	9/9	1/1	—/— *(Note)*	N/A	N/A	N/A	3/6
Mr. Ng Ki Hung	9/9	1/1	N/A	—/— *(Note)*	N/A	N/A	3/6

Note:

Such committees of the Board were established on 16 October 2015, at the Board meeting after the hearing of the Stock Exchange held for, among others, approving the arrangements subsequent to the listing after the H shares of the Company, and only came into operation after that. As such, no meetings of any of the above committees were convened during the period under review.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the shareholders of the Company and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives an induction to ensure that he has a proper understanding of the business and operations of the Group and that he is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

Throughout the year ended 31 December 2015, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements in relation to continuous responsibilities of a Hong Kong listed company and its directors and other relative compliance issues were provided and notified to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

The Board has three independent non-executive Directors with one of them, Ms. Pan Yushuang, possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rules 3.10(1) and (2) and 3.10A of the Listing Rules.

All of the independent non-executive Directors have submitted their confirmation on independence in accordance with Rule 3.13 of the Listing Rules. Based on the content of such confirmations, the Company considers that all the existing independent non-executive Directors are independent in accordance with the Listing Rules.

BOARD PROCEEDINGS

In accordance with code provisions A.1.1 and A.1.3 of the CG Code, the Board shall hold at least four Board meetings each year, to be convened by the chairman of the Board, and a notice of at least 14 days shall be given for a regular Board meeting. After the Listing Date up to and including 31 December 2015, one regular Board meeting was held with a notice of at least 14 days having been given to the Directors in compliance with the relevant code provision.

The quorum for a Board meeting is at least half of the total number of the Directors (including Directors attending the meeting on behalf of others) being present at the meeting. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a term commencing from the Listing Date, and ending on the expiration of the term of the 4th session of the Board on 30 September 2018, subject to his/her retirement and re-election at annual general meeting in accordance with the Articles of Association.

In accordance with the Articles of Association, a person may be appointed as a Director either by the shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by the shareholders.

BOARD DIVERSITY POLICY

The Company recognizes and embraces the benefits of diversity of Board members. Pursuant to the CG Code, the Board adopted a board diversity policy (the "Board Diversity Policy") on 16 October 2015. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

BOARD OF SUPERVISORS

The board of supervisors of the Company consists of five members. The employee representative supervisors, namely Ms. Zhang Hongming and Mr. Meng Lizhong, were elected by employees, and the other supervisors were elected by the shareholders of the Company. Each of the supervisors has entered into a service contract with the Company for a term commencing on the Listing Date and ending on the expiration of the term of the 4th session of the board of supervisors on 30 September 2018. The functions and duties of the board of supervisors include, but are not limited to: review the financial operations of the Company; supervise the performance of Directors, general manager and senior executives of their duties to the Company; request Directors, general manager and senior executives to rectify actions which are damaging to the Company's interests; examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors to assist in the examination; propose the convening of extraordinary general meetings and motions at the general meetings; conduct investigation if there are any unusual circumstances in the Company's operations; and exercising other rights given to them under the Articles of Association.

DIRECTORS', SUPERVISORS' AND OFFICERS' INSURANCE

The Company has taken out appropriate insurance coverage on Directors', supervisors' and senior management's liabilities in respect of legal actions taken against the same arising out of corporate activities.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

BOARD COMMITTEES

The Board has established the (i) audit committee (the "Audit Committee"), (ii) remuneration committee (the "Remuneration Committee"); (iii) nomination committee (the "Nomination Committee"); (iv) strategic development committee (the "Strategic Development Committee"); and (v) risk management committee (the "Risk Management Committee"), with defined terms of reference. The terms of reference of the Board committees, which explain their respective roles and the authority delegated to them by the Board are available on the websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expense.

Remuneration Committee

The Remuneration Committee was established on 16 October 2015. The Remuneration Committee comprises two independent non-executive Directors and one executive Director, namely Ms. Pan Yushuang, Mr. Li Shilong and Mr. Ruan Hongliang. The chairman of the Remuneration Committee is Ms. Pan Yushuang, an independent non-executive Director. The primary duties of the Remuneration Committee include preparing assessment codes and evaluating the senior management of the Group, determining and reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management. No director takes part in any discussion on his own remuneration.

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

In the band of:	Number of Individuals
Below HK$500,000	2
HK$500,000 to HK$ 1,000,000	5

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 12 and 13 to the consolidated financial statements.

Audit Committee

The Audit Committee was established on 16 October 2015. The Audit Committee comprises three independent non-executive Directors, namely Ms. Pan Yushuang, Mr. Li Shilong and Mr. Ng Ki Hung. Ms. Pan Yushuang, an independent non-executive Director, who has appropriate professional qualification and experience in accounting matters, was appointed as the chairman of the Audit Committee. The Audit Committee primarily assists the Board to review the financial reporting process, evaluate the effectiveness of financial controls and oversee the auditing processes of the Group and relationship with external auditors of the Group.

Nomination Committee

The Nomination Committee was established on 16 October 2015. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Ruan Hongliang, Ms. Pan Yushuang, and Mr. Ng Ki Hung. The chairman of the Nomination Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of the Nomination Committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary review of the qualification and other credentials of the candidates for Directors and senior management. The Nomination Committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy so as to develop and review measurable objectives for the implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

Strategic Development Committee

The Strategic Development Committee was established on 16 October 2015. The Strategic Development Committee comprises two executive Directors and one independent non-executive Director, namely Mr. Ruan Hongliang, Mr. Wei Yezhong and Ms. Pan Yushuang. The chairman of the Strategic Development Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of Strategic Development Committee are to study, advise on and review the Company's long-term development plans and strategies.

Risk Management Committee

The Risk Management Committee was established on 16 October 2015. The Risk Management Committee comprises two executive Directors and one independent non-executive Director, namely Mr. Ruan Hongliang, Mrs. Jiang Jinhua and Ms. Pan Yushuang. The chairman of the Risk Management Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of the Risk Management Committee are to review the Group's business operations, especially on overseas and export business to supervise and control the Group's sanctums-related risks and to monitor and review the Group's risk management and internal control systems and formulate our Group's risk management strategies.

Furthermore, for new customers from Russia, Belarus and Tunisia and other sanctioned countries, being countries on which trade or economic sanctions are imposed by certain overseas governments, such as the United States government and the member states of the European Union, the Risk Management Committee must review and approve these potential customers before the Group can enter into any agreements with these potential customers in order to minimize any risk from doing business with persons located in the sanctioned countries. The Risk Management Committee also monitors the Company's use of proceeds from the global offering of the Group, as well as the performance of the Company's undertaking to the Stock Exchange relating to sanctioned matters. Since the Listing Date and up to 31 December 2015, the Risk Management Committee did not identify any sanctioned-related risks relating to the Company's operations.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CONSTITUTIONAL DOCUMENTS

The Articles of Association was adopted on 18 May 2015 and amended by resolutions of the Board dated 16 October 2015 pursuant to the authority given by the shareholders of the Company at the meeting held on 18 May 2015. Save as disclosed above, there was no change in the constitutional documents of the Company during the year ended 31 December 2015.

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Stock Exchange and the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company had consolidated financial statements for the year ended 31 December 2015 reviewed by the Audit Committee and external auditors, Messrs. Deloitte Touche Tohmatsu. The Directors acknowledge that it is their responsibilities in (i) overseeing the preparation of the financial statements of the Group with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group.

The statement of the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 50 and 51 of this annual report.

Corporate Governance Report

COMPANY SECRETARY

Ms. Leung Wing Han Sharon and Ms. Ruan Zeyun are the joint company secretaries of the Company. Ms. Ruan is the main contact of the Company for Ms. Leung. During the year ended 31 December 2015, Ms. Leung and Ms. Ruan had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the joint company secretaries are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" on page 24 in this annual report.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board acknowledges its responsibility for preparing the financial statements of the Group for each financial year, which shall give a true and fair view of the financial position, performance and cash flow of the Group for that period. 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.

The responsibilities of Messrs. Deloitte Touche Tohmatsu, the Group's external auditors, on the financial statements are set out in the section headed "Independent Auditors' Report" in this annual report.

Internal control

The Board is responsible for ensuring the reliability and effectiveness of the Group's internal control system, among other things, financial, operational and compliance controls. The Group has an internal audit function performed by the Company's audit department. The Board and the Audit Committee had reviewed the effectiveness of the Group's internal control on all major operations of the Group during the year under review.

The Board and the Audit Committee consider that the key areas of the Group's internal control system, including the adequacy of resources, qualifications and experience of the accounting and financial reporting staff, are reasonably implemented and are effective and adequate, and the Group has fully complied with provisions of the Corporate Governance Code regarding internal control system in general for the year ended 31 December 2015.

External auditors

The Company appointed Messrs. Deloitte Touche Tohmatsu as the external auditors during the year ended 31 December 2015. The Audit Committee reviewed the external auditors' statutory audit scope and non-audit services and approved its fees.

For the year ended 31 December 2015, the total auditors' remuneration was approximately RMB1,725,000, of which Messrs. Deloitte Touche Tohmatsu charged the Group approximately RMB1,550,000 for annual audit service, and another certified public accountant firm charged approximately RMB175,000 for the provision of non-audit services.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year under review.

SHAREHOLDERS' RIGHTS

(i) Participation at general meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages participation of its shareholders through annual general meetings and other general meetings where shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 45 days before the meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors.

(ii) Convening extraordinary general meetings

According to the Articles of Association, any shareholder(s) individually or jointly holding more than 10% of the Company's total voting shares (inclusive) may sign one or several written requests with the same format and content to propose to the Board to convene an extraordinary general meeting or class general meeting, and specify the topics of the meeting. The Board shall convene an extraordinary or class general meeting responsively after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated with reference to the date on which the shareholder(s) makes the written request.

If the Board cannot or fails to convene a general meeting, the board of supervisors of the Company shall duly convene such meeting and preside. If the board of supervisors of the Company also cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting.

Where shareholders convene and preside over a meeting because the Board fails to convene the meeting pursuant to the aforesaid request, reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting Directors.

(iii) Procedures for putting forward proposals at a general meeting

According to the articles of association of the Company, any shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a written provisional motion to the convener 10 days before a general meeting is convened, and the Board shall issue a supplementary notice of the general meeting within two days after receipt of the said provisional motion to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration. The content of a motion shall be determined by the general meeting, have definite topics and specific issues for resolution.

Corporate Governance Report

Communications with shareholders and investors

The Company is devoted to developing and maintaining continuous relationship and effective communications with shareholders and investors. To strengthen relationships and enhance communications, the Company has established the following communication channels:

(i) An occasion shall be arranged for shareholders of the Company at the annual general meeting for putting forward their opinions and exchanging views with the Board. Directors shall be present in person at the annual general meeting and answer shareholders' questions;

(ii) Where possible, the interim performance and yearly performance shall be issued early to enable shareholders of the Company to better understood the performance and business operations of the Group;

(iii) The Company also publishes all corporate correspondence on the Company's website www.flatgroup.com.cn; and

(iv) Shareholders may raise any enquiries and proposals to the Board by either directly raising questions at general meetings or providing written notice of such enquiries or proposals for the attention of Ms. Ruan Zeyun, the joint company secretary, at the principal place of business of the Company situated at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC or via e-mail to flat@flatgroup.com.cn.

Report of the Board of Directors

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

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company was established in the PRC and has its registered office and headquarters at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC. Its principal place of business in Hong Kong is at 18/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Komg.

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacturing and sale of photovoltaic glass products, float glass products, energy-efficient glass products, household glass products and other types of relevant products in the PRC. The principal activities and other particulars of the subsidiaries are set out in note 7 to the consolidated financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2015 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 52 to 106 of this annual report.

A discussion and analysis of the Group's performance during the year and material factors underlying its results and financial position are set out in the Management Discussion and Analysis section of this annual report.

RESERVE

Details of movements in reserves of the Company and the Group are set out in note 28 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the latest four financial years is set out on page 7 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 16 to the consolidated financial statements.

Report of the Board of Directors

DIVIDEND

For the year ended 31 December 2015, the Board proposed a final dividend of RMB7.2 cents per ordinary share (before tax) (equivalent to approximately HK8.6 cents per ordinary share (before tax)), subject to approval by the shareholders of the Company at the upcoming annual general meeting of the Company to be held on 28 June 2016 (the "AGM"). Dividends on domestic shares of the Company will be paid in RMB and dividends on H shares will be paid in Hong Kong dollars. Subject to approval by the shareholders of the Company at the AGM, the final dividend for the year ended 31 December 2015 will be paid on or around 22 August 2016 (Monday).

Please refer to page 16 of this annual report for details relating to the closure of the H share register of members of the Company.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB 4.9 million (2014: nil).

PRINCIPAL RISKS AND UNCERTAINTIES FACE BY THE GROUP

The following sets out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks pertaining to the PV glass industry

The Group derived a majority of its revenue from its sales of PV glass. During the year ended 31 December 2015, the revenue generated from the sales of PV glass amount to RMB2,161.2 million, representing 74.16% of the total revenue of the Group. In recent years, the global PV industry has experienced fluctuations in terms of production output and prices of PV modules. In addition, some PV module manufacturers faced severe financial difficulties which impacted the business of PV component makers, including PV glass manufacturers. Some PV module manufacturers were not able to satisfy their payment obligations towards their suppliers, which in turn resulted in the suspension of the business operations of a number of PV glass manufacturers in China. In the past, the Group also had experienced customer defaults. Furthermore, the demand for PV glass generally depends on the demand for PV modules, which is subject to a number of macroeconomic and factors outside the control of PV glass manufacturers. The demand for solar energy also depends on the overall demand for electricity and the overall social and governmental support for the use of renewable energy. If there is any significant decrease in the demand for solar energy or investments in the PV industry, the demand and the prices of PV glass will decrease accordingly. Such decreases could be substantial and could result in significant excessive supply. Any market downturn, over-supply or fluctuations in the PV industry or financial difficulties faced by PV module manufacturers could have a material adverse impact on the business, financial condition and results of operations of the Group.

Risks pertaining to compliance of laws and regulations, such as PRC environmental laws and regulations

The Group is subject to various PRC environmental laws and regulations for the production and sales of its PV glass, float glass, household glass and architectural glass products, which impose standards on the emission and treatment of pollutants created during the manufacturing process, and are required to obtain environmental protection assessment approval and acceptance from the relevant government authorities in the PRC for the operation of the production facilities. The Group is also subject to various PRC laws and regulations in relation to its mine. As a result, the Group is required to obtain permits, licenses and consents, such as the mining permit for its mining activities and the production safety permit for its manufacturing operations. Any unfavorable changes in the scope of these laws and regulations, or application and interpretation of these laws and regulations, may limit or restrict its production capacity or ability or its manufacturing operation, or increase the costs in pollution control or safety improvement, or otherwise increase its cost, which may materially and adversely affect the Group's business and operations. If the Group fails to comply with the laws and regulations, it may be penalized for non-compliance and may materially and adversely affect its business, operations and financial results.

Past performance and forward looking statements

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations are subject to current environmental laws, rules and regulations enacted by the Chinese government, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國污染防治法》), the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》) and the Law on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》).

One of our major pollutants produced from our production is nitrogen oxides and sulphur dioxide. In order to be a socially responsible manufacturer, the Company has installed environmental protection and energy-saving equipment to minimize the impact on the environment from its production, including flue-gas desulphurization facility, flue-gas denitration facility, residual heat power generator and emissions monitoring system. The Company also monitors, through the emissions monitoring system, whether it satisfies the PRC standards on exhaust gas emissions. The Company was accredited with ISO14001:2004 for its environmental management system relating to the production processes of PV glass. For the year ended 31 December 2015, the Company's cost of compliance with applicable environmental rules and regulations was RMB44.9 million.

In recognition of the Company's continuous efforts in environmental protection and energy saving, the China Building Materials Federation* (中國建築材料聯合會), China Concrete Association* (中國水泥協會), China Architectural Land Industrial Glass Association* (中國建築玻璃與工藝玻璃協會) and China Construction Health Ceramics Association* (中國建築衛生陶瓷協會) awarded the Company with "Advanced Exemplary Enterprise for Energy Conservation and Emission Reduction in the Concrete Glass Ceramics Industry of the PRC* (全國水泥玻璃陶瓷產業節能減排先進典型企業)" in October 2015.

KEY RELATIONSHIPS

Employees

The Group maintains a good relationship with its employees and provides trainings to employees. New joiners must attend mandatory in-house training. Furthermore, employees may attend external trainings such as trainings for manufacturing management, quality control management and human resource management. Remuneration of employees is reviewed periodically by reference to the market rate. After considering performance of the Group and job performance of specific employees, the Group may pay them discretionary bonus.

The Group makes contributions for our employees in relation to the mandatory social security funds including pension, work-related injury insurance, maternity insurance, medical and unemployment insurance and housing provident fund contributions in the PRC.

Suppliers

The main raw materials of the Group include fuel, silica and soda ash. Except for natural gas, the Group does not rely on any one single raw material supplier. The Group procures natural gas from one single supplier as the natural gas is supplied through exclusive pipelines connected from such supplier to the Group's production facilities. The Group generally enters into legally binding long-term agreements with its fuel and silica sand suppliers in order to ensure smooth production operation.

Aggregate purchases from the Group's largest and five largest suppliers accounted for 10.2% (2014: 17.4%) and 33.9% (2014: 40.3%), respectively, of the Group's total purchases for the year ended 31 December 2015.

Customers

The Group has established and maintained strong and stable relationships with its customers, with a majority of the top ten customers having had a relationship of five years or above with the Group. The Group's PV glass customers are primarily domestic and overseas PV module manufacturers, whereas its float glass customers are primarily domestic and overseas glass processing manufacturers and domestic glass wholesalers. In addition, the Group sells household glass products to domestic and overseas furniture manufacturers and processing companies and multinational furniture retailers, and sell architectural glass products to domestic and overseas architectural contractors, domestic architectural glass processing companies and domestic construction companies.

During the year ended 31 December 2015, aggregate sales to the Group's largest and five largest customers accounted for 12.1% (2014:7.9%) and 31.2% (2014: 29.4%), respectively, of the Group's total revenue for the year.

At no time during the year had the Directors, the supervisors of the Company and their associates or any shareholder of the Company (who or which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers, raw material suppliers or contractors.

COMPLIANCE WITH LAWS AND REGULATIONS

Since the Company is established and conducts its operations mainly in the PRC, and its H shares are listed on the Stock Exchange, its establishment and operations have to comply with the relevant laws and regulations in both the PRC and Hong Kong. During the year ended 31 December 2015 and up to the date of this annual report, the Company had complied with the relevant laws and regulations in the PRC and Hong Kong.

BANK BORROWINGS

Details of bank borrowings of the Company and its subsidiaries as at 31 December 2015 are set out in note 25 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 28 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules from the Listing Date to 31 December 2015 and at all times up to the date of this annual report.

Report of the Board of Directors

EQUITY- LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2015.

USE OF PROCEEDS

The total net proceeds from the listing of H shares of the Company on the Main Board of the Stock Exchange amounted to approximately HK$884.6 million (the "IPO Proceeds").

As at 31 December 2015, the IPO Proceeds of approximately HK$235.8 million had been used as follows:

Use for	Percentage of net proceeds	Amount of net proceeds HK$ million	Amount utilized HK$ million	Amount remaining HK$ million
Establish overseas PV glass production and processing facilities in Vietnam	46%	406.9	0	406.9
Establish new Low-E and Low-E composite glass processing facilities	17.2%	152.1	41.2	110.9
Research and development of new products and purchase of new equipment	9.7%	85.8	50.6	35.2
Working capital and other general corporate purposes	9.7%	85.8	85.8	0
Modifying and upgrading an existing PV glass furnace	9.1%	80.5	0	80.5
Construction of new 15 MW distributed PV system	8.3%	73.4	58.2	15.2

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since the listing of the Company's H shares on the Main Board of the Stock Exchange on 26 November 2015 up to and including 31 December 2015.

DIRECTORS

For the year ended 31 December 2015 and up to the date of this annual report, the Directors and supervisors of the Company in office are shown as below:

Executive directors
Mr. Ruan Hongliang *(Chairman of the Board of Directors)*
Ms. Jiang Jinhua
Mr. Wei Yezhong
Mr. Shen Qifu (appointed on 20 January 2015)
Mr. Shen Fuquan (resigned on 20 January 2015)
Mr. Zheng Wenrong (resigned on 20 January 2015)
Mr. Zhu Quanming (resigned on 20 January 2015)

Independent non-executive directors
Ms. Pan Yushuang
Mr. Li Shilong
Mr. Ng Ki Hung (appointed on 20 January 2015)
Mr. Ding Bingxing (resigned on 20 January 2015)

Supervisors
Mr. Zheng Wenrong *(Chairman of the Board of Supervisors)* (appointed on 20 January 2015)
Mr. Shen Fuquan (appointed on 20 January 2015)
Mr. Zhu Quanming (appointed on 20 January 2015)
Ms. Zhang Hongming (appointed on 20 January 2015)
Mr. Meng Lizhong (appointed on 20 January 2015)
Mr. Shen Qifu (resigned as supervisor and the Chairman of the Board of Supervisors on 20 January 2015)
Mr. Sun Lizhong (resigned on 20 January 2015)
Mr. Tao Wuping (resigned on 20 January 2015)

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management of the Company are set out on pages 18 to 24 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a term commencing from the Listing Date and ending on the expiration of the term of the 4th session of the Board on 30 September 2018, subject to his/her retirement and re-election at annual general meeting in accordance with the Articles of Association.

Each of the supervisors of the Company has entered into a service contract with the Company for a term commencing from the Listing Date and ending on the expiration of the term of the 4th session of the Board on 30 September 2018, subject to his/her retirement and re-election at annual general meeting of the Company in accordance with the Articles of Associates.

Save as disclosed above, none of the Directors or supervisors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Report of the Board of Directors

PERMITTED INDEMNITY PROVISION

Since the listing of the H shares of the Company on the Stock Exchange on 26 November 2015 up to and including 31 December 2015, the Company had taken out appropriate corporate liability insurance for the its Directors, supervisors and senior management. As of the date of this annual report, such corporate liability insurance remained effective.

REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of the remuneration of the Directors and supervisors of the Company are set out as follows:

	For the year ended 31 December 2015				
	Directors'fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus RMB'000	Total RMB'000
Executive directors					
Mr. Ruan Hongliang	—	582	16	51	649
Ms. Jiang Jinhua	—	460	—	41	501
Mr. Wei Yezhong	—	520	16	21	557
Mr. Shen Qifu (Note 2)	—	337	16	31	384
Independent non-executive directors					
Ms. Pan Yushuang	80	—	—	—	80
Mr. Li Shilong	80	—	—	—	80
Mr. Ng Ki Hung (Note 3)	80	—	—	—	80
Mr. Ding Bingxing (Note 5)	—	—	—	—	—
Supervisors					
Mr. Zheng Wenrong (Note 1)	—	238	16	26	280
Mr. Shen Fuquan (Note 1)	—	238	16	26	280
Mr. Zhu Quanming (Note 1)	—	216	—	26	242
Ms. Zhang Hongming (Note 4)	—	93	8	10	111
Mr. Meng Lizhong (Note 4)	—	180	7	41	228
Mr. Sun Lizhong (Note 6)					
Ms. Tao Wuping (Note 6)					
Total	240	2864	131	237	3472

NOTES:

1、 On 20 January 2015, Mr. Shen Fuquan, Mr. Zheng Wenrong and Mr. Zhu Quanming resigned as executive Directors and were appointed as supervisors of the Company on the same date.

2、 On 20 January 2015, Mr. Shen Qifu resigned as supervisor of the Company and was appointed as executive Director on the same date.

3、 On 20 January 2015, Mr. Ng Ki Hung was appointed as independent non-executive Director.

4、 On 20 January 2015, Ms. Zhang Hongming and Mr. Meng Lizhong were appointed as supervisors of the Company.

5、 On 20 January 2015, Mr. Ding Bingxing resigned as independent non-executive Director.

6、 On 20 January 2015, Mr. Sun Lizhong and Ms. Tao Wuping resigned as supervisors of the Company.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of the Directors, supervisors and the chief executive of the Company in the shares ("Shares"), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

Shareholder	Number of Shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Directors					
Mr. Ruan Hongliang[(3)]	763,440,000	Domestic Shares	Beneficial owner and parties acting in concert	56.55%	42.42%
Ms. Jiang Jinhua[(4)]	763,440,000	Domestic Shares	Beneficial owner and parties acting in concert	56.55%	42.42%
Mr. Wei Yezhong	19,260,000	Domestic Shares	Beneficial owner	1.43%	1.07%
Mr. Shen Qifu	12,840,000	Domestic Shares	Beneficial owner	0.95%	0.71%
Supervisors					
Mr. Zheng Wenrong	57,780,000	Domestic Shares	Beneficial owner	4.28%	3.21%
Mr. Shen Fuquan	38,520,000	Domestic Shares	Beneficial owner	2.85%	2.14%
Mr. Zhu Quanming	38,520,000	Domestic Shares	Beneficial owner	2.85%	2.14%

Notes:

(1) The calculation is based on the total number of 1,350,000,000 Domestic Shares of the company in issue as at 31 December 2015.

(2) The calculation is based on the total number of 1,350,000,000 Domestic Shares and the total number of 450,000,000 H Shares (i.e. a total of 1,800,000,000 Shares) in issue as at 31 December 2015.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. Mr. Ruan Hongliang owns 439,358,400 Domestic Shares. In addition, pursuant to a concert party agreement dated 12 June 2015 entered into between Mr. Ruan Hongliang and Ms.Jiang Jinhua, Mr. Ruan Hongliang is deemed to be interested in the 324,081,600 Domestic Shares owned by Ms. Jiang Jinhua under the SFO.

(4) Ms. Jiang Jinhua is the spouse of Mr. Ruan Hongliang. Ms. Jiang Jinhua owns 324,081,600 Domestic Shares. In addition, pursuant to a concert party agreement dated 12 June 2015 entered into between Mr. Ruan Hongliang and Ms. Jiang Jinhua, Ms. Jiang Jinhua is deemed to be interested in the 439,358,400 Domestic Shares owned by Mr. Ruan Hongliang under the SFO.

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, the persons or corporations who had an interest or short position in the shares ("Shares"), underlying shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholder	Number of Shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares (1)	Approximate percentage of shareholding in the total share capital of the Company (2)
Ms. Ruan Zeyun(3)	355,332,000	Domestic Shares	Beneficial owner and interest of spouse	26.33%	19.74%
Mr. Zhao Xiaofei(4)	355,332,000	Domestic Shares	Beneficial owner and interest of spouse	26.33%	19.74%
Moving Limited(5)	72,267,000	H Shares	Beneficial interest	16.06%	4.01%
Well Prospering Limited(5)	72,267,000	H Shares	Interest of controlled corporation	16.06%	4.01%
Zhejiang Longsheng Group Co., Ltd.(5)	72,267,000	H Shares	Interest of controlled corporation	16.06%	4.01%
Huarong International Asset Management Great China Investment Fund L.P.(6)	109,609,000	H Shares	Beneficial interest	24.36%	6.09%
Beyond Steady Limited(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
Huarong International Asset Management Great China Investment Fund Limited(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
Linewear Assets Limited(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
Huarong International Financial Holdings Limited(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
Camellia Pacific Investment Holding Limited(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
China Huarong International Holdings Limited(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
Huarong Real Estate Co., Ltd.(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%
China Huarong Asset Management Co., Ltd.(6)	109,609,000	H Shares	Interest of controlled corporation	24.36%	6.09%

Notes:

(1) The calculation is based on the total number of 450,000,000 H Shares in issue as at 31 December 2015.

(2) The calculation is based on the total number of 1,350,000,000 Domestic Shares and the total number of 450,000,000 H Shares (i.e. a total of 1,800,000,000 Shares) in issue as at 31 December 2015.

(3) Ms. Ruan Zeyun is the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua and the spouse of Mr. Zhao Xiaofei. Ms. Ruan Zeyun owns 350,532,000 Domestic Shares and is deemed to be interested in the 4,800,000 Domestic Shares owned by Mr. Zhao Xiaofei under the SFO.

(4) Mr. Zhao Xiaofei is the spouse of Ms. Ruan Zeyun. Mr. Zhao Xiaofei directly owns 4,800,000 Domestic Shares and is deemed to be interested in the 350,532,000 Domestic Shares owned by Ms. Ruan Zeyun under the SFO.

(5) Moving Limited is owned as to 100% by Well Prospering Limited, which is in turn owned as to 100% by Zhejiang Longsheng Group Co., Ltd.. Accordingly, each of Well Prospering Limited and Zhejiang Longsheng Group Co., Ltd. is deemed to be interested in the 72,267,000 H Shares held by Moving Limited.

(6) Huarong International Asset Management Great China Investment Fund L.P. is owned as to 71% by Beyond Steady Limited and is managed by Huarong International Asset Management Great China Investment Fund Limited. Beyond Steady Limited and Huarong International Asset Management Great China Investment Fund Limited are owned as to 100% by Linewear Assets Limited, which is in turn owned as to 100% by Huarong International Financial Holdings Limited. Huarong International Financial Holdings Limited is owned as to 51.93% by Camellia Pacific Investment Holding Limited, which is in turn owned as to 100% by China Huarong International Holdings Limited. China Huarong International Holdings Limited is owned as to 88.10% by Huarong Real Estate Co., Ltd., which is in turn owned as to 100% by China Huarong Asset Management Co., Ltd.. Accordingly, each of Beyond Steady Limited, Huarong International Asset Management Great China Investment Fund Limited, Linewear Assets Limited, Huarong International Financial Holdings Limited, Camellia Pacific Investment Holding Limited, China Huarong International Holdings Limited, Huarong Real Estate Co., Ltd. and China Huarong Asset Management Co., Ltd. is deemed to be interested in the 109,609,000 H Shares held by Huarong International Asset Management Great China Investment Fund L.P..

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2015.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save as disclosed in note 12 to the consolidated financial statements, no contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or supervisor of the Company or an entity connected with a Director or supervisor had a material interest, subsisted at the end of the year or at any time during the year ended 31 December 2015.

CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2015, save as disclosed in note 32 to the consolidated financial statements, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

Report of the Board of Directors

COMPETING BUSINESS

None of the Directors and their associates had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2015.

COMPLIANCE WITH NON-COMPETE UNDERTAKING

Each of Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun has confirmed to the Company that he/she has complied with the non-compete undertaking given by them to the Company pursuant to the deed of non-competition dated 16 October 2015. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder have been complied with throughout the period from 16 October 2015 up to and including 31 December 2015.

ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2015 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or supervisors of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

RETIREMENT SCHEMES

The Group abides by the laws and regulations in relation to employee benefits and retirement planning promulgated by the Chinese government. Particulars of the Group's retirement plans are set out in note 29 to the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2015, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the Board and external auditors the accounting standards and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

EXTERNAL AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement. Messrs. Deloitte Touche Tohmatsu will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditors of the Group is to be proposed at the annual general meeting of the Company.

On behalf of the Board of Directors

Ruan Hongliang
Chairman
Jiaxing, Zhejiang, the PRC
21 March 2016

* *For identification purposes only*

Report of the Board of Supervisors

The current session of the board of supervisors of the Company (the "Board of Supervisors") is comprised of five supervisors, namely Mr. Zheng Wenrong, Mr. Shen Fuquan, Mr. Zhu Quanming, Ms. Zhang Hongming and Mr. Meng Lizhong.

In the year ended 31 December 2015, for the Company's long-term interests and shareholders' interests, the Board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and the Listing Rules and earnestly performed their duties of supervision over the activities of the Directors and senior management of the Company. The major works performed by of the Board of Supervisors are presented below:

I. Meetings conducted by the Board of Supervisors

In the year ended 31 December 2015, the Board of Supervisors convened five meetings.

II. Work of the Board of Supervisors

The work of the Supervisory Committee during the year ended 31 December 2015 mainly includes the following:

1. Monitoring implementation of resolutions of general meetings

The Board of Supervisors exercised supervision and inspection of the implementation of the resolutions of the general meetings by the Board and the senior management through observation and attendance at Board meetings and general meetings. The Board of Supervisors considers that the Board and the senior management have diligently performed their duties in compliance with the resolutions of the general meetings. No violation of any laws or regulations or the Articles of Association or any act which jeopardizes the interests of the Company or shareholders' interests of the Company has been found within the performance of the Board and the senior management of the Company.

2. Monitoring legal compliance of the Group's general operation

The Board of Supervisors of the Company exercised supervision on a regular basis over the legal compliance, rationality of the Group's general operation, management of its general ordinary work and the work performance of the Board and senior management. The Board of Supervisors considers that the general operation of the Group is sound and rational, which has also complied with all applicable laws, regulations, rules and the Articles of Association. The members of the Board and the senior management of the Company have conscientiously and diligently performed their duties, and none of the their actions will harm the interests of the Company or the shareholders of the Company.

3. Monitoring daily operating activities of the Group

The Board of Supervisors of the Company exercised supervision over the operating activities of the Group. The Board of Supervisors considers that the Company has already established a sound internal control system, and has made a huge progress in the formulation and implementation of its internal work procedures, thus effectively controlled its exposure to various operating risks. The operation of the Group is in compliance with the PRC laws and regulations and the Articles of Association.

4. Monitoring the Group's financial conditions

The Board of Supervisors has reviewed the Group's 2015 consolidated financial statements, supervised and monitored the Group's implementation of relevant financial policies and legislations as well as details of the Group's assets, financial income and expenditure. It is of the opinion that the Group's annual financial report truly and completely reflects the financial position and operating results of the Group.

Chairman of the Board of Supervisors

Zheng Wenrong
Jiaxing, Zhejiang, the PRC
21 March 2016

Independent Auditors' Report

TO THE MEMBERS OF
FLAT GLASS GROUP CO., LTD.
福萊特玻璃集團股份有限公司
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Flat Glass Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 106, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair value 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 its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
21 March 2016

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	7	**2,914,049**	2,833,306
Cost of sales		**(2,060,315)**	(1,904,972)
Gross profit		**853,734**	928,334
Other income and expenses	8	**27,222**	20,479
Other gains and losses	8	**25,568**	(38,522)
Selling and marketing expenses		**(104,029)**	(108,845)
Administration expenses		**(102,021)**	(105,458)
Research and development expenditure		**(102,520)**	(129,333)
Finance costs	9	**(61,549)**	(80,251)
Profit before tax		**536,405**	486,404
Income tax expense	10	**(102,615)**	(93,737)
Profit and total comprehensive income for the year	11	**433,790**	392,667
EARNING PER SHARE			
– Basic and diluted (RMB cents)	14	**31.11**	29.09

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,740,453	1,760,574
Prepaid lease payments	17	184,628	178,947
Prepayment and intangible assets	18	203,595	227,787
Available-for-sale investment, at cost		4,000	4,000
Deferred tax assets.	19	43,338	39,512
Prepayment for acquisition of property, plant and equipment		8,513	37,400
Deposit for acquisition of land use right	20	24,000	24,000
		2,208,527	2,272,220
CURRENT ASSETS			
Prepaid lease payments	17	4,396	4,209
Inventories	21	209,660	308,592
Trade and other receivables	22	1,290,985	1,342,470
Pledged bank deposits	23	51,992	35,489
Bank balances and cash	23	921,975	141,220
		2,479,008	1,831,980
CURRENT LIABILITIES			
Trade and other payables	24	875,835	1,189,050
Dividends payable		—	54,388
Tax liabilities		69,706	67,385
Borrowings	25	748,839	764,103
Deferred revenue	27	14,991	14,536
Long-term payables for the acquisition of mining right due within one year	26	91,083	—
		1,800,454	2,089,462
Net Current Assets (Liabilities)		678,554	(257,482)
Total Assets Less Current Liabilities		2,887,081	2,014,738

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Borrowings	25	**183,000**	136,000
Deferred revenue	27	**74,656**	79,554
Long-term payables for the acquisition of mining rights	26	**56,650**	141,650
		314,306	357,204
Net Assets		**2,572,775**	1,657,534
CAPITAL AND RESERVES			
Share capital	28	**450,000**	337,500
Reserves		**2,122,775**	1,320,034
Total Equity		**2,572,775**	1,657,534

The consolidated financial statements on pages 52 to 106 were approved and authorised for issue by the Board of Directors on 21 March 2016 and are signed on its behalf by:

DIRECTOR DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital RMB'000	Share premium RMB'000	Production safety fees RMB'000	Equity-settled employee benefits reserve RMB'000 *(note i)*	Statutory surplus reserve RMB'000 *(note iv)*	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2014	359,400	126,132	—	3,277	265,132	985,736	1,739,677
Profit and total comprehensive income for the year	—	—	—	—	—	392,667	392,667
Reduction of capital *(note ii)*	(21,900)	(126,132)	—	—	—	(272,390)	(420,422)
Transfer *(note iii)*	—	—	673	—	(31,230)	30,557	—
Dividends *(note 15)*	—	—	—	—	—	(54,388)	(54,388)
Balance at 31 December 2014.	337,500	—	673	3,277	233,902	1,082,182	1,657,534
Profit and total comprehensive income for the year	—	—	—	—	—	433,790	433,790
Issue of H shares in connection with the Global Offering (as defined in note 1), net off issuance cost	112,500	618,951	—	—	—	—	731,451
Transfer	—	—	3,309	—	23,483	(26,792)	—
Dividends *(note 15)*	—	—	—	—	—	(250,000)	(250,000)
Balance at 31 December 2015	450,000	618,951	3,982	3,277	257,385	1,239,180	2,572,775

Notes:

(i) The equity-settled employee benefits reserve arose in 2009 when certain key management personnel of the Group subscribed for 4.41% of the newly issued shares of the Company. The Group recognised the share-based payment expenses of approximately RMB 3,277,000 in 2009 which represented the difference between the fair value of those shares of approximately RMB 15,690,000 and the consideration received by the Company of approximately RMB 12,413,000.

(ii) On 1 January 2014, certain shareholders of the Company entered into agreements with the Company to reduce share capital by 21,900,000 shares with consideration of RMB19.1973 each.

(iii) For the year ended 31 December 2014, the Group transferred an aggregate RMB 27,413,000 from retained earnings to statutory surplus reserve, which was offset by a subsidiary of the Company who transferred certain statutory surplus reserve amounting to RMB 58,643,000 to the retained earnings to offset its accumulated losses.

(iv) According to the Articles of Association of the Company and its subsidiaries established in the PRC, these PRC entities are required to transfer 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the share capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

Consolidated Statements of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**536,405**	486,404
Adjustments for:		
Finance costs	**61,549**	80,251
Interest income	**(1,169)**	(2,030)
Depreciation of property, plant and equipment	**208,022**	200,322
Amortisation of intangible assets	**24,192**	10,708
Release of prepaid lease payments	**4,320**	4,240
Allowance for doubtful debts, net	**17,574**	18,352
Impairment of property, plant and equipment	**—**	11,600
Loss (gain) on disposal of property, plant and equipment	**7**	(900)
Deferred revenue	**(14,706)**	(12,936)
Operating cash flows before movements in working capital	**836,194**	796,011
Decrease (increase) in inventories	**98,932**	(107,785)
Decrease (increase) in trade and other receivables	**33,911**	(166,977)
(Decrease) increase in trade and other payables	**(273,396)**	174,764
Cash generated from operations	**695,641**	696,013
Income taxes paid	**(104,120)**	(90,586)
NET CASH FROM OPERATING ACTIVITIES	**591,521**	605,427

	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES		
Interest received	1,169	2,030
Proceeds on disposal of property, plant and equipment	17,878	14,269
Proceeds on disposal of land use right	—	7,767
Purchases of property, plant and equipment	(150,547)	(243,806)
Payments for acquisition of land use rights	(10,188)	—
Purchase of intangible assets	—	(910)
Pledged bank deposits placed	(38,131)	(34,215)
Release of pledged bank deposits	21,628	41,002
Assets-related government grants received	10,263	15,991
NET CASH USED IN INVESTING ACTIVITIES	(147,928)	(197,872)
FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	1,570,856	1,202,578
Repayment of bank and other borrowings	(1,539,120)	(1,306,173)
Interest paid	(61,036)	(67,093)
Payment for capital reduction	(110,601)	(309,821)
Proceeds from issue of H shares in connection with the Global Offering	779,096	—
Payment of issuance cost for the Global Offering	(47,645)	—
Dividend paid	(254,388)	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES	337,162	(480,509)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	780,755	(72,954)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	141,220	214,174
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Represented by bank balances and cash	921,975	141,220

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 24 June 1998 as a limited liability company under the Company Law of the PRC. On 29 December 2005, the Company was converted into a joint stock limited liability company and changed its name to 浙江福萊特玻璃鏡業股份有限公司. On 23 March 2011, the Company was renamed as 福萊特光伏玻璃集團股份有限公司and subsequently renamed as 福萊特玻璃集團股份有限公司 on 10 October 2014. The Company issued a prospectus (the "Prospectus") dated 16 November 2015 in relation to its global offering of the Company's shares (the "Global Offering"). The Company's H shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 November 2015 (The "Listing"). Its ultimate controlling parties are Mr. Ruan Hong Liang and Ms. Jiang Jing Hua, who are also the directors of the Company.

The addresses of both the registered office and the principal place of business of the Company are 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC. It was registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap.622) on 29 June 2015. The principal activities of the Company and its subsidiaries (the "Group") are engaged in the manufacturing and sale of glass products.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

(a) New and revised IFRSs adopted during the year

The Group has applied for the first time in the current year the following amendments to IFRSs:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 - 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 - 2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

(b) New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[3]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[4]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to IAS 1	Disclosure Initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 - 2014 Cycle[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[2]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

(b) New and revised IFRSs issued but not yet effective (Continued)

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of IFRS 9 in the future will not have any significant impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

(b) New and revised IFRSs issued but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

(b) New and revised IFRSs issued but not yet effective (Continued)

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Continued)

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Except as described above, the directors of the Company consider that the application of the other new IFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-Based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairments of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

These consolidated financial statements incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

The investments in subsidiaries are stated at cost less accumulated impairment loss, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are included in the consolidated statement of financial position under current liabilities.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements

Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments granted by the shareholders at the grant date.

The fair value in respect of the equity-settled share-based payments granted by the shareholders of the Company to the Group's employees in relation to past services is determined at the grant date, and is pushed down and expensed immediately to Group's profit or loss with a corresponding increase in equity.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of assets (other than construction in progress) after taking into account their estimated residual values, using the straight-line method, over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses (see accounting policy on impairment loss on intangible assets below). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets and investments in subsidiaries

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets as well as investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the relevant lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

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

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' calculated under IFRSs because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (see the accounting policy in respect of impairment losses on non-current assets above), if any.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specified categories: available-for-sale financial asset and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial asset

Available-for-sale financial asset ("AFS") is non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss ("FVTPL").

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, expect for short-term receivables when the effect of discounting is immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Loans and receivables (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including borrowings, trade and other payables and payables for the acquisition of mining rights) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The Group estimates the useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of its competitors. Management will increase the depreciation charge where useful lives are less than previously estimated. The carrying amounts of property, plant and equipment of the Group as at 31 December 2015 were approximately RMB 1,740,453,000 (2014: RMB 1,760,574,000), details of which are set out in note 16.

Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests impairment for property, plant and equipment whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. During the year ended 31 December 2015, no impairment was recognised on property, plant and equipment (2014: RMB 11,600,000), details of which are set out in note 16.

Useful lives and impairment of mining rights

The Group's mining rights are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation of mining rights is recognised using the units of production basis, being the proportion of actual production of ores over the estimated total ore reserve. The estimate of ore reserve is determined, and is used in the calculation of amortisation, the determination if there is any impairment, and the useful life of mines by the industrial experts or other judicial authorities.

The estimates of ore reserve require variable assumptions, and any change in assumptions and other factors may result in change in the estimates which would result in changes in future amortisation and impairment, if any. The carrying amounts of mining rights of the Group as at 31 December 2015 were approximately RMB 201,323,000 (2014: RMB 224,160,000), details of which are set out in note 18.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Recognition of deferred tax asset

The Group recognised deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit would be available against which the deductible temporary difference can be utilised. As at 31 December 2015 the Group has recognised deferred tax asset of approximately RMB 48,493,000 (31 December 2014: RMB 45,076,000), details of which are set out in note 19. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal takes place.

Estimated impairment of trade and bills receivables

When there is objective evidence of impairment loss, the Group take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 December 2015, the balance of allowance for doubtful debts on trade receivables is RMB 46,448,000 (2014: RMB 29,102,000), details of which are set out in note 22.

Estimated impairment of deposits for acquisition of land use right

As at 31 December 2015 and 31 December 2014, the carrying amount of deposits for acquisition of land use right of the Group were RMB 24,000,000. As stated in note 20, the Group has not entered into a land acquisition agreement with the local government. The directors of the Company are of the opinion that the Group will be able to obtain such land use right and therefore no impairment is required at 31 December 2015 and 31 December 2014.

5. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 25 as offset by cash and cash equivalent) and equity attributable to owners of the Company (comprising share capital, share premium and reserves).

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Trade and other receivables (including cash and cash equivalents)	2,182,213	1,464,486
Available-for-sale investment	4,000	4,000
	2,186,213	1,468,486
Financial liabilities		
At amortised cost		
– Trade and other payables	753,599	1,122,256
– Borrowings	931,839	900,103
– Long-term payables for the acquisition of mining rights	147,733	141,650
	1,833,171	2,164,009

Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, pledged bank deposits, bank balances and cash, available-for-sale investment, trade and other payables, borrowings and payables for the acquisition of mining rights. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rate and foreign currency exchange rates. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks from prior years.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings (see note 25 for details of these borrowings). The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances and variable-rate borrowings and payables for the acquisition of mining rights. Currently, the Group does not have a specific policy to manage its interest rate risk, but the management will closely monitor interest rate exposures and consider hedging significant interest rate risk should the need arise.

6. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for non-derivative instruments at the end of each reporting period and the stipulated change taking place at the beginning of the financial years and held constant throughout each reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease for variable-rate borrowings and 50 basis point increase or decrease for variable-rate pledged bank deposits and bank balances is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rate had been of 100 basis points higher/lower for variable-rate borrowings and 50 basis points higher/lower for variable-rate pledged bank deposits and bank balances and all other variables held constant, the Group's post-tax profit would have decreased/increased by RMB 601,000 for the year ended 31 December 2015 (2014: RMB 4,662,000).

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

Foreign currency risk management

The primary economic environment in which the principal subsidiaries of the Company operates is the PRC and its functional currency is RMB. However, certain sales and purchases of the Group are denominated in United States Dollars ("USD"), Euro Dollars ("EUR"), Japanese Yen ("JPY") and Hong Kong Dollars ("HKD"), which are currencies other than the functional currency of the relevant group entities and expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are as follow.

	Liabilities		Assets	
	31/12/2015	31/12/2014	**31/12/2015**	31/12/2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
USD	**25,009**	307,462	**212,139**	191,532
EUR	**4,329**	6,348	**793**	1,444
JPY	**2,080**	—	**40,994**	52,414
HKD	**—**	—	**653,131**	—
Total	**31,418**	313,810	**907,057**	245,390

The Group has set up hedging policy to strike a balance between uncertainty and the risk of opportunity loss due to the growing significance of its exposures to fluctuations in foreign currency. Foreign exchange forward contracts can be used to eliminate the currency exposures. During the year, the Group has not entered into such forward contracts but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% change in RMB against USD, EUR, JPY and HKD respectively. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at each of the end of the reporting period for a 5% change in foreign currency rates.

A positive (negative) number below indicates an increase (decrease) in profit for the year where the relevant foreign currencies strengthen 5% against RMB. For a 5% weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the net profit for the year.

	2015 RMB'000	2014 RMB'000
USD impact	**7,017**	(4,348)
EUR impact	**(133)**	(184)
JPY impact	**1,459**	1,966
HKD impact	**24,492**	—

Credit risk

As at 31 December 2015 and 31 December 2014 the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors of the Company review the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2015 included in the Group's bills receivables are commercial bills of RMB 165,119,000 (31 December 2014: RMB 100,070,000). The directors of the Company are of the opinion that the credit risk of such commercial bills were insignificant as these bills were issued by selected customers, which have good credit quality with the Group.

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on bank balances is limited because the majority of the counterparties are state-owned banks with good reputation or banks with good credit rating assigned by international credit-rating agencies and with good reputation.

6. FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The Group has concentration of credit risk on the Group's trade receivables. For trade receivables, most of the large customers are located in the PRC. Outstanding balance of the five largest customers represented approximately 32% of the trade receivables of the Group at 31 December 2015 (31 December 2014: 35%). In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors of the Company closely monitor the liquidity position and expect to have adequate sources of funding to finance the Group's operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 year RMB'000	2 years to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount RMB'000
As at 31 December 2015								
Trade and other payables	N/A	753,599	—	—	—	—	753,599	753,599
Borrowings	5.35	245,609	529,363	162,867	25,775	4,575	968,189	931,839
Long-term payables for the acquisition of mining rights	6.15	—	94,272	—	—	74,321	168,593	147,733
Total		999,208	623,635	162,867	25,775	78,896	1,890,381	1,833,171
As at 31 December 2014								
Trade and other payables	N/A	1,122,256	—	—	—	—	1,122,256	1,122,256
Borrowings	5.96	177,207	609,073	141,938	—	—	928,218	900,103
Long-term payables for the acquisition of mining rights	6.15	—	—	94,272	—	74,321	168,593	141,650
Total		1,299,463	609,073	236,210	—	74,321	2,219,067	2,164,009

6. FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair value of financial assets and financial liabilities measured at amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these consolidated financial statements approximate their fair values.

7. REVENUE AND SEGMENTAL INFORMATION

The Group identifies operating segments on the basis of internal reports about different products of the Group that are regularly reviewed by the executive directors of the Company, the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance.

Such internal reports include five product types based on sales contract terms, namely photovoltaic glass, household glass, architectural glass, float glass and mining products. These products form the basis on which the Group reports its segment information.

	2015 RMB'000	2014 RMB'000
Segment revenue		
Sales of photovoltaic glass	**2,161,194**	2,078,373
Sales of household glass	**243,399**	250,875
Sales of architectural glass	**186,434**	139,197
Sales of float glass	**288,980**	353,846
Sales of mining products	**34,042**	11,015
Total Revenue	**2,914,049**	2,833,306
Segment results		
Sales of photovoltaic glass	**738,382**	768,601
Sales of household glass	**55,785**	62,531
Sales of architectural glass	**34,424**	33,762
Sales of float glass	**14,253**	69,475
Sales of mining products	**10,890**	(6,035)
Total segment results	**853,734**	928,334

7. REVENUE AND SEGMENTAL INFORMATION (Continued)

	2015 RMB'000	2014 RMB'000
Other income, expenses, gains and losses	**52,790**	(18,043)
Selling and marketing expenses	**(104,029)**	(108,845)
Administration expenses	**(102,021)**	(105,458)
Research and development expenditure	**(102,520)**	(129,333)
Finance cost	**(61,549)**	(80,251)
Profit before tax	**536,405**	486,404
Income tax expense	**(102,615)**	(93,737)
Profit and total comprehensive income for the year	**433,790**	392,667

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the year.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the sum of revenue less cost of sales of the relevant products. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The CODM does not review assets and liabilities by operating segment for the purpose of resource allocation and performance assessment.

7. REVENUE AND SEGMENTAL INFORMATION (Continued)

Geographical information

The Group's operations and non-current assets are substantially located in the PRC, the place of domicile of the relevant group entities.

The analysis of the Group's revenue from external customers attributed to the country of domicile of the relevant group entities, which is the PRC, and to other foreign countries based on the location of customers is as follows:

	2015 RMB'000	2014 RMB'000
Place of domicile of group entities:		
PRC	**1,587,374**	1,533,670
Other foreign countries:		
Japan	**405,567**	453,109
Other countries in Asia (excluding PRC and Japan)	**630,413**	503,880
Europe	**171,350**	250,650
North America	**92,406**	60,555
Others	**26,939**	31,442
	2,914,049	2,833,306

Information about major customers

Revenue from major customers which account for 10% or more of the Group's revenue is as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Customer A *(note 1)*	**351,270**	*

Note:

1: Revenue from photovoltaic glass.

*: The corresponding revenue did not contribute over 10% of the Group's revenue.

8. OTHER INCOME AND EXPENSES, GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Other income and expenses:		
Government grants		
– assets related government grants *(note 27)*	**14,706**	12,936
– others *(note)*	**16,197**	5,513
	30,903	18,449
Donation	**(4,850)**	—
Interest income from bank deposits	**1,169**	2,030
	27,222	20,479
Other gains and losses:		
(Losses) gains on disposal of property, plant and equipment	**(7)**	900
Impairment of property, plant and equipment	—	(11,600)
Net foreign exchange gain (loss)	**39,249**	(12,620)
Allowance for doubtful debts, net	**(17,574)**	(18,352)
Gains on disposal of scrap materials	**4,807**	3,137
Others	**(907)**	13
	25,568	(38,522)

Note: The amounts represent incentives received from various PRC government authorities, which had no conditions imposed by the respective PRC government authorities.

9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on:		
Bank loans wholly repayable within five years	**55,466**	72,775
Long-term payables for the acquisition of mining rights not wholly repayable within five years	**6,083**	7,476
Total finance costs	**61,549**	80,251

10. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current PRC tax:		
– PRC enterprise income tax	**108,891**	104,249
– Over-provision in prior years	**(2,450)**	(7)
	106,441	104,242
Deferred tax credit:	**(3,826)**	(10,505)
	102,615	93,737

No Hong Kong profit tax has been provided as the Group has no relevant assessable profits for the year.

Subsidiaries established in the PRC are subject to PRC Enterprise Income Tax ("EIT") at 25% except for following subsidiaries which enjoyed certain tax exemption and relief.

Zhejiang Jiafu Glass Co., Ltd. ("Zhejiang Jiafu")

Effective from 2010, Zhejiang Jiafu was approved as a high-technology enterprise and is entitled to the PRC EIT at the rate of 15% and the above approval is valid for three years from 2010 to 2012. Subsequently, renewal was obtained and Zhejiang Jiafu was entitled as high-technology enterprise for another three years from 2013 to 2015.

Jiaxing Flat New Energy Technology Co., Ltd. ("Jiaxing Flat")

According to Caishui (2012) No. 10 (《財政部國家稅務局關於公共基礎設施和環境保護節能節水項目企業所得稅優惠政策問題的通知》), Jiaxing Flat enjoys income tax exemption for the first three operating years commenced in 2014. Therefore, the EIT rate of Jiaxing Flat for the years ended 31 December 2015 and 31 December 2014 was nil.

10. INCOME TAX EXPENSE (Continued)

The income tax expense can be reconciled to the profit before tax on the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 RMB'000	2014 RMB'000
Profit before tax	**536,405**	486,404
Tax at the PRC enterprise income tax rate of 25%	**134,101**	121,601
Tax effect of expenses not deductible for tax purpose	**193**	597
Over provision in prior years	**(2,450)**	(7)
Tax effect of tax losses not recognised as deferred tax assets	**2,677**	3,136
Effect of preferential tax rate	**(21,603)**	(20,138)
Tax effect attributable to the additional qualified tax deduction relating to research and development costs *(Note)*	**(10,303)**	(11,452)
Income tax expense	**102,615**	93,737

Note: According to relevant tax law, certain qualified research and development costs are eligible for an additional 50% deduction for PRC enterprise income tax.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015 RMB'000	2014 RMB'000
Depreciation for property, plant and equipment	**208,022**	200,322
Amortisation of intangible assets	**24,192**	10,708
Release of prepaid lease payments	**4,320**	4,240
	236,534	215,270
Allowance for doubtful debts, net	**17,574**	18,352
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	**186,945**	180,808
– Retirement benefit scheme contributions	**12,880**	10,742
	199,825	191,550
Auditors' remuneration	**1,725**	416
Operating lease payments in respect of a rented premise	**164**	—

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance is as follows:

	For the year ended 31 December 2015				
	Directors' fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus RMB'000	Total RMB'000
				(note4)	
Executive directors:					
Mr. Ruan Hongliang *(note 1)*	—	582	16	51	649
Ms. Jiang Jinhua	—	460	—	41	501
Mr. Wei Yezhong	—	520	16	21	557
Mr. Shen Qifu *(note 2)*	—	337	16	31	384
Mr. Shen Fuquan *(note 2)*	—	238	16	26	280
Mr. Zheng Wenrong *(note 2)*	—	238	16	26	280
Mr. Zhu Quanming *(note 2)*	—	216	—	26	242
Independent non-executive directors:					
Ms. Pan Yushuang	80	—	—	—	80
Mr. Ding Bingxing *(note 3)*	—	—	—	—	—
Mr. Li Shilong	80	—	—	—	80
Mr. Ng Ki Hung *(note 3)*	80	—	—	—	80
Total	240	2,591	80	222	3,133

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	For the year ended 31 December 2014			
	Directors' fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Ruan Hongliang *(note 1)*	—	520	12	532
Ms. Jiang Jinhua	—	378	—	378
Mr. Wei Yezhong	—	388	12	400
Mr. Shen Fuquan *(note 2)*	—	208	12	220
Mr. Zheng Wenrong *(note 2)*	—	212	12	224
Mr. Zhu Quanming *(note 2)*	—	214	—	214
Independent non-executive directors:				
Ms. Pan Yushuang	40	—	—	40
Mr. Ding Bingxing	40	—	—	40
Mr. Li Shilong	40	—	—	40
Total	120	1,920	48	2,088

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Notes:

1. Mr. Ruan Hongliang is also the chief executive of the Company.

2. On 20 January 2015, Mr. Shen Fuquan, Mr. Zheng Wenrong and Mr. Zhu Quanming resigned as executive directors and were appointed as supervisors on the same date. And Mr. Shen Qifu resigned as supervisor and was appointed as executive director on the same date.

3. On 20 January 2015, Mr. Ng Ki Hung was appointed as independent non-executive director and Mr. Ding Bingxing resigned as independent non-executive director on the same date.

4. Discretionary bonus is determined with reference to the Group's operating results, individual performance and comparable market statistics.

No remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There is no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, 3 were the directors of the Company for the year ended 31 December 2015 (2014: 2). The emoluments of the remaining 2 (2014: 3) individuals during the years were as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other benefits	1,213	1,437
Retirement benefits scheme contribution	88	87
Discretionary bonus	57	—
	1,358	1,524

The emoluments of the five highest paid individuals (including directors) were within the following bands:

	2015	2014
Nil to HKD 1,000,000	5	5

During the year, no remuneration was paid by the Group to the five individuals with the highest emoluments and directors in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
Profit for the year attributable to owners of the Company (RMB'000)	**433,790**	392,667
Weighted average number of ordinary shares for the purpose of the basic earnings per share ('000)	**1,394,384**	1,350,000
Basic earnings per share (RMB cents)	**31.11**	29.09

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2015 and 31 December 2014, the amount of diluted earnings per share is the same as basic earnings per share for the years ended 31 December 2015 and 31 December 2014.

For both years ended 31 December 2015 and 31 December 2014, the calculation of weighted average number of ordinary shares in issue has taken into account of the share split with a nominal value of RMB 1.00 each into 4 shares of RMB 0.25 each on 18 May 2015 retrospectively.

15. DIVIDEND

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Dividend recognised as distribution during the year	**250,000**	54,388

During the year ended 31 December 2015, a dividend amounting RMB 250,000,000 (2014: RMB 54,388,000) was declared to its then shareholders by the Company pursuant to a shareholders' resolution dated 30 September 2015.

A final dividend of RMB 7.20 cents per share for the year ended 31 December 2015 has been proposed by the directors of the Company on 21 March 2016 and its subject to approval by the shareholders in the forthcoming annual general meeting.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2014	701,793	1,503,729	39,601	31,554	16,176	2,292,853
Additions	—	168,477	2,235	2,270	20,635	193,617
Transfer	11,263	14,650	—	—	(25,913)	—
Disposals	—	(20,948)	(8,304)	(721)	—	(29,973)
At 31 December 2014	713,056	1,665,908	33,532	33,103	10,898	2,456,497
Additions	20,106	42,849	2,637	1,192	139,002	205,786
Transfer	—	92,301	—	—	(92,301)	—
Disposals	(12,203)	(16,517)	(1,522)	—	—	(30,242)
At 31 December 2015	720,959	1,784,541	34,647	34,295	57,599	2,632,041
DEPRECIATION						
At 1 January 2014	102,896	354,045	26,574	15,293	—	498,808
Provided for the year	32,115	155,669	5,032	7,506	—	200,322
Eliminated on disposals	—	(7,348)	(7,661)	(428)	—	(15,437)
At 31 December 2014	135,011	502,366	23,945	22,371	—	683,693
Provided for the year	33,833	164,385	3,844	5,960	—	208,022
Eliminated on disposals	(728)	(9,560)	(1,455)	—	—	(11,743)
At 31 December 2015	168,116	657,191	26,334	28,331	—	879,972
IMPAIRMENT						
At 1 January 2014	—	1,797	—	—	—	1,797
Provide for the year	—	11,600	—	—	—	11,600
Eliminated on disposals	—	(1,167)	—	—	—	(1,167)
At 31 December 2014	—	12,230	—	—	—	12,230
Provided for the year	—	—	—	—	—	—
Eliminated on disposals	—	(614)				(614)
At 31 December 2015		11,616				11,616
CARRYING VALUES						
At 31 December 2014	578,045	1,151,312	9,587	10,732	10,898	1,760,574
At 31 December 2015	552,843	1,115,734	8,313	5,964	57,599	1,740,453

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Certain building, plant and machineries of the Company were revalued in December 2005 when it converted into a joint stock limited liability company.

The Group pledged buildings, plant and machineries with aggregate net book values of approximately RMB 1,150,593,000 as at 31 December 2015 (31 December 2014: RMB1,304,849,000) to secure bank borrowings granted to the Group.

During the year ended 31 December 2014, the Group reviewed the conditions of property, plant and equipment and identified that certain plant and machinery were impaired due to technical obsolescence. An impairment loss of RMB 11,600,000 was made. These assets are used in the Group's photovoltaic glass segment.

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of the residual value at the following rates per annum:

Buildings	4.75%
Plant and machinery	9.5%-23.75%
Motor vehicles	19%-23.75%
Other equipment	19%-31.67%

17. PREPAID LEASE PAYMENTS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Analysed for reporting purpose as:		
Current assets	**4,396**	4,209
Non-current assets	**184,628**	178,947
	189,024	183,156

Certain land use right of the Company were carried at deemed cost which was revalued in December 2005 for the purpose of converting the Company into a joint stock limited liability company.

As at 31 December 2015, the Group pledged leasehold land with aggregate net book values of approximately RMB 136,658,000 to secure bank borrowings granted to the Group (31 December 2014: RMB 115,762,000).

18. PREPAYMENT AND INTANGIBLE ASSETS

	Prepayment of emission rights RMB'000 (note 1)	Mining rights RMB'000 (note 2)	Total RMB'000
COST			
At 1 January 2014	13,640	232,053	245,693
Additions	—	910	910
At 31 December 2014 and 31 December 2015	13,640	232,963	246,603
AMORTISATION			
At 1 January 2014	7,883	225	8,108
Provided for the year	2,130	8,578	10,708
At 31 December 2014	10,013	8,803	18,816
Provided for the year	1,355	22,837	24,192
At 31 December 2015	11,368	31,640	43,008
CARRYING VALUES			
At 31 December 2014	3,627	224,160	227,787
At 31 December 2015	2,272	201,323	203,595

Notes:

(1) The amount represents the payment to Jiaxing Emission Rights Reserve Trading Centre (嘉興市排污權儲備交易中心), which is a government authority for the rights of emission of waste gas and water. The consideration was based on emission volume the Group acquired. Such emission rights are amortised over their useful lives using straight-line method.

(2) The amount represents the right for the mining of a quartzite ore mine which is located in Anhui province, PRC. The mining rights are amortised over its estimated useful life using the units of production method. The mine is operated by 安徽福萊特光伏材料有限公司 Anhui Flat Solar Material Co., Ltd. ("Anhui Flat Material"). The local government granted the mining permit to Anhui Flat Material for a term of 10 years from 2012 to 2022.

19. DEFERRED TAX

The following are the major deferred tax assets recognised and movements thereon during the Track Record Period:

	Provision on impairments	Deferred income	Revaluation of properties arising from joint stock company conversion	Tax losses	Other deductible temporary differences	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	6,575	21,905	(6,009)	512	6,024	29,007
Credit (charge) to profit or loss	3,234	475	445	2,456	3,895	10,505
At 31 December 2014	9,809	22,380	(5,564)	2,968	9,919	39,512
Credit (charge) to profit or loss	5,207	(721)	409	(563)	(506)	3,826
At 31 December 2015	15,016	21,659	(5,155)	2,405	9,413	43,338

The Group has certain unutilised tax losses of RMB 42,113,000 available for offset against future profits as at 31 December 2015 (31 December 2014: RMB 31,404,000). No deferred tax asset has been recognised in respect of those unutilised tax losses due to the unpredictability of future profit streams. The unutilised tax losses will expire in five years for offsetting against future taxable profits.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
2018	**18,860**	18,860
2019	**12,544**	12,544
2020	**10,709**	—

Other than the above amounts, at the end of the reporting period, the Group had no other significant unrecognised deferred taxation.

20. DEPOSIT FOR ACQUISITION OF LAND USE RIGHT

At 31 December 2015 and 31 December 2014, the amount represents the deposits made by the Group to local government for the acquisition of a land use right and details are disclosed in note 30.

21. INVENTORIES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Raw materials and consumables	118,005	128,321
Work in progress	19,513	25,285
Finished goods	72,142	154,986
	209,660	308,592

22. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	589,149	520,872
Less: allowance for doubtful debts	(46,448)	(29,102)
	542,701	491,770
Bills receivable	665,545	796,007
Trade and bills receivables, net	1,208,246	1,287,777
Advances to suppliers	51,906	25,553
Other taxes recoverable	14,864	16,786
Other receivables	15,969	12,354
Total trade and other receivables	1,290,985	1,342,470

22. TRADE AND OTHER RECEIVABLES (Continued)

The carrying amounts of the Group's trade and other receivables that were denominated in foreign currencies were re-translated in RMB and stated for reporting purposes as:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
USD	**156,539**	166,963
EUR	**255**	738
JPY	**38,033**	41,672
	194,827	209,373

Included in bills receivables are commercial bills from certain customers, amounted to 165,119,000 as at 31 December 2015 (31 December 2014: RMB 100,070,000). The maturity of the bills receivables is within 6 months from the end of each reporting period.

The Group allows a normal credit period ranged from 30 - 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods to customers which approximated the respective dates on which revenue was recognised:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 3 months	**479,918**	401,012
Over 3 months but within 1 year	**53,029**	83,481
Over 1 year but within 2 years	**7,177**	6,264
Over 2 years but within 3 years	**2,577**	1,013
	542,701	491,770

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The credit quality of the trade receivables that are neither past due nor impaired had not been changed during this year.

The Group has not provided any allowance of doubtful debts for the following trade receivables which are past due but not impaired because the management of the Group considers that those receivables are recoverable based on the good payment record of the customers.

22. TRADE AND OTHER RECEIVABLES (Continued)

Aging of trade receivables which are past due but not impaired

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Over 3 months but within 1 year	**53,029**	83,481
Over 1 year but within 2 years	**7,177**	6,264
Over 2 years but within 3 years	**2,577**	1,013
	62,783	90,758

Movement of allowance for doubtful debts on trade receivables

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Opening balance	**29,102**	24,744
Impairment losses recognised on receivables	**17,574**	18,352
Written off as uncollectible	**(228)**	(13,994)
Closing balance	**46,448**	29,102

Included in the allowance for doubtful debts are individually impaired trade receivables. With reference to the historical experience including past repayment record, these receivables may not be recoverable. The Group does not hold any collateral over these balances. The Group has made full provision for all receivables aged over 3 years because historical experience is such that receivables that aged beyond 3 years are generally not recoverable.

Transfers of financial assets

The following were the Group's financial assets that were transferred to suppliers to settle its payables by endorsing or discounting those bills receivable on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivable, it continues to recognise the full carrying amount of the bills receivable and the payables to suppliers. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

22. TRADE AND OTHER RECEIVABLES (Continued)

Bills receivable endorsed to suppliers with full recourse

	2015 RMB'000	2014 RMB'000
Carrying amount of transferred assets	379,180	557,264
Carrying amount of associated liabilities	(379,180)	(557,264)
Net position	—	—

Bills receivable discounted to banks with full recourse

	2015 RMB'000	2014 RMB'000
Carrying amount of transferred assets	68,492	20,000
Carrying amount of associated liabilities	(68,492)	(20,000)
Net position	—	—

All the bills receivable discounted to banks or endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

23. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At the end of each reporting period, bank balances and cash of the Group comprise cash and short term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interest at market rates at 0.35% per annum as at 31 December 2015 (31 December 2014: 0.35%).

Pledged bank deposits represent the deposits pledged to banks for securing letter of credit facilities and bank loans. The pledged bank deposits carry interest at market rates which range from 1.3% to 2.6% per annum as at 31 December 2015 (31 December 2014: 2.6% to 2.8%).

The Group's cash and cash equivalents that were denominated in foreign currencies were translated in RMB and stated for reporting purposes as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
USD	55,600	24,569
EUR	538	706
JPY	2,961	10,742
HKD	653,131	—
	712,230	36,017

24. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade payables	**548,963**	809,641
Bills payables	**129,767**	92,009
Interest payable	**1,880**	7,450
Salary and bonus payables	**23,107**	21,554
Advanced receipts from customers	**14,466**	21,674
Other taxes payable	**34,663**	23,566
Payables for acquisition of properties, plants and equipment	**61,908**	88,258
Payables to the then shareholders of the Company *(note 1)*	**—**	110,601
Accruals and other payables	**11,081**	14,297
Withholding tax payable on payment of dividend *(note 2)*	**50,000**	—
Total	**875,835**	1,189,050

Note:

1. Payables to the then shareholders of the Company are unsecured, interest bearing and have been fully repaid in 2015.

2. The amount was subsequently paid in January 2016.

Payment terms with suppliers are mainly on credit within 90 days from the time when the goods are received from suppliers. The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 3 months	**521,344**	804,618
Over 3 months but within 180 days	**5,391**	1,691
Over 180 days but within 1 year	**20,647**	1,513
Over 1 year but within 2 years	**878**	902
Over 2 years	**703**	917
	548,963	809,641

24. TRADE AND OTHER PAYABLES (Continued)

The Group's trade and other payables that were denominated in USD, EUR and JPY the foreign currencies of the relevant group entities, were re-translated in RMB and stated for reporting purposes as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
USD	**2,931**	2,359
EUR	**4,329**	6,348
JPY	**2,080**	—
	9,340	8,707

25. BORROWINGS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Secured bank and other loans *(Note)*	**931,839**	852,413
Unsecured bank loans	**—**	47,690
	931,839	900,103
Fixed-rate borrowings	**378,761**	207,190
Variable-rate borrowings	**553,078**	692,913
	931,839	900,103

Note: As at 31 December 2015, the above bank and other borrowings are secured by (i) the Group's land use right with aggregate carrying values of approximately RMB 136,658,000 (31 December 2014: RMB 115,762,000), and (ii) the Group's buildings, plant and machineries with aggregate carrying values of RMB 1,150,593,000 (31 December 2014: RMB1,304,849,000).

As at 31 December 2014, certain bank borrowings of approximately RMB 644,737,000 were guaranteed by Mr. Ruan Hongliang and Ms. Jiang Jinhua, who are both directors of the Company. Such guarantee has been released as at 3 August 2015.

25. BORROWINGS (Continued)

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Carrying amount repayable:		
Within one year	**748,839**	764,103
More than one year, but not exceeding two years	**156,000**	136,000
Over two years but not more than 5 years	**22,500**	—
More than five years	**4,500**	—
Less: Amounts shown under current liabilities	**748,839**	764,103
Amounts shown under non-current liabilities	**183,000**	136,000

The ranges of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2015	2014
	RMB'000	RMB'000
Effective interest rate:		
Fixed-rate borrowings	**2.31%-5.88%**	5.88%-6.30%
Variable-rate borrowings	**3.04%-6.50%**	4.20%-6.46%

26. LONG-TERM PAYABLES FOR THE ACQUISITON OF MINING RIGHTS

At 31 December 2015, the long-term payables for the acquisition of mining rights was unsecured, bearing variable interest rate with reference to lending interest rates announced by the People's Bank of China. At 31 December 2015, RMB 91,082,000 (2014: Nil) of the long-term payables will be repaid in April 2016 and has been reclassified as current liabilities and remaining portion will be repaid in 2021 in accordance with purchase agreement.

27. DEFERRED REVENUE

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Arising from asset-related government grants		
Within one year	**14,991**	14,536
Over one year	**74,656**	79,554
	89,647	94,090

27. DEFERRED REVENUE (Continued)

	RMB'000
At 1 January 2014	91,035
Government grants received	15,991
Released to profit or loss *(note 8)*	(12,936)
At 31 December 2014	94,090
Government grants received	10,263
Released to profit or loss *(note 8)*	(14,706)
Less: Amounts shown under current liabilities	14,991
Amounts shown under non-current liabilities	74,656

The Group received government subsidies approximately RMB 10,263,000 for the year ended 31 December 2015 (2014: RMB 15,991,000) for the technological upgrade of certain properties, plant and equipment and photovoltaic glass related technology. The amounts are treated as deferred revenue and will be released to profit or loss in line with the estimated useful lives of related property, plant and equipment and upon future expenditure to be incurred.

28. SHARE CAPITAL

	Domestic shares		H shares		Total shares	
	Number '000	RMB '000	Number '000	RMB '000	Number '000	RMB '000
At 31 December 2013, shares of RMB 1.00 each	359,400	359,400	—	—	359,400	359,400
Reduction of capital on 1 January 2014 *(Note 2)*	(21,900)	(21,900)	—	—	(21,900)	(21,900)
At 31 December 2014, shares of RMB 1.00 each	337,500	337,500	—	—	337,500	337,500
Share split *(Note 3)*, shares of RMB 0.25 each	1,012,500	—	—	—	1,012,500	—
Issuance of H shares upon Global Offering of the Company's shares *(Note 4)*, shares of RMB 0.25 each	—	—	450,000	112,500	450,000	112,500
At 31 December 2015, shares of RMB 0.25 each	1,350,000	337,500	450,000	112,500	1,800,000	450,000

28. SHARE CAPITAL (Continued)

Notes:

1. The Company was converted into a joint stock limited liability company on 29 December 2005 (the "Joint Stock Conversion"). On the Joint Stock Conversion, the Company's share capital was RMB 359,400,000 divided into 359,400,000 shares of RMB 1.00 each.

2. On 1 January 2014, certain shareholders of the Company entered into agreement with the Company to reduce share capital by 21,900,000 shares of RMB 1.00 each.

3. Pursuant to a shareholders' resolution dated 18 May 2015, immediately upon the Listing, the shares with a nominal value of RMB1.00 each in the registered share capital of the Company will be split into 4 shares of RMB0.25 each.

4. On 26 November 2015, 450,000,000 H shares of RMB 0.25 each of the Company were issued at a price of HKD 2.10 by way of Global Offering. On the same day, the Company's H shares were listed on the Main Board of the Stock Exchange. The proceeds of HKD 136,456,000 (equivalent to RMB 112,500,000) were credited to the Company's share capital. The remaining proceeds of approximately HKD 808,544,000 (equivalent to RMB 666,596,000) deducting the issuance cost were credited to share premium.

The domestic shares and H shares have a par value of RMB 0.25 each and rank pari passu in all respects except that domestic shares are not listed on or trade in any stock exchange, while H shares are traded in HKD and are listed and traded on the Stock Exchange.

29. RETIREMENT BENEFIT PLANS

The Group's full-time employees in the PRC are covered by a government-sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at an average rate of 20% of employees' salaries, which are charged as an expense when the employees have rendered services entitling them to the contributions and the contributions are due.

As at 31 December 2015, the contributions due in respect of the year that had not been paid over were RMB 96,000 (31 December 2014: RMB 683,000).

30. CAPITAL COMMINTMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment – contracted for but not provided for	**105,166**	65,430

In addition, as of 31 December 2015 there was an estimated commitment of RMB43.0 million by the Group to purchase a land use right under a project investment agreement that the Group entered into with a local government in Anhui Province on 12 August 2010, pursuant to which the Group agreed to establish, among other things, certain glass productions lines within three to five years of the date of the agreement. Under this agreement, the Group has the right to acquire two parcels of land at a discount. In March 2011, the Group prepaid a deposit of RMB24.0 million to the local government for the acquisition of a land use right relating to this project. In July 2015, the Group entered into a supplemental agreement with the local government in Anhui Province to terminate the project investment agreement entered into in August 2010. Pursuant to the supplemental agreement, the deposit of RMB24.0 million will be used for the acquisition of another piece of land use rights for the PV glass processing facilities in Anhui Province.

31. OPERATING LEASES COMMITMENTS

At the end of each reporting period, the Group had outstanding commitments payable under non-cancellable, fixed rate operating leases in respect of office premises which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**24**	36

32. RELATED PARTY TRANSACTIONS

(1) Related party transactions

During the year, other than as disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions:

	2015 RMB'000	2014 RMB'000
Purchase of raw materials from Jiaxing Yucheng Commerce and Trading Co., Ltd. 嘉興市譽誠商貿有限公司 *(Note)*	—	76,006

The following balances were outstanding at the end of the reporting period:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Trade Payables Jiaxing Yucheng Commerce and Trading Co., Ltd. 嘉興市譽誠商貿有限公司 *(Note)*	—	857

Note: 嘉興市譽誠商貿有限公司 Jiaxing Yucheng Commerce and Trading Co., Ltd. was wholly owned by Ms. Jiang Jinhua, one of the executive directors of the Company and the spouse of Mr. Ruan Hongliang. The company has been de-registered in 2015.

(2) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2015 RMB'000	2014 RMB'000
Salaries and allowances	**4,818**	3,394

Key management represents the directors and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the individuals and market trends.

33. STATEMENT OF FINANCIAL POSITION AND RESERVES

	2015 RMB'000	2014 RMB'000
Non-current Assets		
Property, plant and equipment	1,267,800	1,306,408
Prepaid lease payments	131,707	129,812
Prepayment and intangible assets	145	1,315
Available-for-sale investment	4,000	4,000
Deferred tax assets	18,369	17,111
Investment in subsidiaries	300,053	289,992
Amount due from a subsidiary	64,818	78,823
Prepayment for acquisition of property, plant and equipment	7,078	23,843
	1,793,970	1,851,304
Current Assets		
Prepaid lease payments	3,137	3,035
Inventories	124,081	174,312
Trade and other receivables	1,008,896	937,436
Pledged bank deposits	23,105	16,140
Bank balances and cash	748,394	23,489
	1,907,613	1,154,412
Current Liabilities		
Trade and other payables	951,937	838,473
Dividends payable	—	54,388
Tax liabilities	33,626	48,953
Borrowings	491,746	506,612
Deferred revenue	10,070	9,230
Amount due to a subsidiary	—	26,549
	1,487,379	1,484,205
Net current assets (liabilities)	420,234	(329,793)
Total Assets less current liabilities	2,214,204	1,521,511

33. STATEMENT OF FINANCIAL POSITION AND RESERVES (Continued)

	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES		
Borrowings	**150,000**	136,000
Deferred revenue	**57,893**	59,563
	207,893	195,563
Net assets	**2,006,311**	1,325,948
Capital and reserves		
Share capital	**450,000**	337,500
Reserves	**1,556,311**	988,448
	2,006,311	1,325,948

Movement in reserves

	Share premium RMB'000	Equity-settled employee benefits reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	126,132	3,277	121,540	986,907	1,237,856
Total comprehensive income for the year	—	—	—	203,502	203,502
Capital reduction	(126,132)	—	—	(272,390)	(398,522)
Transfer	—	—	24,836	(24,836)	—
Dividends *(note 15)*	—	—	—	(54,388)	(54,388)
Balance at 31 December 2014	—	3,277	146,376	838,795	988,448
Total comprehensive income for the year	—	—	—	**198,912**	**198,912**
Issuance of shares in connection with the Global Offering, net off issuance cost	**618,951**	—	—	—	**618,951**
Transfer	—	—	**20,042**	**(20,042)**	—
Dividends *(note 15)*	—	—	—	**(250,000)**	**(250,000)**
Balance at 31 December 2015	**618,951**	**3,277**	**166,418**	**767,665**	**1,556,311**

Notes to the Consolidated Financial Statements

34. PARTICULARS OF SUBSIDIARES OF THE COMPANY

Details of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place/country and date of establishment/ incorporation	Paid up registered capital	Equity interest attributable to the Group as at 31 December 2014 %	2015 %	Principal activities
福萊特(香港)有限公司 Flat (Hong Kong) Co., Ltd.	Hong Kong 9 January 2013	HKD 77,561	100	**100**	Trading of glass products
上海福萊特玻璃有限公司 Shanghai Flat Glass Co., Ltd.*	The PRC 6 June 2006	RMB 70,000,000	100	**100**	Manufacture and sale of glass products
浙江嘉福玻璃有限公司 Zhejiang Jiafu Glass Co., Ltd.*	The PRC 15 August 2007	RMB 150,000,000	100	**100**	Manufacture and sale of glass products
浙江福萊特玻璃有限公司 Zhejiang Flat Glass Co., Ltd.*	The PRC 14 February 2011	RMB 10,000,000	100	**100**	Manufacture and sale of glass products
安徽福萊特光伏材料有限公司 Anhui Flat Solar Material Co., Ltd.*	The PRC 19 January 2011	RMB 30,000,000	100	**100**	Extraction of a quartzite mine located in the PRC
安徽福萊特光伏玻璃有限公司 Anhui Flat Solar Glass Co., Ltd.*	The PRC 18 January 2011	RMB 30,000,000	100	**100**	Manufacture and sale of glass products
嘉興福萊特新能源科技有限公司 Jiaxing Flat New Energy Technology Co., Ltd.*	The PRC 11 March 2014	RMB 10,000,000	100	**100**	Electricity generation of solar battery module

* Limited liability company established in the PRC.

At the end of the reporting period, all subsidiaries are held by the Company directly.

None of the subsidiaries had issued any debt securities at the end of the reporting period.