ANNUAL REPORT 2015

信義光能控股有限公司

XINYI SOLAR HOLDINGS LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock code: 00968

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. TUNG Ching Sai *(Vice Chairman)* ø<
Mr. LEE Yau Ching *(Chief Executive Officer)*
Mr. LI Man Yin
Mr. CHEN Xi

NON-EXECUTIVE DIRECTORS

Datuk LEE Yin Yee, B.S.S. *(Chairman)* ø~
Mr. LEE Shing Put

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Kwok Kin, Paul *ø<
Mr. LO Wan Sing, Vincent # +<
Mr. KAN E-ting, Martin # ø<

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

COMPANY SECRETARY

Mr. CHU Charn Fai, FCCA, CPA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Xinyi PV Glass Industrial Zone
2 Xinyi Road
Wuhu Economic and Technology Development Zone
Wuhu City, Anhui Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISERS AS TO HONG KONG LAW

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

AUDITOR

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

PRINCIPAL BANKERS

Bank of China (Hong Kong)
The Bank of East Asia
Bank of SinoPac
China Citic Bank
Citibank, N.A
Hang Seng Bank
HSBC
Huishang Bank
Nanyang Commercial Bank
Wing Lung Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

http://www.xinyisolar.com

SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock code: 00968
Listing date: 12 December 2013
Board lot: 2,000 ordinary shares
Financial year end: 31 December
Share price as of the date of this annual report: HK$2.61
Market capitalisation as of the date of this annual report: Approximately HK$17,614 million

KEY DATES

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

Chairman's Statement

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

Although the global macro-economic conditions fell short of expectations and performed badly in the last quarter of 2015, the Group achieved satisfactory results in 2015 by capitalising the benefits from the economies of scale, improved cost control and greater production efficiencies. Solar glass shipment volume increased to a new record level, whilst the solar farm installations also rapidly increased, further strengthening the Group's leading position in the industry.

With timely expansion of the solar glass production capacity — adding two 900-tonnes/day ultra-clear PV raw glass production lines in the second half of 2014 and an upgrade of a 500-tonnes/day PV raw glass production line to 600-tonnes/day in 2015, the Group managed to capture the continuous growth in the global PV market and increase its market share in the solar glass business.

As compared with 2014, revenue of the Group rose by 97.1% to HK$4,750.4 million and profit attributable to equity holders of the Company increased by 144.6% to HK$1,205.6 million in 2015. Basic earnings per Share was 18.53 HK cents, as compared with 8.42 HK cents for 2014. A final dividend of 4.50 HK cents per Share is proposed, subject to the approval by the shareholders (the "**Shareholders**") of the Company at the forthcoming annual general meeting (the "**Annual General Meeting**").

RISING DEMAND IN MAJOR PV MARKETS

Diversifying the energy mix with a higher percentage of solar energy remained the driving force for the growth of the global PV market. In 2015, the leading drivers of growth continued to be China, Japan and the United States ("**US**"), which are the same as in 2014. Nevertheless, other countries and some emerging markets also showed significant increase in the installation levels.

The global macro-economic conditions changed dramatically in the last quarter of 2015. Those changes, however, did not have any material adverse impact on the solar market. China still has a strong installation trend in the second half of the year 2015. Favourable feed-in tariff policies, albeit that they were less favourable than before, sustained the upward trend of the PV investment in Japan. The PV addition levels in the US stood high amid the extension of 30% solar investment tax credit to the end of 2019. With continued expansion of the downstream application market, the upstream solar glass market is expected to expand as well.

STRONG CONTINUED GROWTH IN CHINA PV MARKET

The PV installation in China remained strong and set a new record in 2015. According to the National Energy Administration ("**NEA**"), the new PV capacity of 15.13 gigawatt ("**GW**") was commissioned in 2015, which accounted for more than a quarter of the total global newly installed capacity in 2015.

China is committed to the increasing use of renewable energy as a way of tackling its air pollution issues. In the past few years, its PV development has been supported by a favourable feed-in tariff program and aggressive annual installation targets.

Delay in the subsidy payments and grid curtailment in some provinces were two major challenges to China's PV development in 2015. To encourage innovative development and shift towards the intelligent production, the China National Development and Reform Commission ("**NDRC**") announced in late 2015 a solar feed-in-tariff cut by RMB0.1/kWh for zone 1, RMB0.07/kWh for zone 2 and RMB0.02/kWh for zone 3 from 1 January 2016 for newly approved projects. The cuts in feed-in tariff also raised market concerns. However, with the declining component costs through technology advancement and efficiency improvement, the attractiveness of solar farm projects and the growth momentum of the PV market remained strong.

CAPACITY EXPANSION, QUALITY ENHANCEMENT AND EFFICIENCY IMPROVEMENT

As a leading manufacturer in the global solar glass market, the Group is committed to enhance its product quality and competitiveness on an ongoing basis. During the year, the Group upgraded a 500-tonnes/day PV Raw Glass production line, which has resumed operation in October 2015 with a daily melting capacity increased to 600 tonnes/day. To further improve its operational efficiency and competitive edge, the Group has implemented different measures by improving the manufacturing technologies and the production process, streamlining the operational procedures and refining and strengthening the procurement and logistics functions so as to increase the productivity and the production yields.

Leveraging the cost savings resulting from the technological breakthrough of using glass melting furnaces with a 900-tonnes/day capacity, the Group plans to reinforce its leading position by expanding the production capacity at different strategic locations. Currently, the Group's expansion plan includes: (i) a 900-tonnes/day solar glass production line in Malaysia and (ii) two 1,000-tonnes/day solar glass production lines in Anhui province, the PRC. The Group is in a position to continue to take advantage of the economies of scale to reduce the manufacturing costs of its glass products and achieve efficiency growth rates which are generally higher than the market average.

PRODUCT DEVELOPMENT AND CHANGE IN PRODUCT MIX

The Group is ahead of its competitors in promoting the use of back glass as the back sheet of solar modules. The design of double glass module offers not only much higher reliability and longer life, but also cost savings by eliminating the aluminum frame used in the conventional modules. Sales of back glass, though not a significant amount compared to the Group's total sales of solar glass, showed a significant growth in 2015. The Group will continue to explore business opportunities arising from the increasing use of back glass.

Given the higher average selling prices and the higher profit margin of the ultra-clear PV Processed Glass over the PV Raw Glass, the Group continues to adjust its marketing strategy, and focus on the PV Processed Glass. In 2015, the sales of the PV Processed Glass contributed 94.4% of the total amount of the revenue of the Group's solar glass business compared with 90.0% in 2014.

Chairman's Statement

ACCELERATING SOLAR FARM DEVELOPMENT — A KEY GROWTH DRIVER

In 2015, the Group has substantially increased its investment in solar farms at different locations in China. This provides not only a sustainable investment return in the long run, but also offers complementary advantages in promoting the sales of the Group's solar glass products. The Group has connected solar farms of 360 MW to the grid in 2015 and 250 MW in 2014, raising its total grid-connected capacity to 610MW. Because of certain delays in grid connection, the solar farm projects of 150MW and a jointly-owned 100MW solar farm (owned as to 50% by the Group) commenced operation in January 2016 and another 174 MW are still under development and expected to commence operation in March 2016.

The Group has always upheld the principle of persistent innovation to enhance the efficiency of electricity generation and the economic benefits of its solar farms. A double glass module — with higher durability and lower efficiency loss — has been used by the Group in its newly built solar farms. In addition, the Group has continued its efforts in exploring various technologies and designs, such as solar-powered greenhouses, rotating platforms and solar tracking systems for solar panels and floating PV systems on water surface so as to strengthen its long-term development capability.

Given the increasing support for distributed generation ("**DG**") from the PRC government and its improving economics, DG may experience a high penetration growth over the years to come. During 2015, the Group provided engineering, procurement and construction ("**EPC**") services to its customers in several commercial and residential DG projects. The main purpose for implementing these EPC projects was to gain further understanding on the market potential and readiness, instead of developing it as a core business of the Group. The Group plans to participate in additional number of EPC projects, particularly poverty alleviation programs. However, the development priority for the coming years will continue to focus on the utility scale ground-mounted solar projects.

ALTERNATIVE EQUITY FINANCING CHANNEL AND UNLOCKING THE VALUE OF SOLAR FARMS

Since the listing on the Main Board in December 2013, the Group has been primarily relying on two financing sources to develop the solar farm business, namely (i) bank borrowings and (ii) new issue of shares by the Company. However, additional bank borrowings will be limited by the Group's capacity to incur additional indebtedness and new issue of shares may dilute the shareholding of the Company's existing shareholders. The establishment of the Xinyi Energy Group can provide an alternative equity-financing channel that would not result in a continuous or immediate dilution to shareholding percentages of the existing shareholders of the Company. Through the disposal of some of its equity interest in the solar farm projects, the Group can unlock the value of the solar farms and increase its equity base.

BUSINESS OUTLOOK

Given the economic setbacks, falling oil and commodity prices and financial volatility, both the PRC and international business environments remain uncertain and the economic development will continue to face many difficulties and challenges in the forseeable future. However, due to the decreases in the cost of solar equipment and the installation costs, as well as favourable policies by different governments, the global PV market is expected to continue to grow in the years to come, helping to drive the demand for solar glass products.

The Group believes that its expertise and technical know-how in manufacturing solar glass, as well as its strong customer base, continues to differentiate the Group as a leading supplier of different types of high-quality solar glass products, enabling the Group to be well positioned to take advantage of the growth opportunities. Thus the Group will continue to expand its solar glass production capacity. The economies of scale enable the Group to stay ahead of its competitors and operate more cost effectively. Currently, there are three new solar glass production lines under construction. A 900-tonnes/day solar glass production line in Malaysia and a 1,000-tonnes/day solar glass production line in Anhui province, the PRC are expected to commence operation in the fourth quarter of 2016. Another 1,000-tonnes/day solar glass production line in Anhui province, the PRC is expected to commence its commercial operation in the first quarter of 2017.

China is undergoing energy reform with an aim to reduce its dependence on coal and fossil fuels. In 2015, it added 15.13GW of new PV installations, representing more than 40% growth over 2014. According to the consultation paper "*Solar Power Development in the 13th Five-Year Plan (2016 to 2020)*" released by NEA in late December 2015, the installation target as at end-2020 will be 150GW. Meeting the target would require an average annual new installation of about 21GW over the next five years, implying a high growth potential for the solar sector.

The cuts in solar feed-in-tariff for the newly approved projects in 2016 announced by NDRC in late 2015 would force the enterprises to reduce the cost through greater innovation and efficiency. This will result in consolidation in the value chain, following which the leading companies with strong innovation capabilities and higher efficiency would continue to expand and the less efficient companies would be phased out.

As a result of its constant efforts over the past few years, the Group has made substantial progress and laid a solid foundation for its long-term development in the downstream solar farm business, paving the way for its sustainable growth in the highly competitive fast-changing operating environment. By the end of the first quarter of 2016, the Group is expected to have an installed solar farm capacity of 934MW and a 100MW joint venture project owned as to 50% by the Group generating electricity and connected to the grid driving its long-term performance. On top of this the Group currently targets to install solar farm capacity about 700MW in 2016. The Group plans to continue to leverage its superior project execution capabilities and diversify funding channels to enhance the return on its solar farm projects and to improve its overall competitiveness.

Notwithstanding the global economic uncertainties and different challenges faced by the solar industry, the Group will continue to drive the parallel development of its solar glass and solar farm businesses. Looking ahead, the Group will step up its effort to further strengthen cost controls and improve efficiencies, invest in product innovation and development, exploit new market opportunities and enhance its financial position to seize the vast opportunities in the upcoming surge of PV deployment.

Chairman's Statement

CONCLUSION

Over the years, the Group has successfully demonstrated its ability to maintain the market leadership and exploit market opportunities in China and overseas. It will continue to seek parallel advancements in both the solar glass and solar farm businesses and adhere to business strategies that have proven to be highly successful. Looking forward, Xinyi Solar will strive to strengthen its cost control and risk management, focus on new product and market development as well as production and operation efficiency improvement, and enhance its financial position to pave the way for sustainable growth in its solar glass and solar farm businesses.

I would like to extend my sincere thanks and appreciations to fellow Board members, shareholders, customers, suppliers, business partners and all the employees for their continuous supports and contributions to the Group during the year.

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

15 March 2016

Management's Discussion and Analysis

OVEREVIEW

The global photovoltaic ("**PV**") installations continued to grow rapidly in 2015. This is primarily due to the public appreciation of solar power as a clean, low cost and efficient energy source generally. The solar power has become a significant part of the electricity supply for the future is increasingly recognised. Leveraging the economies of scale, its established customer base and the production expertise for PV glass, the Group continues to benefit from the accelerated demand in the downstream market in the year ended 31 December 2015. Driven by the significant sales volume growth and the higher profit margins as a result of improving production efficiency, the Group's solar glass business has recorded a satisfactory growth during the year. For the Group's downstream business, the installed capacity of solar farms and electricity generation income have also reported a significant growth compared to the performance in 2014.

In 2015, the Group successfully established an alternative financing channel for its solar farm development. The introduction of investors into Xinyi Energy Group — completed before the year end of 2015 — not only increased the equity base of the Group, but also provided additional financial resources to fund future growth of the solar farm business through additional fund-raising flexibility and capability.

For the year ended 31 December 2015, the Group has recorded consolidated revenue of HK$4,750.4 million, representing an increase of 97.1% compared to the same period in 2014. Profit attributable to equity holders of the Company rose by 144.6%, to HK$1,205.6 million. Basic earnings per share were 18.53 HK cents for 2015 compared to 8.42 HK cents for 2014.

FINANCIAL REVIEW

Revenue

In 2015, the Group's revenue was mainly derived from: (i) sales of solar glass products, including ultra-clear photovoltaic raw glass ("**PV Raw Glass**"), ultra-clear photovoltaic processed glass, back glass and other glass ("**PV Processed Glass**"); (ii) solar power electricity generation; and (iii) engineering, procurement and construction ("**EPC**") services.

	Year Ended 31 December					
	2015		2014		Increase/(Decrease)	
	HK$' million	**% of revenue**	HK$' million	% of revenue	HK$' million	%
Revenue						
Solar glass						
PV Raw Glass	**217.6**	**4.6**	237.2	9.8	(19.6)	-8.3
PV Processed Glass	**3,693.3**	**77.7**	2,142.2	88.9	1,551.1	72.4
	3,910.9	**82.3**	2,379.4	98.7	1,531.5	64.4
Solar farm						
Solar power electricity generation	**313.0**	**6.6**	30.6	1.3	282.4	922.9
EPC services	**526.5**	**11.1**	—	—	526.5	—
Total external revenue*	**4,750.4**	**100.0**	2,410.0	100.0	2,340.4	97.1

* Because of rounding off of numbers, the sum of individual amounts may not be the same as the actual total amounts.

Management's Discussion and Analysis

	Year Ended 31 December					
	2015		2014		Increase/(Decrease)	
	HK$' million	**% of revenue**	HK$' million	% of revenue	HK$' million	%
Revenue — By geographical markets						
Solar glass						
The PRC	**3,209.8**	**82.1**	1,915.1	80.5	1,294.7	67.6
Other countries	**701.1**	**17.9**	464.3	19.5	236.8	51.0
	3,910.9	**100.0**	2,379.4	100.0	1,531.5	64.4

Note: The Group's revenue from solar power electricity generation and EPC service is derived from the PRC.

Driven by the increase in downstream demand, the solar glass market in the PRC recorded a strong growth in 2015. The demand for solar glass grew steadily during the first half in 2015, but the seasonal fluctuations caused temporary supply gluts and resulted in downward pressure on the selling prices of solar glass. This trend has continued until the third quarter in 2015. Since then, the demand for solar glass has rebound much more quickly amid the installation rush in China before the end of 2015. With the level of industry supply remaining unchanged, the prices for solar glass started to increase steadily towards the end of the year.

The Group's new production capacity installed in the second half of 2014 commenced full production at high efficiency for the full year in 2015, enabling the Group to capture the increasing demand and additional market share. Notwithstanding the decreases in the average selling prices of solar glass in 2015, the Group's revenue from solar glass sales increased substantially, primarily due to: (i) the increase in the sales volume of approximately 77.0% compared to 2014 and (ii) an enhancement in the product mix with a focus on the PV Processed Glass which commands a higher average selling price than that of the PV Raw Glass.

In 2015, the PV Processed Glass remained the principal product of the Group, which contributed to 94.4% of the total revenue of the solar glass segment of the Group, amounting to HK$3,693.3 million and representing an increase of 72.4% compared to the amount of revenue in 2014.

In 2015, the Group's revenue from solar power electricity generation was contributed by the solar farms operated by the Group as follows:—

Location	Installed capacity (MW)	Effective operating period in 2015
1) Jinzhai, Lu'an, Anhui province	150	12 months
2) Sanshan, Wuhu, Anhui province	100	12 months
3) Nanping, Fujian province	30	9 months
4) Lixin County, Bozhou, Anhui province	40	3.5 months
5) Wuwei County, Wuhu, Anhui province	100	2 months
6) Hongan, Hubei province	50	2 months
7) Fanchang, Anhui province	40	0.5 month
8) Shou County, Lu'an, Anhui province	100	0.5 month
Total	610	

At the end of 2015, the Group has eight ground-mounted solar farms in operation, with a total grid-connected capacity of 610 megawatts ("**MW**"). Two of these solar farms, with an aggregate capacity of 250MW, have already commenced operation in 2014, while the remaining six solar farms, with an aggregate capacity of 360MW, were connected to the grid in 2015. A full-year contribution for these newly-completed solar farms has yet to be fully reflected in 2015. Even so, the revenue from this segment, including the sales of electricity and the tariff adjustments, increased significantly by HK$282.4 million to HK$313.0 million in 2015.

In 2015, the Group recorded an EPC service income of HK$526.5 million, including: (i) HK$316.3 million from the installation of distributed generation solar farms on the roof-tops of individual households in Auhui province; (ii) HK$208.5 million for the construction of a 100MW ground-mounted solar farm project owned as to 50% by the Group; and (iii) HK$1.7 million for other miscellaneous projects. Limited capacity of power transmission network in the household areas has restricted the installation of additional distributed generation solar farms on the roof-tops of individual households and the related EPC work, shifting the emphasis of the Group's EPC service to the commercial ground-mounted projects in the second half of 2015.

EPC service is considered by the Group as a supplementary business and an additional source of revenue, through which the Group intends to prepare itself for the future growth of the distributed generation PV installation in China. Currently, the development focus of the Group is still on the utility scale ground-mounted solar farms, but not EPC service.

Management's Discussion and Analysis

Gross profit

The Group's gross profit increased by HK$949.4 million, or 124.8%, from HK$760.9 million in 2014 to HK$1,710.3 million in 2015. The significant increase in the amount of the gross profit was mainly due to the rise in the sales volume of solar glass and the increase in the revenue contributions from the solar farm business. The overall gross profit margin increased to 36.0% (2014: 31.6%), and the increase was primarily due to: (i) improvement in cost efficiencies of the solar glass business; and (ii) increased contributions from the solar power electricity generation business, with higher gross profit margins than that of the solar glass business.

Following the decline in the first three quarters and the rebound in the last quarter of 2015, the average selling prices of the PV Raw Glass and the PV Processed Glass were lower in 2015 than those for 2014. Nevertheless, the gross profit margin of the Group's solar glass segment still recorded an increase of 4.0% to 34.9% (2014: 30.9%) primarily due to the benefit of the economies of scale as a result of capacity expansion and improved production processes.

The amount of the gross profit from solar power electricity generation also showed significant growth in 2015. With the increasing installed capacity and the additional solar farms commencing commercial operation, this segment recorded the amount of gross profit of HK$229.8 million and a gross profit margin of 73.4% and accounted for 13.4% of the Group's total amount of the gross profit during the year. This helped to boost the overall gross profit margin of the Group in 2015.

Other income

In 2015, the Group's other income increased by HK$55.3 million to HK$142.7 million compared with other income of HK$87.4 million in 2014. The increase was principally due to: (i) the additional government grants received by the Group as a reward for its commitment to solar energy development and product innovation; and (ii) the tariff adjustments in relation to the electricity generated by the distributed generation solar power system installed on the roof-top at the Group's production complex.

Other gains/(losses), net

The Group recorded other gains, net of HK$61.6 million in 2015 and other losses, net of HK$13.0 million in 2014. For the joint venture project of a 100MW solar farm in Jinzhai, Anhui province, the Group recognised a gain on deemed disposal of 50% equity interest in Xinyi Solar (Lu'an), amounting to HK$62.5 million, upon the cessation of Xinyi Solar (Lu'an) as a subsidiary of the Group during the year under review.

Selling and marketing expenses

The Group's selling and marketing expenses increased from HK$98.5 million in 2014 to HK$186.5 million in 2015. The increase was primarily due to a higher sales volume and export sales of solar glass to the North America market. The Group's selling and marketing expenses to revenue ratio decreased from 4.1% in 2014 to 3.9% in 2015 because the solar power electricity generation and EPC service businesses incurred fewer selling and marketing expenses than the solar glass business.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by HK$157.4 million, or 98.3% from HK$160.1 million in 2014 to HK$317.6 million in 2015. The increase was mainly due to business expansion and was primarily attributable to the increase in: (i) research and development expenditures of approximately HK$90.7 million; (ii) land use tax, property levy and business tax of approximately HK$18.8 million; (iii) staff cost and benefits of approximately HK$10.4 million; and (iv) bank charges of HK$8.3 million. The Group's administrative and other operating expenses to revenue ratio remained at roughly the same level during the period under review, amounting to 6.7% (2014: 6.6%).

Finance costs

The Group's finance costs increased from HK$7.4 million (or HK$7.4 million before capitalisation) in 2014 to HK$21.1 million (or HK$48.8 million before capitalisation) in 2015. The increase was mainly due to new bank borrowings made by the Group to finance the capital expenditures for its solar farm projects in China and solar glass production plant in Malaysia. During the year under review, interest expense of HK$27.7 million (2014: Nil) was capitalised into the construction in progress of different solar farms and would be depreciated together with related assets when the solar farms are ready for use for electricity generation.

Income tax expense

The Group's income tax expense increased from HK$78.7 million in 2014 to HK$188.4 million in 2015. The percentage increase was much lower than the percentage increase in profit before income tax because the Group's profits from solar power electricity generation are fully exempt from corporate income tax for three years starting from the solar farm's first year of profitable operations, followed by a 50% reduction in corporate income tax in the following three years. The effective tax rates were 13.5% for 2015 and 13.8% for 2014.

EBITDA and net profit

In 2015, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK$1,640.7 million, representing an increase of 143.6% as compared with HK$673.6 million in 2014. The Company's EBITDA margin (calculated based on turnover) was 34.5% in 2015 as compared with 27.9% in 2014.

Net profit attributable to equity holders of the Company in 2015 was HK$1,205.6 million, representing an increase of 144.6%, as compared with HK$493.0 million in 2014. Net profit margin increased to 25.4% in 2015 from 20.5% in 2014, principally due to: (i) the higher margin of the solar power electricity generation business; and (ii) continued improvement in the production and operational efficiency of the Group's solar glass business.

FINANCIAL RESOURCES AND LIQUIDITY

The Group continued to benefit from high liquidity and remained in a strong financial position for the year ended 31 December 2015. During the year, the total assets of the Group increased by 120.9% to HK$12,734.6 million and shareholders' equity increased by 73.78% to HK$5,745.0 million. The Group's current ratio as at 31 December 2015 was 1.8, compared with 1.2 as at 31 December 2014. The increase was mainly due to the increase in cash and cash equivalents generated from equity investment from investors, bank borrowings and the Group's business operations.

Management's Discussion and Analysis

For the year ended 31 December 2015, the Group's primary source of funding included cash generated from its operating activities, share issuance, equity investment to the solar farm business of the Group by the controlling shareholders of the Company and the banking facilities. Net cash inflow from operating activities amounted to HK$851.1 million (2014: HK$715.0 million). The increase was primarily attributable to the increase in operating cash inflow as a result of the expansion in the Group's solar glass business. Net cash used for investing activities amounted to HK$3,612.9 million (2014: HK$2,328.0 million). The significant increase was primarily due to capital expenditures incurred for the solar farm projects. The Group's installed capacity of solar farm substantially increased in 2015. Net cash generated from financing activities amounted to HK$5,110.5 million (2014: HK$1,878.3 million). During the year, the Group secured new bank borrowings of HK$2,861.7 million, repaid bank borrowings of HK$571.4 million and raised net proceeds of HK$1,674.5 million by way of new issue of shares and HK$1,580.0 million by equity investment from investors. Net proceeds from the new issue of shares were used in full for the capital expenditure of solar farm projects, the development and construction of the solar glass production plant in Malaysia and general working capital of the Group.

The Group's net debt gearing ratio as at 31 December 2015 was 19.9% (31 December 2014: 33.3%). This ratio is based on bank borrowings and bills payable less cash and bank balances divided by the shareholders' equity of the Group. The gearing level of the Group decreased in 2015, primarily due to equity financing through: (i) the placement of shares made in March and October 2015, which raised net proceeds of HK$1,137.0 million and HK$537.5 million respectively and (ii) the equity investment of HK$1,580.0 million to the solar farm business of the Group by the controlling shareholders of the Company by the end of 2015.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of approximately HK$3,582.9 million for year ended 31 December 2015 which was mainly related to the development and construction of solar farm projects in China and a new solar glass production complex in Malaysia.

Capital commitments contracted for but not incurred by the Group as of 31 December 2015 amounted to approximately HK$2,410.8 million, which were mainly related to the development and construction of solar farm projects in China, a new solar glass production complex in Malaysia and two 1,000-tone/day solar glass production lines in China.

PLEDGE OF ASSETS

No assets of the Group were pledged as security for bank borrowings as of 31 December 2015 and 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had about 2,780 full-time employees, with the majority based in China. The total staff costs, including the emoluments of the Directors, amounted to approximately HK$199.6 million for the year ended 31 December 2015.

The Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes. Remuneration packages offered to the Group's employees are generally consistent with the prevailing levels in the market and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

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

FINAL DIVIDEND

The Company paid an interim dividend of 4.20 HK cents per share for the year ended 31 December 2015. At the meeting of the board of Directors held on 15 March 2016, the Directors proposed a final cash dividend of 4.50 HK cents per share for 2015.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group mainly operates in China with most of the transactions denominated and settled in RMB and US Dollar ("**USD**"). Given the pegged exchange rate between HKD and USD, the Directors do not foresee that the Group will be exposed to significant exchange rate risk for transactions conducted in HKD or USD. However, exchange rate fluctuations between RMB and HKD or RMB and USD could affect the Group's performance and asset value.

Amid the recent depreciation of RMB against HKD and USD, the Group reported non-cash translation losses — a reduction in the reserve of its consolidated balance sheet — when converting RMB-denominated assets into HKD at 31 December 2015. For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB while the bank borrowings are mostly denominated in HKD, the Group would strike a balance to minimise the risk of currency mismatch between the source of revenue with bank borrowings and the advantage of the lower borrowing rates of HKD as compared to those of the RMB.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the year ended 31 December 2015, the Group did not use any financial instrument for hedging purpose.

Profile of Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Datuk LEE Yin Yee, B.S.S. (李賢義), aged 63, is a non-executive Director and our Chairman and is responsible for the formulation of our Group's overall business strategy. Datuk LEE Yin Yee, B.S.S. joined our Group in July 2006. Datuk LEE Yin Yee, B.S.S. has 27 years experience in the glass industry. Datuk LEE Yin Yee, B.S.S. is the founder of Xinyi Glass Holdings Limited ("**Xinyi Glass**") (stock code: 00868), a company listed on the Hong Kong Stock Exchange, and its subsidiaries ("**Xinyi Glass Group**") and is currently an executive director and the chairman of Xinyi Glass. Prior to establishing the Xinyi Glass Group, Datuk LEE Yin Yee, B.S.S. engaged in the trading of automobile parts. Datuk LEE Yin Yee, B.S.S. is a committee member of the 12th Chinese People's Political Consultative Conference and an honorary citizen of Shenzhen in the PRC. Datuk LEE Yin Yee, B.S.S. was appointed in December 2003 as the first chairman of Shenzhen Fujian Corporate Association. Datuk LEE Yin Yee, B.S.S. is also the Life Honorary Chairman of the Hong Kong Quanzhou Clans United Association and the Fukienese Association Limited in Hong Kong. Datuk LEE Yin Yee, B.S.S. is the brother-in-law of Mr. TUNG Ching Sai, an executive Director, and an uncle of Mr. LEE Yau Ching, our Chief Executive Officer and an executive Director.

EXECUTIVE DIRECTORS

Mr. TUNG Ching Sai (董清世), aged 50, is an executive Director and our Vice Chairman and is responsible for the formulation of our Group's overall business strategy and overseeing the implementation of the business strategies. Mr. TUNG joined our Group in July 2006. Mr. TUNG has been working in Xinyi Glass Group for 27 years since its inception and is currently an executive director and the chief executive officer of Xinyi Glass. Mr. TUNG Ching Sai is a committee member of The Chinese People's Political Consultative Conference of Fujian Province, vice chairman of the China Architectural and Industrial Glass Association, and the chairman of the Shenzhen Federation of Young Entrepreneurs. Mr. TUNG obtained the Third Shenzhen Municipal Ten Outstanding Young Entrepreneurs award in September 2001 and was awarded the "Young Industrialist Awards of Hongkong 2006". Mr. TUNG graduated from the Sun Yat-Sen University with a senior executive master degree in business administration in 2007. Mr. TUNG is the brother-in-law of Datuk LEE Yin Yee, B.S.S., our Chairman and a non-executive Director.

Mr. LEE Yau Ching (李友情), aged 40, is an executive Director and our Chief Executive Officer. Mr. LEE Yau Ching is responsible for the daily operation of our business operations. Upon graduating from The Hong Kong University of Science and Technology in 1999 with a bachelor's degree in business administration majoring in finance, Mr. LEE Yau Ching joined the Xinyi Glass Group in June 1999. From June 1999 until February 2004, Mr. LEE Yau Ching worked in various functions within Xinyi Glass Group, including overseas sales, finance, production and sales of construction glass and production and sales of automobile OEM glass. From February 2004 to January 2006, Mr. LEE Yau Ching was the chief marketing officer of Xinyi Glass Group responsible for planning the overall marketing strategy and overseeing the marketing department. From February 2006 to February 2011, Mr. LEE Yau Ching was the chief operations officer of Xinyi Glass Group. Mr. LEE Yau Ching has since 2004 been an executive director of Xinyi Glass until the listing of the Company's shares on the Hong Kong Stock Exchange on 12 December 2013. Mr. LEE Yau Ching started to involve in our business in mid-2006 and has since November 2010 been the Chief Executive Officer overseeing our business. Mr. LEE Yau Ching is now a committee member of the 12th Chinese People's Political Consultative Conference of Dongguan, Guangdong Province and was awarded the "Young Industrialist Awards of Hong Kong 2014". Mr. LEE Yau Ching is a nephew of Datuk LEE Yin Yee, B.S.S., our Chairman and a non-executive Director, and a cousin of Mr. LEE Shing Put. Mr. LEE Yau Ching is the son of Mr. LEE Sing Din, one of the controlling shareholders of Xinyi Glass.

Mr. LI Man Yin (李文演), aged 61, is an executive Director and is responsible for overseeing the purchase and procurement functions of our business since December 2011. Mr. LI Man Yin was appointed as our executive Director on 20 September 2013. Mr. LI Man Yin has since June 2004 been an executive director of Xinyi Glass until the listing of the Company's shares on the Hong Kong Stock Exchange on 12 December 2013.

Mr. CHEN Xi (陳曦), aged 58, is an executive Director and is responsible for overseeing the production and new projects. Mr. CHEN joined our Company in November 2010 as vice president of our TCO glass business. Mr. CHEN was appointed as our executive Director on 20 September 2013. Mr. CHEN obtained a bachelor's degree in machinery manufacturing technology, equipment and automation from Sichuan Industrial Institute (四川工業學院) in 1983. From December 1989 to February 1994, Mr. CHEN was an assistant engineer and engineer of Zhongshan Tractor Factory* (中山市拖拉機廠), responsible for machinery design and manufacture. From February 1994, Mr. CHEN started to work for Grand Engineering Glass Co., Ltd. (格蘭特工程玻璃(中山)有限公司) as production equipment manager. From September 1997 to April 2003, Mr. CHEN was the general manager of this company, overseeing its operation. Mr. CHEN joined Xinyi Glass Group in June 2003. From June 2003 to mid-2010, Mr. CHEN was principally responsible for the construction and operation of the construction glass production lines of Xinyi Glass Group in Dongguan.

NON-EXECUTIVE DIRECTOR

Mr. LEE Shing Put (李聖潑), aged 38, is our non-executive Director. Mr. LEE Shing Put joined our Company in September 2013 and was appointed as our non-executive Director on 20 September 2013. Prior to joining us, Mr. LEE Shing Put had been engaged in information technology and investment businesses in Hong Kong and China since 2001. Mr. LEE Shing Put graduated from the Hong Kong University of Science and Technology in 2000 with a bachelor degree in business administration majoring in finance and economics. Mr. LEE Shing Put was the executive director of Xinyi Glass from June 2004 to October 2008. Mr. LEE Shing Put is currently a committee member of the 11th All-China Youth Federation and a committee member of the 5th Shenzhen Political Consultative Conference. Mr. LEE Shing Put is the son of Datuk LEE Yin Yee, B.S.S., our Chairman and a non-executive Director, a cousin of Mr. LEE Yau Ching, and a nephew of Mr. TUNG Ching Sai.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Kwok Kin Paul (鄭國乾), aged 64, is an independent non-executive Director. Mr. Cheng has over 30 years of experience in the accounting and finance disciplines. Mr. CHENG joined Leach & Co., Chartered Accountants, of London, United Kingdom in 1972, and qualified as a Chartered Accountant in 1976. Mr. CHENG became a partner of the firm in 1978 and retired from the partnership in 1992. Mr. CHENG was with Mitsubishi UFJ Securities (HK) Holdings, Limited between April 2006 and December 2012. Mr. CHENG joined the company initially as a managing director, head of legal, compliance and company secretary. Mr. CHENG was appointed as a board director and deputy president of the company in November 2007 and held these positions until his retirement in December 2012.

Profile of Directors and Senior Management

Mr. CHENG was admitted as an Associate of the Institute of Chartered Accountants in England and Wales (''**ICAEW**'') and of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") in 1976 and 1982, respectively. He was made Fellow of ICAEW in 1982 and Fellow of HKICPA in 1990. Mr. CHENG was a member of Corporate Finance Committee of the HKICPA from 2006 to 2012. Currently, Mr. CHENG is a member of the Audit Profession Reform Working Group and the Professional Conduct Committee of HKICPA. Mr. CHENG serves as an independent non-executive director of RM Group Holdings Limited (stock code: 932) and Kin Yat Holdings Limited (stock code: 638), both companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Cheng was an independent non-executive director of Forterra Real Estate Pte. Ltd., which is a trustee manager of Forterra Trust (''**Forterra**''), a Singapore-based business trust that is formerly listed on the Singapore Exchange Securities Trading Limited (''**Singapore Stock Exchange**''). Forterra was delisted from the Singapore Stock Exchange on 13 February 2015, and deregistered under the Business Trusts Act (Cap.31A) of Singapore with effect from 31 August 2015, following the completion of a mandatory cash offer for Forterra which commenced in November 2014 by its largest unitholder, a member of the Nan Fung Group (''**Nan Fung**''), resulting in Nan Fung holding all of the issued units of Forterra. Mr. Cheng resigned as an independent non-executive director of Forterra Real Estate Pte. Ltd. in October 2015.

Mr. LO Wan Sing, Vincent (盧溫勝), aged 68, is an independent non-executive Director. Mr. LO is a member of the Chinese People's Political Consultative Conference, with a Bronze Bauhinia Star (BBS) awarded on 1 July 2011 by the government of Hong Kong. Mr. LO is an non-executive director of Good Resources Holdings Limited (Stock code: 00109), a company listed on the Hong Kong Stock Exchange.

Mr. KAN E-ting, Martin (簡亦霆), aged 33, is an independent non-executive Director. Mr. KAN graduated from the University of Sydney with a bachelor's degree in engineering majoring in software engineering in 2005 and a bachelor's degree in laws in 2007. Mr. KAN joined Mallesons Stephen Jaques (now known as King & Wood Mallesons) in August 2008 as a trainee solicitor and left the firm as a solicitor in corporate finance and capital markets practice in February 2013. Mr. KAN was admitted as a lawyer of the Supreme Court of New South Wales, Australia, in July 2008. Mr. KAN was admitted as a solicitor of the High Court of Hong Kong in April 2011. Since April 2013, he has been the deputy general manager of Ming Hong Technology (Shenzhen) Limited, which is primarily engaged in the business relating to the design and production of consumer electronics products.

Save as disclosed above, our Directors has no relationship with each other, senior management staff or substantial shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, none of our Directors has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this annual report and there is no information which needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters concerning any Director which need to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

Mr. CHU Charn Fai (朱燦輝), aged 46, is our Financial Controller and our Company Secretary. Mr. CHU joined us in April 2011. Prior to joining us, Mr. CHU was the financial controller of Minmetals Resources Limited (a company listed on the Hong Kong Stock Exchange, now known as MMG Limited) (stock code: 01208) during the period between August 2002 and August 2010. Mr. CHU started working with Minmetals Resources Limited in February 1998 and held various positions in the finance department during the period up to July 2002. Before joining Minmetals Resources Limited, Mr. CHU worked in an international accounting firm for more than four years. Mr. CHU obtained a higher diploma in business studies from City Polytechnic of Hong Kong in 1992, a bachelor's degree in applied computing from The Open University of Hong Kong in 2001 and a master's degree in corporate finance from The Hong Kong Polytechnic University in 2006. Mr. CHU is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. LIU Xiao Rong (劉笑榮), aged 36, is our General Manager, responsible for overseeing our ultra-clear photovoltaic glass business. Mr. LIU obtained a bachelor's degree in inorganic non-metal materials from Northwest Institute of Light Industry* (西北輕工業學院) (now known as Shanxi University of Science & Technology (陝西科技大學)) in July 2002. Mr. LIU joined Xinyi Glass Group in July 2007 as a raw material engineer of our solar glass business. From February to June 2009, Mr. LIU was transferred to the group management office of Xinyi Glass as an assistant of the chief executive officer, focusing on the development of our solar glass business. Since October 2008, Mr. LIU has been working for us and worked as our vice general manager of production from October 2010 to December 2013. In December 2013, Mr. LIU was appointed as general manager of our ultra-clear photovoltaic glass business.

Mr. WEN Jie (文杰), aged 54, is our Vice General Manager of Sales, responsible for overseeing the sales function of our photovoltaic glass business. Mr. WEN studied chemical technology at Tianjin Chemical Vocational University* (天津市化工職業大學) from 1980 to 1983. From 1997 to 2004, Mr. WEN worked in Tianjin Nippon Sheet Glass Co. Ltd.* (天津日板浮法玻璃有限公司) as a sales manager. From 2004 to 2009, Mr. WEN worked for Tianjin NFG Glass Fibre Co., Ltd. (天津日硝玻璃纖維有限公司). Mr. WEN joined us in May 2009 as the vice general manager of sales.

* For identification purpose only.

Corporate Governance Report

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

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

BOARD OF DIRECTORS

One of the responsibilities of the Board is to prevent fraud and non-compliance issues, safeguard the assets of the Group and formulate the overall business strategies for the Group. The Board currently comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Details of the Directors are set forth on pages 16 to 18 of this annual report.

The four executive Directors are Mr. TUNG Ching Sai, Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi. Mr. TUNG is the brother-in-law of Datuk LEE Yin Yee, B.S.S. Mr. LEE Yau Ching is a nephew of Datuk LEE Yin Yee, B.S.S. and a cousin of Mr. LEE Shing Put.

The two non-executive Directors are Datuk LEE Yin Yee, B.S.S. and Mr. LEE Shing Put. Datuk LEE Yin Yee, B.S.S. is the father of Mr. LEE Shing Put, and also the brother-in-law of Mr. TUNG Ching Sai, and an uncle of Mr. LEE Yau Ching. Mr. LEE Shing Put is the son of Datuk LEE Yin Yee, B.S.S. and a cousin of Mr. LEE Yau Ching and a nephew of Mr. TUNG Ching Sai.

The three independent non-executive Directors are Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin.

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

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

The Company has adopted the board diversity policy (the "**Diversity Policy**") as required by the CG code. The Nomination Committee will monitor the implementation of the Diversity Policy and review the same as appropriate.

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

The two non-executive Directors and the three independent non-executive Directors were appointed for a term of three years, commencing from 19 November 2013. The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors have fulfilled the independence guidelines set forth under Rule 3.13 of the Listing Rules.

Attendance records of the Directors at board meetings and general meetings in 2015 are as follows:

	Meetings attended/held		
Directors	Extraordinary general meeting	Annual general meeting	Board meetings
Executive			
TUNG Ching Sai	1/1	1/1	5/7
LEE Yau Ching	1/1	1/1	6/7
LI Man Yin	0/1	1/1	5/7
CHEN Xi	0/1	1/1	7/7
Non-executive			
LEE Yin Yee	1/1	1/1	5/7
LEE Shing Put	1/1	0/1	5/7
Independent non-executive			
CHENG Kwok Kin, Paul	1/1	1/1	6/7
LO Wan Sing, Vincent	0/1	1/1	7/7
KAN E-ting, Martin	1/1	1/1	7/7

At least four Board meetings are scheduled to be held during the year ending 31 December 2016.

In additions to board meetings, the Chairman also holds meetings from time to time with executive Directors and at least one meeting with non-executive Directors (including independent non-executive Directors) annually without the presence of executive Directors.

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

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS

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

REMUNERATION COMMITTEE

The Remuneration Committee of the Board comprises five members, namely Datuk LEE Yin Yee, B.S.S., Mr. TUNG Ching Sai, Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin. The chairman of the Remuneration Committee is Mr. LO Wan Sing, Vincent.

The primary duties of the Remuneration Committee include reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management. The Remuneration Committee was established on 19 November 2013 and its terms of reference are posted on the websites of the Company and the Stock Exchange. During the year ended 31 December 2014, a meeting of the Remuneration Committee was held on 1 March 2015 and all the committee members attended this meeting.

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

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

Details of the Directors's remuneration is set out in Note 35 to the consolidated financial statements of the Group on pages 129 to 131 in this annual report.

AUDIT COMMITTEE

The Audit Committee of the Board comprises three independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin. Mr. CHENG Kwok Kin, Paul is the chairman of the Audit Committee.

The Audit Committee assists the Board to review the financial information and reporting process, evaluate the effectiveness of internal control systems and oversee the auditing processes of the Group. The Audit Committee was established on 19 November 2013 and its terms of reference are posted on the websites of the Company and the Stock Exchange. The Audit Committee held three meetings during the year ended 31 December 2015 on 1 March 2015, 28 July 2015 and 25 September 2015, respectively, for reviewing the annual and interim financial results and reports as well as the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and all the committee members attended these meetings.

NOMINATION COMMITTEE

The Nomination Committee of the Board consists of five members, namely Datuk LEE Yin Yee, B.S.S., Mr. TUNG Ching Sai, Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin. The chairman of the Nomination Committee is Datuk LEE Yin Yee, B.S.S.

The Nomination Committee selects and recommends appropriate candidates, based on his or her prior experience and qualifications, to the Board for the appointment of Directors. The Nomination Committee was established on 19 November 2013 and its terms of reference are posted on the websites of the Company and the Stock Exchange. The Nomination Committee held no meeting during the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities in (i) overseeing the preparation of the financial statements of the Group with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies, applying the selected accounting policies consistently, and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

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 Auditor's Report on pages 47 and 48 of this annual report.

AUDITORS' REMUNERATION

The professional fees charged by the external auditors of the Company, PricewaterhouseCoopers, for the year ended 31 December 2015 are as follows:

	HK$'000
Services In respect of:	
– statutory audit in respect of the annual financial statements of the Group	1,300
– non-recurring non-statutory audit and other sevices for Xinyi Energy Holdings Limited and its subsidiaries	1,450

INTERNAL CONTROL

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

The Board is also responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of internal controls and procedures. Through the Audit Committee of the Board, the Board has reviewed the effectiveness of risk management and internal control activities of the Group for the year ended 31 December 2015 and the results of which were found to be satisfactory.

Corporate Governance Report

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

We provide to all the Directors a comprehensive induction package which includes introduction on the business operations, internal procedures and general policy of the Company and a summary of statutory and regulatory obligations of directors under the Listing Rules and other relevant laws and regulations. During the year, the Directors are provided with regular updates on the Group's business, operations, risk management and corporate governance matters to enable the Board as a whole and each Director to discharge their duties. The Directors are also encouraged to attend both in-house training and training provided by independent service providers. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged where necessary.

COMPANY SECRETARY

The company secretary is Mr. Chu Charn Fai, a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chu is also the financial controller of the Company. He assists the Board by ensuring good information flow within the Board and that the policy and procedures of the Board are followed. For the year ended 31 December 2015, Mr. Chu has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHT TO CONVENE A SHAREHOLDERS' MEETING

Pursuant to Article 58 of the articles of association (the "**Articles**") of the Company, an extraordinary general meeting ("**EGM**") shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established the following channels:

(i) the annual general meeting provides a forum for the Shareholders of the Company to raise comments and exchange views with the Board. The Directors are available at the annual general meetings of the Company to address shareholders' queries;

(ii) interim and annual results are announced as early as possible, to keep the Shareholders of the Company informed of the Group's performance and operations;

(iii) the Company maintains a website at www.xinyisolar.com, where updated key information/news of the Group is available for public access;

(iv) Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company for the attention of the company secretary or via e-mail to "ir@xinyisolar.com".

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

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are mainly production and sale of solar glass products, development and operation of solar farms and the provision of engineering, procurement and construction ("**EPC**") services. Particulars of the subsidiaries are set forth in Note 10 to the consolidated financial statements in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement on page 49 in this annual report. During the year, an interim dividend of 4.2 HK cents per share, amounting to a total of cash dividend of approximately HK$276.4 million was paid to shareholders on 8 September 2015.

The Board proposes the payment of a final dividend of 4.5 HK cents per Share to Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 22 June 2016. Subject to approval by Shareholders at the Annual General Meeting, the final dividend will be paid on or before Tuesday, 5 July 2016.

The register of members of the Company will be closed for the purpose of entitlements to attend and vote at the Annual General Meeting from Friday, 27 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which period, no transfer of Shares will be registered. In order to determine the entitlement to attend and vote at the Annual General Meeting, all Share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 9:30 a.m. on Thursday, 26 May 2016.

The register of members will be closed from Monday, 20 June 2016 to Wednesday, 22 June 2016, both days inclusive, during such period no transfer of the Shares will be registered for the purpose in order to determine the entitlement to receive the proposed final dividend. All transfer of the Shares accompanied by the relevant share certificates must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 15 June 2016 for such purpose.

BUSINESS REVIEW

A business review of the Group for the year ended 31 December 2015 and its future development is set out in the Chairman's Statement from pages 4 to 8 and Management Discussion and Analysis from pages 9 to 15 of this Annual Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's solar glass production generates moderate amount of air pollutants, waste water and other industrial waste at different stages of the production process. To ensure compliance with the applicable PRC environmental protection laws and regulations, the Group has implemented the following environmental protection measures:

— *Energy* - Natural gas has been used as the principal energy source for the Group's glass melting furnaces.

— *Power generation from residual heat* – The Group's solar glass production plants have used the residual heat generated in the production processes for electricity generation.

— *Glass recycling* - Scraped and unused glass produced during the production process have been recycled to the glass melting furnaces for production of solar glass products.

During the year under review, the Group has substantially increased its investment in ground-mounted solar farms, which can help to improve air quality and the environment by reducing the consumption of fossil fuels and emission of carbon dioxide.

COMPLIANCE WITH LAWS AND REGULATIONS

During year under review and to the best knowledge of the Company's directors, the Group had obtained and completed all material licenses, certifications, permits and registration necessary for its business operations, and the Group had complied in all material aspects with all laws, rules and regulations that have a significant impact on the Group's business and operations.

The amendments to the "Risk Management and Internal Control" section of the Corporate Governance Code and the amendments and upgrade of Environmental, Social and Governance Reporting Guide are effective for financial years commencing on or after 1 January 2016. In light of this, the Group is in the process of reviewing and assessing the requirements and will ensure it has the necessary procedures and system in place to comply with the relevant rules and requirements.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group values relationships with, and have been maintaining good relationships with its customers, raw material and equipment suppliers, logistics service providers and the employees of the Group. During the year ended 31 December 2015, there were no material dispute between the Group and its customers, suppliers and employees.

PRINCIPAL RISKS AND UNCERTAINTIES

The business performance of the Group is subject to the following principal risks and uncertainties:

Report of the Directors

Solar glass business

— The levels of demand and supply of solar glass are not entirely within the Group's control and are generally affected by the solar energy industry, the overall macroeconomic factors in the principal solar energy markets, and the production capacity of other solar glass manufacturers.

— The Group may not be able to adjust its production levels promptly in response to the changing market environment and as a result, any unbalance between the demand and supply of solar glass could create significant pressure on the selling prices.

— As a solar glass manufacturer, the Group follows the technology development which may cause demand for its solar products to be reduced significantly.

— The Group also relies on a constant supply of energy and raw materials for its production requirement.

All of the above factors could adversely and materially affect the Group's operating results and profitability.

Solar farm business

— Climate change and unpredictable weather patterns can cause output shortfalls and volatile returns.

— Trade and tariff adjustment receivables arising from sales of electricity are collected via state-owned grid companies in accordance with government policy in the PRC. The delay in the collection of tariff adjustment receivables may affect the cash flow and liquidity of the Group.

Details of the Group's exposure to foreign exchange risk and other financial risks are set out in the section headed "Treasury Policies and Exposure to Fluctuation in Exchange Rates" in the Management Discussion and Analysis on page 15 and section headed "Financial Risk Management" in the Consolidated Financial Statements from pages 72 to 77 of this Annual Report.

FINANCIAL SUMMARY

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

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 December 2015 are set out in Note 22 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, as at 31 December 2015 and without taking into account the proposed final dividend of 4.5 HK cents per Share for the year then ended, share premium amounting to approximately HK$2,952.4 million (2014: HK$1,779.1 million) was distributable to Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business.

Save for disclosed above, the Company had no distributable reserve available for distribution to Shareholders at 31 December 2015 and 2014.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. TUNG Ching Sai *(Vice Chairman)*
Mr. LEE Yau Ching *(Chief Executive Officer)*
Mr. LI Man Yin
Mr. CHEN Xi

NON-EXECUTIVE DIRECTORS

Datuk LEE Yin Yee, B.B.S. *(Chairman)*
Mr. LEE Shing Put

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Kwok Kin, Paul
Mr. LO Wan Sing, Vincent
Mr. KAN E-ting, Martin

Report of the Directors

In accordance with article 84 of the Company's articles of association, Mr. LI Man Yin, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin will retire by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, taking into account the Group's operating results, individual performance as well as market trends and practices. The Company's policies concerning remuneration of the executive Directors are:-

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

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

(iii) the executive Directors may be granted, at the discretion of the board of Directors, options pursuant to the Share Option Scheme, as part of their remuneration package;

(iv) annual director's fees are as follows:

Chairman of the Audit Committee	:	HK$250,000 per annum for the year ended 31 December 2015 and HK$250,000 per annum for the year ending 31 December 2016.
All other directors	:	HK$200,000 per annum for the year ended 31 December 2015 and HK$200,000 per annum for the year ending 31 December 2016.

During the year ended 31 December 2015, two Directors waived emoluments of aggregate amount of HK$400,000. Details of the remuneration of the Directors are set out in Note 35 to the consolidated financial statements in this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the continuing connected transaction disclosed on pages 40 to 45 of this report and the transaction with non-controlling interests with the existing controlling shareholders of the Company (whereas some of which are also directors of the Company) disclosed in Note 11 to the consolidated financial statements in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

SHARE OPTION SCHEME

The following table sets forth movements in the share options of the Company for the year ended 31 December 2015:

	Number of share options						
	At 1/1/2015	Granted	Lapsed	At 31/12/2015	Exercise price (HK$)	Grant date	Exercisable period
Executive director							
– Mr. CHEN Xi	375,000	—	—	375,000	2.29	24/7/2014	24/7/2017-23/7/2018
	—	375,000	—	375,000	2.86	12/5/2015	1/4/2018-31/3/2019
Continuous contract employees	3,664,500	—	(127,000)	3,537,500	2.29	24/7/2014	24/7/2017-23/7/2018
	—	4,712,500	(70,000)	4,642,500	2.86	12/5/2015	1/4/2018-31/3/2019
Total	4,039,500	5,087,500	(197,000)	8,930,000			

Taking the share options lapsed subsequent to 31 December 2015, as at 15 March 2016, a total of 8,774,000 share options were still outstanding under the Share Option Scheme which represents approximately 0.13% of the issued ordinary shares of the Company.

A summary of the principal terms of the Share Option Scheme is as follows:

(i) Purpose

The Share Option Scheme is established to recognise and acknowledge the contributions the eligible participants (the "**Participants**") had or may have made to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(ii) Participants

The Participants include: (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "**Invested Entity**") in which the Group holds any equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultants, advisers, managers, officers who provide research, development, other technological support or services to the Group or any Invested Entity; and (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of persons.

(iii) Maximum number of shares

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option Share Option Schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10 per cent. in nominal amount of the aggregate of shares in issue as at the date of approval of the Share Option Scheme (the "**Scheme Mandate Limit**"). The shares underlying any options granted under the Share Option Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) will be counted for the purpose of the Scheme Mandate Limit.

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

(iv) Maximum entitlement of each eligible participant

Unless with the approval of the Shareholders in general meeting, the maximum number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option Share Option Schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

(v) Option period

The period during which the share option may be exercised will be determined by the Board in its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted. Save as determined by the Board and provided in the offer of the grant of the relevant share options, there is no minimum period for which a share option must be held before it can be exercised.

(vi) Acceptance and payment on acceptance

An offer for the grant of share options must be accepted within thirty days inclusive of the day on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer for the grant of a share option is HK$1.00.

(vii) Option price for subscription of shares

The subscription price of a share in respect of any particular share option granted under the Share Option Scheme will be such price as determined by the Board in its absolute discretion, but in any event will not be less than the higher of:

(a) the official closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant, which must be a business day;

(b) the average of the official closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of a Share.

(viii) Remaining life of the Option Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on 6 June 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management are set out on pages 16 to 19 of this annual report.

Changes in information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the Company's interim report for the six months ended 30 June 2015, are set out below:

(a) Mr. CHENG Kowk Kin, Paul, an independent non-executive Director, (i) was admitted as a member of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants and was no longer a member of the Membership Committee of the Hong Kong Securities and Investment Institute; (ii) resigned as an independent non-executive director of Forterra Real Estate Pte. Ltd. in October 2015. Forterra Real Estate Pte. Ltd. is a trustee manager of Forterra Trust ("**Forterra**"), a Singapore-based business trust that is formerly listed on the Singapore Exchange Securities Trading Limited.

(b) Mr. LO Wan Sing, Vincent an independent non-executive Director, (i) was re-designated from an executive director to a non-executive director and resigned as the vice chairman and managing director of Good Resources Holdings Limited (formerly known as "Good Fellow Resources Holdings Limited") (Stock code: 00109), a company listed on The Stock Exchange of Hong Kong Limited.

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

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the 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**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules, were as follows:

THE COMPANY AND ASSOCIATED CORPORATIONS

(i) Long position in the Shares of the Company

Name of Director	Capacity	Name of the controlled corporations	Number of Shares held	Approximate percentage of the Company's issued share
Datuk LEE Yin Yee, B.B.S.[1]	Interest in a controlled corporation[1]	Realbest (as defined below)	725,209,552	11.02%
	Interest in a controlled corporation[2]	Full Guang (as defined below)	73,190,000	1.112%
	Personal interest[1]		42,912,000	0.652%
	Interest in persons acting in concert[3]		2,191,313,059	33.30%
Mr. TUNG Ching Sai[3]	Interest in a controlled corporation[4]	Copark (as defined below)	246,932,579	3.753%
	Personal interest[4]		67,880,000	1.03%
	Interest in persons acting in concert[3]		2,191,313,059	33.30%
Mr. LI Man Yin[4]	Interest in a controlled corporation[5]	Perfect All (as defined below)	79,041,911	1.20%
	Personal interest[5]		2,960,000	0.05%
	Interest in persons acting in concert[3]		2,191,313,059	33.30%
Mr. LEE Yau Ching[5]	Interest in a controlled corporation[6]	Telerich (as defined below)	251,595,089	3.82%
Mr. CHEN Xi[7]	Personal interest		200,000	*

* Amount insignificant

Notes:

(1) Datuk LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest Investment Limited ("**Realbest**") which in turn is the registered owner of 725,209,552 Shares. Datuk LEE Yin Yee, B.B.S. also has 42,912,000 Shares through his spouse, Madam Tung Hai Chi.

(2) The interest in the Shares are held through Full Guang Holdings Limited ("**Full Guang**"). Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 12.50%, Mr. TUNG Ching Sai as to 19.91%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(3) Pursuant to an agreement dated 31 May 2013 and entered into by Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013 of such number of Shares to them representing approximately 67.6% of the issued share capital of the Company as of that date.

(4) Mr. TUNG Ching Sai is the beneficial owner of the entire issued share capital of Copark Investment Limited ("**Copark**") which is the registered owner of 246,932,579 Shares. Mr. TUNG Ching Sai also has 13,782,000 Shares held in his own name and 54,098,000 Shares through his spouse, Madam Sze Tang Hung.

(5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All Investments Limited ("**Perfect All**") which is the registered owner of 79,041,911 Shares. Mr. LI Man Yin also has 1,000,000 Shares in his own name and 1,960,000 Shares through his spouse, Madam Li Sau Suet.

(6) Mr. LEE Yau Ching is one of the two directors of Telerich Investment Limited ("**Telerich**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching. Telerich is the registered owner of 251,595,089 Shares.

(7) Mr. CHEN Xi has 200,000 Shares held through his spouse, Madam Mao Ke.

(ii) Share options of the Company

As at 31 December 2015, there were a total of 750,000 outstanding share options of the Company granted to an executive director of the Company under the Share Option Scheme of the Company. Details of which are summarised as follows:

Name of Director	:	Mr. CHEN Xi	Mr. CHEN Xi
Date of grant	:	24 July 2014	12 May 2015
Number of Share options granted	:	375,000	375,000
Number of Share options outstanding at the end of the year	:	375,000	375,000
Exercise period	:	24 July 2017 to 23 July 2018	1 April 2018 to 31 March 2019
Exercise price per Share	:	HK$2.29	HK$2.86
Capacity in which interest is held	:	Beneficial owner	Beneficial owner
Approximate percentage of the Company	:	0.006%	0.006%

(iii) Long positions in an associated corporation

The following table sets forth the interests of the Directors in Xinyi Energy Holdings Limited ("**Xinyi Energy**"), a non-wholly owned subsidiary of the Company, as at 31 December 2015:

Name of Director	Capacity	Name of the controlled corporations	Number of shares held in Xinyi Energy	Approximate percentage of Xinyi Energy's issued shares
Datuk LEE Yin Yee, B.B.S.	Interest in a controlled corporation	Charm Dazzle Limited	610	9.65%
Mr. TUNG Ching Sai	Interest in a controlled corporation	Sharp Elite Holdings Limited	250	3.96%
Mr. LI Man Yin	Interest in a controlled corporation	Will Sail Limited	60	0.95%

Save as disclosed above, as at 31 December 2015, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

THE COMPANY

Long position in the Shares

Name of substantial Shareholders	Nature of interest and capacity	Number of Shares held	Approximate percentage of the Company's issued share capital
Xinyi Group (Glass) Company Limited	Beneficial owner	1,778,709,301	26.36%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	1,778,709,301	26.36%
Xinyi Glass Holdings Limited	Beneficial owner	12,500,000	0.19%
	Interest in a controlled corporation	1,778,709,301	26.36%
Mr. TUNG Ching Bor	Interest in a controlled corporation(1)	266,766,456	3.95%
	Personal interest(1)	23,000,000	0.34%
	Interest in persons acting in concert(2)	2,188,509,059	32.43%
Mr. LEE Sing Din	Interest in a controlled corporation(3)	251,595,089	3.73%
	Personal interest	19,770,000	0.29%
	Interest in persons acting in concert(2)	2,188,509,059	32.43%
Mr. LI Ching Wai	Interest in a controlled corporation(4)	116,580,868	1.73%
	Interest in persons acting in concert(2)	2,188,509,059	32.43%
Mr. SZE Nang Sze	Interest in a controlled corporation(5)	105,630,781	1.74%
	Personal interest	2,196000	0.03%
	Interest in persons acting in concert(2)	2,188,509,059	32.43%
Mr. NG Ngan Ho	Interest in a controlled corporation(6)	77,852,912	1.15%
	Personal interest	2,200,000	0.03%
	Interest in persons acting in concert(2)	2,188,509,059	32.43%
Mr. LI Ching Leung	Interest in a controlled corporation(7)	77,853,911	1.28%
	Personal interest(7)	5,800,000	0.09%
	Interest in persons acting in concert(2)	2,188,509,059	32.43%

Notes:

(1) Mr. Tung Ching Bor's interests in the Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. Tung Ching Bor's person interest in the Shares is held through a joint account with his spouse, Madam Kung Sau Wai.

(2) Pursuant to an agreement dated 31 May 2013 and entered into by Datuk LEE Yin Yee, B.S.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013 of such number of Shares to them representing approximately 67.6% of the issued share capital of the Company as of that date.

(3) Mr. Lee Sing Din's interests in the Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.

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

(5) Mr. SZE Nang Sze's interests in the Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.

(6) Mr. NG Ngan Ho's interests in the Shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.

(7) Mr. LI Ching Leung's interests in the Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 5,400,000 Shares held in his own name and 400,000 Shares through his spouse, Madam DY Maria Lumin.

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following Directors is a director or employee of the following entities which had, or was deemed to have, interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Directors	Name of companies which had such discloseable interest or short positions	Position within such companies
Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai	Xinyi Group (Glass) Company Limited	Director
Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai	Xinyi Automobile Glass (BVI) Company Limited	Director
Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai	Xinyi Glass Holdings Limited	Director
Datuk LEE Yin Yee, B.B.S.	Realbest Investment Limited	Director
Mr. TUNG Ching Sai	Copark Investment Limited	Director
Mr. LI Man Yin	Perfect All Investments Limited	Director
Mr. LEE Yau Ching	Telerich Investment Limited	Director

Save as disclosed above, the Directors are not aware of any persons who were directly or indirectly interested in 10% or more of the Shares then in issue, or equity interest in any member of the Group representing 10% or more of the equity interest in such company, or who had any interests or short positions in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 31 December 2015.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

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

DEED OF NON-COMPETITION

The independent non-executive Directors have reviewed the compliance and the enforcement of the deed of non-competition dated 19 November 2013 entered into by the Covenantors (as defined therein) in favour of the Company and have not noticed any material non-compliance of such deed by the Covenantors.

Report of the Directors

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer and the five largest customers of the Group in aggregate accounted for 12.5% and 41.9% of the total sales of the Group respectively. Purchases from the five largest suppliers in aggregate accounted for less than 30% of the total purchases of the Group.

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

BANK BORROWINGS

The total bank borrowings of the Group as at 31 December 2015 amounted to HK$3,590.3 million (2014: HK$1,300.0 million). Particulars of the bank borrowings are set out in Note 26 to the consolidated financial statements in this annual report.

REWARD FOR EMPLOYEES

As at 31 December 2015, we had about 2,780 full-time employees and most of them are based in the PRC. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be rewarded to employees taking into consideration of the Group's performance and the performance of the individual employee. The Directors confirm that the Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2015 are set out in Note 32 to the consolidated financial statements. Some of these transactions also constitute "Continuing Connected Transactions" under the Listing Rules, as identified below.

Continuing connected transactions

During the year ended 31 December 2015, the Group had the following continuing connected transactions, details of which are set out below:

1) *Lease of properties*

a) From Xinyi EnergySmart (Wuhu)

Pursuant to a lease agreement dated 1 September 2013 entered into between Xinyi PV Products (Anhui) Holdings Limited ("**Xinyi Solar (Wuhu)**") and Xinyi EnergySmart (Wuhu) Company Limited ("**Xinyi EnergySmart (Wuhu)**"), Xinyi Solar (Wuhu) has agreed to lease factory premises with a gross floor area of approximately 11,000 square metre ("**sq. m.**") for its production purpose from Xinyi EnergySmart (Wuhu) for a term of three years from 1 September 2013 to 31 August 2016. The annual rent is fixed at RMB924,000, which is determined with reference to the then market rental level.

b) From Xinyi Glass (Tianjin)

Pursuant to a lease agreement dated 1 September 2013 entered into between Xinyi PV Products (Anhui) Holdings Limited Tianjin Branch Company ("**Xinyi Solar (Tianjin Branch)**") and Xinyi Glass (Tianjin), Xinyi Solar (Tianjin Branch) has agreed to lease factory premises with a gross floor area of approximately 28,680 sq. m. for its production purpose from Xinyi Glass (Tianjin) for a term of three years from 1 September 2013 to 31 August 2016. The annual rent is fixed at RMB3,441,600, which is determined with reference to the then market rental level.

c) To Xinyi EnergySmart (Wuhu)

Pursuant to a lease agreement dated 1 September 2013 entered into between Xinyi EnergySmart (Wuhu) and Xinyi Solar (Wuhu), Xinyi EnergySmart (Wuhu) has agreed to lease the property from Xinyi Solar (Wuhu) for a term of three years from 1 September 2013 to 31 August 2016. The annual rent is fixed at RMB924,000 and is determined with reference to the then market rental level.

Xinyi EnergySmart (Wuhu) and Xinyi Glass (Tianjin) are connected persons of the Company by virtue of their being wholly-owned subsidiaries of Xinyi Group (Glass) Company Limited, a substantial shareholder of the Company. The above transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and a waiver from strict compliance with the shareholders' approval requirements under Chapter 14A of the Listing Rules has been granted by the Stock Exchange. The Company confirms that it has complied with the disclosure requirements in respect of the above non-exempt continuing connected transactions in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

For the year ended 31 December 2015, the rent in the amount of approximately HK$1,141,000 was paid to Xinyi EnergySmart (Wuhu) and the rent in the amount of approximately HK$4,250,000 was paid to Xinyi Glass (Tianjin) pursuant to the relevant lease agreements, which in aggregate amounted to approximately HK$5,391,000, which was within the annual cap of HK$6,120,000 as set forth in the listing document of the Company issued on 22 November 2013.

For the year ended 31 December 2015, the rent in the amount of approximately HK$1,141,000 received from Xinyi EnergySmart (Wuhu) pursuant to the relevant lease agreement was within the annual cap of HK$1,300,000 as set forth in the listing document of the Company issued on 22 November 2013.

2) Purchase of glass products

On 17 April 2015, the Group entered into a glass supply framework agreement ("**Glass Supply Framework Agreement**") with Xinyi Glass Holdings Limited ("**Xinyi Glass**") in relation to the purchase of float glass and construction glass products by the Group from Xinyi Glass and its subsidiaries ("**Xinyi Glass Group**"). The purpose of the Glass Supply Framework Agreement was to secure a stable and reliable supply source of float glass and construction glass products with savings in transportation and handling costs. The maximum aggregate amount to be paid under the Glass Supply Framework Agreement was set at RMB88.4 million (equivalent to HK$109.2 million) for the period from 17 April 2015 to 31 December 2015. Xinyi Glass is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Glass Supply Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For the period from 17 April 2015 to 31 December 2015, the purchases of float glass and construction glass products by the Group from Xinyi Glass amounted to HK$84,887,000, which were within the maximum aggregate amount of the Glass Supply Framework Agreement.

3) Transportation fees

On 12 August 2015, the Group entered into a glass transportation service agreement ("**Glass Transportation Service Agreement**") with Wuhu Xinhe Logistics Company Limited ("**Xinhe Logistics**") in relation to the provision of road and river transportation services by Xinhe Logistics for the glass products produced by the Group. The Glass Transportation Service Agreement was entered into for cost saving purpose. Xinhe Logistics was in a better position in negotiating lower freight rates or higher discount percentages to the standard freight rates charged by the third-party transportation service providers. Administrative cost could be reduced amid the transportation services of both the Group and the Xinyi Glass Group were handled and arranged by Xinhe Logistics. The maximum aggregate amount to be paid under the Glass Transportation Service Agreement was set at RMB57.0 million (equivalent to HK$68.7 million) for the period from 12 August 2015 to 31 December 2015. Xinhe Logistics is a wholly-owned subsidiary of Xinyi Glass, the substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Glass Transportation service Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For the period from 12 August 2015 to 31 December 2015, the payment of transportation services by the Group to Xinhe Logistics amounted to HK$68,593,000, which was within the maximum aggregate amount of the Glass Transportation Service Agreement.

4) *Purchase of machineries*

On 15 October 2015, the Group entered into an equipment purchase framework agreement ("**Equipment Purchase Framework Agreement**") with Wuhu Jinsanshi Numerical Control Technology Company Limited ("**Wuhu Jinsanshi**") in relation to the purchase of automation equipment from Wuhu Jinsanshi by the Group. The Group purchased automation equipment from Wuhu Jinsanshi since June 2011 and Wuhu Jinsanshi was familiar with the requirements and the specifications for the production equipment used by the Group. The purpose of entering into the Equipment Purchase Framework Agreement was to enable the Group to continue to purchase from Wuhu Jinsanshi the required automation equipment following the completion Xinyi Glass Group's acquisition of 78.5% equity interest in Wuhu Jinsanshi on 15 October 2015 and Wuhu Jinsanshi had become a connected person of the Group. The maximum aggregate amount to be paid under the Equipment Purchase Framework Agreement was set at RMB18.14 million (equivalent to HK$22.12 million) for the period from 15 October 2015 to 31 December 2015. Wuhu Jinsanshi is a non-wholly owned subsidiary of Xinyi Glass, the substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Equipment Purchase Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For the period from 15 October 2015 to 31 December 2015, the purchase of automation equipment by the Group from Wuhu Jinsanshi amounted to HK$14,440,000, which were within the maximum aggregate amount of the Equipment Purchase Framework Agreement.

5) *Corporate guarantees provided by the Company and other members of the Group (other than Xinyi Energy and its subsidiaries (the "**Xinyi Energy Group**")) for the loan facilities used by Xinyi Energy Group*

(a) Corporate guarantee provided by the Company and Xinyi Solar (Hong Kong) Limited (the "Xinyi Solar (HK)") for a term loan of HK$400 million provided to a subsidiary of Xinyi Energy

On 17 February 2015, the Company and Xinyi Solar (HK) entered into a guarantee with a licensed bank in Hong Kong, pursuant to which the Company and Xinyi Solar (HK) have guaranteed, unconditionally and irrevocably, jointly and severally, to pay the licensed bank on demand all the guaranteed money in respect of a term loan of HK$400 million provided to Wise Regal Investments Limited, a wholly-owned subsidiary of Xinyi Energy. The term loan has been used by Xinyi Energy Group for building solar farms in the PRC and its general corporate funding requirements. The final maturity date for the loan will be 24 February 2018.

(b) Corporate guarantee provided by Xinyi Solar (Wuhu) for the banking facilities provided to various members of Xinyi Energy Group in the PRC

Xinyi Solar (Wuhu) is a wholly-owned subsidiary of the Company. On 4 November 2015, Xinyi Solar (Wuhu) entered into three guarantee agreements with a commercial bank in the PRC, pursuant to which Xinyi Solar (Wuhu) has agreed to provide a corporate guarantee for the banking facilities of RMB300 million (equivalent to approximately HK$353 million) provided to Xinyi Solar (Wuhu) Limited, Xinyi Solar (Fanchang) Limited and Xinyi Solar (Shou Xian) Limited, all being wholly-owned subsidiaries of Xinyi Energy in the PRC. The banking facilities are to be used by Xinyi Energy Group for the payment of the outstanding capital expenditure of solar farms under construction and its general working capital. The banking facilities are currently available for use by Xinyi Energy Group and will be matured on 3 November 2016.

(c) Corporate guarantee provided by the Company and its various wholly-owned subsidiaries for a term loan facility granted to Xinyi Energy (BVI) Limited, a wholly-owned subsidiary of Xinyi Energy

It was disclosed in the Company's circular dated 7 November 2015 that Xinyi Energy was negotiating with a major local bank in Hong Kong for a long-term loan in the amount between HK$1.0 billion and HK$1.6 billion which would be entirely guaranteed by the Company and/or its subsidiaries (other than members of Xinyi Energy Group). On 21 December 2015, the Company and its wholly-owned subsidiaries, namely Xinyi Solar (BVI) Limited and Xinyi Power (BVI) Limited, and a number of wholly-owned subsidiaries of Xinyi Energy, entered into a facility agreement as guarantors with Xinyi Energy (BVI) Limited, a wholly-owned subsidiary of Xinyi Energy, as the borrower, and various financial institutions as the lenders. Pursuant to the facility agreement, each of the guarantors has guaranteed, irrevocably and unconditionally, jointly and severally, to the lenders named in the facility agreement (a) the performance of the borrower and other obligors in the facility agreement and (b) the payment of the amount due under or in connection with the facility agreement. Pursuant to the facility agreement, the amount of the facility will not be more than HK$1.6 billion, which will be entirely guaranteed by the guarantors. The amount of the facility will be used by Xinyi Energy Group for financing or refinancing part of the construction cost of its solar farm projects in the PRC and its general working capital. The guarantee will be automatically released if Xinyi Energy is listed on the Stock Exchange. The long-term loan will be required to be repaid in full not later than 31 May 2019.

Following the completion (the "**Completion**") of equity investment in Xinyi Energy by certain investors on 31 December 2015, Xinyi Energy has become a non-wholly owned subsidiary of the Company. The corporate guarantees provided by the Company and its wholly-owned subsidiaries (other than Xinyi Energy Group) would be a viable method to support the funding needs and facilitate the continuous business development of Xinyi Energy Group without jeopardising the financing position of the Group as a whole.

All independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the listed issuer as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 41 to 45 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Additional capital commitment to Xinyi Energy Group

The Company (which holds 75% equity interest in Xinyi Engery) and certain investors (which in aggregate holds 25% equity interest in Xinyi Engery) have agreed that they would provide or to procure their respective nominees to provide additional equity investment ("**Additional Capital Commitment**") to Xinyi Energy up to HK$3 billion in aggregate on a pro rata basis within one year from the date of completion or such other period of time as required by Xinyi Energy depending on its business development. This additional capital commitment would be used for the existing solar farm projects of Xinyi Energy Group as of 18 October 2015.

As of the date of this report, there is no agreed timetable for the Additional Issue (the "**Additional Issue**") of Xinyi Energy's shares pursuant to the Additional Capital Commitment. The Company will issue further announcement on the Additional Issue in compliance with the Listing Rules as and when appropriate.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

AUDIT COMMITTEE

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

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

The Company allotted and issued 500,000,000 shares in July 2015 and 168,800,000 shares in October 2015 by way of placement and raised net proceeds of approximately HK$1,137.0 million and HK$537.5 million, respectively. The proceeds from these share placements were used in full for the capital expenditure on the Group's solar farm projects and new solar glass production lines.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2015.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 31 May 2016, at 3/F, Harbour View 2, 16 Science Park East Avenue, Phase 2, Hong Kong Science Park, Pak Shek Kok, Tai Po, N.T., Hong Kong, at 9:30 a.m. The notice convening the Annual General Meeting will be published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.xinyisolar.com, and will be dispatched to the shareholders in due course.

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

Hong Kong, 15 March 2016

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF XINYI SOLAR HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Xinyi Solar Holdings Limited (the "Company") and its subsidiaries set out on pages 49 to 131, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

Independent Auditor's Report

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 March 2016

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	5	**4,750,410**	2,410,004
Cost of sales	7	**(3,040,159)**	(1,649,067)
Gross profit		**1,710,251**	760,937
Other income	5	**142,710**	87,413
Other gains/(losses), net	6	**61,589**	(13,038)
Selling and marketing expenses	7	**(186,521)**	(98,459)
Administrative and other operating expenses	7	**(317,550)**	(160,125)
Operating profit		**1,410,479**	576,728
Finance income	9	**4,602**	2,361
Finance costs	9	**(21,095)**	(7,441)
Profit before income tax		**1,393,986**	571,648
Income tax expense	13	**(188,389)**	(78,676)
Profit for the year attributable to equity holders of the Company		**1,205,597**	492,972
Earnings per share attributable to the equity holders of the Company			
(Expressed in HK cents per share)			
– Basic and diluted	14	**18.53**	8.42

The notes on pages 56 to 131 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Profit for the year	**1,205,597**	492,972
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(434,887)**	(76,133)
Share of other comprehensive income of an investment accounted for using the equity method	**(6,606)**	—
Total comprehensive income for the year	**764,104**	416,839
Attributable to:		
– Owners of the Company	**764,104**	416,839
– Non-controlling interests	**—**	—
	764,104	416,839

The notes on pages 56 to 131 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	7,104,061	3,685,227
Land use rights	17	180,372	180,186
Prepayments for property, plant and equipment, land use rights and operating leases	20	380,457	294,989
Investment in a joint venture	12	175,263	—
Deferred income tax assets	27	1,442	1,244
Total non-current assets		7,841,595	4,161,646
Current assets			
Inventories	18	199,078	299,198
Amounts due from customers for construction work	19	33,046	—
Trade and other receivables	20	1,585,899	732,529
Amount due from a joint venture	12	158,470	—
Bills receivables	20	47,842	27,868
Cash and cash equivalents	21	2,868,703	542,726
Total current assets		4,893,038	1,602,321
Total assets		12,734,633	5,763,967
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	22	674,880	608,000
Other reserves	24	3,133,083	1,851,850
Retained earnings		1,937,040	846,038
		5,745,003	3,305,888
Non-controlling interests		1,146,365	—
Total equity		6,891,368	3,305,888

Consolidated Balance Sheet

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	26	3,116,052	1,157,143
Deferred income tax liabilities	27	17,340	9,619
Total non-current liabilities		3,133,392	1,166,762
Current liabilities			
Bank borrowings	26	474,212	142,857
Trade and other payables	25	2,156,399	1,120,819
Amount due to a related company	32	4,272	—
Current income tax liabilities		74,990	27,641
Total current liabilities		2,709,873	1,291,317
Total liabilities		5,843,265	2,458,079
Total equity and liabilities		12,734,633	5,763,967

The financial statements on pages 49 to 131 were approved by the Board of Directors on 15 March 2016 and were signed on its behalf.

TUNG Ching Sai
Executive Director and Vice Chairman

LEE Yau Ching
Executive Director and Chief Executive Officer

The notes on pages 56 to 131 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2015

	For the year ended 31 December 2015						
	Attributable to owners of the Company						
	Share capital (Note 22) HK$'000	Share premium (Note 24) HK$'000	Other reserves (Note 24) HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2015	608,000	1,779,076	72,774	846,038	3,305,888	—	3,305,888
Comprehensive income							
Profit for the year	—	—	—	1,205,597	1,205,597	—	1,205,597
Other comprehensive income							
Currency translation differences	—	—	(434,887)	—	(434,887)	—	(434,887)
Share of other comprehensive income of an investment accounted for using the equity method	—	—	(6,606)	—	(6,606)	—	(6,606)
Total comprehensive income	—	—	(441,493)	1,205,597	764,104	—	764,104
Transactions with owners							
Issuance of shares, net of transaction costs	66,880	1,607,594	—	—	1,674,474	—	1,674,474
Employee's share option scheme:							
– value of employee services	—	—	1,182	—	1,182	—	1,182
– release of share option reserve upon exercise	—	—	(9)	9	—	—	—
– lapse of share options	—	—	(4,081)	4,081	—	—	—
Dividend paid to shareholders	—	(434,280)	—	—	(434,280)	—	(434,280)
Appropriation to statutory reserve	—	—	118,685	(118,685)	—	—	—
Changes in ownership interests in subsidiaries without loss of control (Note 11)	—	—	433,635	—	433,635	1,146,365	1,580,000
Balance at 31 December 2015	674,880	2,952,390	180,693	1,937,040	5,745,003	1,146,365	6,891,368

Consolidated Statement of Changes In Equity

For the year ended 31 December 2015

	For the year ended 31 December 2014						
	Attributable to owners of the Company						
	Share capital (Note 22) HK$'000	Share premium (Note 24) HK$'000	Other reserves (Note 24) HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014	570,000	1,238,805	98,838	402,792	2,310,435	—	2,310,435
Comprehensive income							
Profit for the year	—	—	—	492,972	492,972	—	492,972
Other comprehensive income							
Currency translation differences	—	—	(76,133)	—	(76,133)	—	(76,133)
Total comprehensive income	—	—	(76,133)	492,972	416,839	—	416,839
Transactions with owners							
Issuance of shares, net of transaction costs	38,000	740,151	—	—	778,151	—	778,151
Employee's share option scheme:							
– value of employee services	—	—	343	—	343	—	343
– release of share option reserve upon exercise	—	—	(206)	206	—	—	—
– lapse of share options	—	—	(500)	500	—	—	—
Dividend paid to shareholders	—	(199,880)	—	—	(199,880)	—	(199,880)
Appropriation to statutory reserve	—	—	50,432	(50,432)	—	—	—
Balance at 31 December 2014	608,000	1,779,076	72,774	846,038	3,305,888	—	3,305,888

The notes on pages 56 to 131 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	28(a)	1,026,699	788,471
Interest paid		(45,248)	(6,450)
Income tax paid		(130,330)	(67,008)
Net cash generated from operating activities		851,121	715,013
Cash flows from investing activities			
Purchases of and prepayment for purchases of land use rights		(51,287)	(59,249)
Purchases of and prepayment for purchase of property, plant and equipment		(3,531,662)	(2,321,744)
Government grants received		19,412	50,475
Capital injections into a joint venture		(149,988)	—
Proceeds from disposal of property, plant and equipment	28(b)	96,049	107
Interest received		4,602	2,361
Net cash used in investing activities		(3,612,874)	(2,328,050)
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		1,674,474	778,151
Proceeds from bank borrowings		2,861,692	1,300,000
Repayment of bank borrowings		(571,428)	—
Dividend paid to Company's shareholders		(434,280)	(199,880)
Capital contribution from non-controlling interests		1,580,000	—
Net cash generated from financing activities		5,110,458	1,878,271
Net increase in cash and cash equivalents		2,348,705	265,234
Cash and cash equivalents at beginning of year		542,726	279,122
Effect of foreign exchange rate changes		(22,728)	(1,630)
Cash and cash equivalents at end of year	21	2,868,703	542,726

The notes on pages 56 to 131 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Xinyi Solar Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the production and sale of solar glass products, which are carried out internationally, through the production complexes located in Mainland China (the "PRC"). In addition, the Group is also engaged in the development and operation of solar farms and the engineering, procurement and construction ("EPC") services in the PRC.

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

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

These consolidated financial statements are presented in Hong Kong dollar ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 15 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

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

Notes:

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or the present ownership interest's proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

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

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

(c) Disposal of a subsidiary

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

2.2.2 Separate financial statements

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the entities now comprising the Group that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(b) Transactions and balances

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

Foreign exchange gains and losses are presented in the consolidated income statement within "other gains/(losses), net".

(c) Group companies

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

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

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

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

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

2.6 Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

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

Completed Solar Farms and other property, plant and equipment are stated in the consolidated balance sheet at historical cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Solar Farms under construction are stated in the consolidated balance sheet at cost less subsequent impairment losses, if any. Depreciation of completed Solar Farms commences when the Solar Farms are successfully connected to grids and completed trial operation. Depreciation of completed other property, plant and equipment commences when the assets are ready for use.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Buildings	30 years
– Plant and machinery	5-20 years
– Solar Farms	25 years
– Office equipment	3-7 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses), net" in the consolidated income statement.

2.7 Land use rights

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets

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

2.9 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amount that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" (Note 2.12) and "cash and cash equivalents" (Note 2.14) in the consolidated balance sheet.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets

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

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

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

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

2.11 Inventories

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

2.12 Trade and other receivables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Construction contracts

A construction contract is defined by HKAS 11, "Construction contracts", as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to work performed up to date as a percentage of the total contract value to the end of the reporting period for each contract.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 Trade and other payables

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

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

2.16 Share capital

Ordinary shares are classified as equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Borrowings

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

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

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

2.18 Borrowing costs

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

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

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

2.19 Government grant

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

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions

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

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

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

2.21 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax liabilities are provided on taxable temporary differences arising from investment in a joint venture, including the taxable temporary differences arising from undistributed profits, as the timing of the reversal of the temporary difference is not controlled by the Group.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and a joint venture only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

2.22 Revenue recognition

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

(a) Sales of goods

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

(b) Sales of electricity

Revenue arising from the sale of electricity is recognised in the accounting period when electricity is generated and transmitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

(c) Tariff adjustment

Tariff adjustment represents subsidy received and receivable from the sale of electricity to the customer pursuant to the government policy on subsidies of solar energy in respect of solar power electricity generation. Tariff adjustment is recognised at its fair value where there is a reasonable assurance that additional tariff will be received and the Group will comply with all attached conditions, if any.

(d) Revenue from construction contracts (EPC services)

Revenue from construction contracts (EPC services) is recognised based on the stage of completion of the contracts as detailed in Note 2.13 above.

(e) Interest income

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

(f) Rental income

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

2.23 Employee benefits

(a) Pension obligations

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

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

(b) Employee leave entitlements

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

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

(c) Bonus plans

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

2.24 Share-based payments

(a) Equity-based share-based payment transactions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Share-based payments (Continued)

(a) Equity-based share-based payment transactions (Continued)

At the end of each reporting period, the entities revise their estimates of the number of options that are expected to vest based on the non-market marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

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

(b) Share-based payment transaction among group entities

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

2.25 Leases

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

2.26 Financial guarantee

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Financial guarantee (Continued)

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

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

2.27 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) *Market risk*

(i) Foreign exchange risk

The Group mainly operates internationally and is exposed to foreign exchange risk primarily arising from Chinese Renminbi ("RMB"), HK$, US dollar ("US$") and Malaysian Ringgit ("MYR"), which are not the functional currencies of respective operating subsidiaries within the Group. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular reviews when considered necessary.

As at 31 December 2015, if US$ had strengthened/weakened by 5% (2014: 1%) against the RMB, which is the functional currency of the PRC subsidiaries, with all other variables held constant, profit after income tax for the year would have been approximately HK$4,714,000 (2014: HK$878,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of US$ denominated trade and other receivables and cash and cash equivalents.

As at 31 December 2015, if HK$ had strengthened/weakened by 5% (2014: 1%) against the RMB, which is the functional currency of the PRC subsidiaries, with all other variables held constant, profit after income tax for the year would have been approximately HK$7,782,000 (2014: HK$951,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of HK$ denominated intercompany balances and cash and cash equivalents.

As at 31 December 2015, if MYR had strengthened/weakened by 10% (2014: 6%) against the HK$, which is the functional currency of a Hong Kong subsidiary, with all other variables held constant, profit after income tax for the year would have been approximately HK$9,927,000 (2014: HK$773,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of MYR denominated intercompany balances and cash and cash equivalents.

Details of the Group's trade and other receivables and cash and cash equivalents are disclosed in Note 20 and Note 21.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) *Market risk* (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk is mainly attributable to its cash and cash equivalents and bank borrowings. Except for bank borrowings with variable interest, the Group has no other significant interest-bearing assets or liabilities. Bank borrowings at variable interest rates expose the Group to cash flow interest rate risk. Other financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents and bank borrowings have been disclosed in Note 21 and Note 26 to the consolidated financial statements.

As at 31 December 2015, if interest rates on cash and cash equivalents and bank borrowings had been 25 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately HK$1,609,000 (2014: HK$1,581,000) lower/higher mainly as a result of higher interest expense/income being incurred/earned.

(b) *Credit risk*

The Group's credit risk arises from cash and cash equivalents, bills receivables, trade and other receivables and amount due from a joint venture. Management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	2015 HK$'000	2014 HK$'000
Trade and other receivables excluding prepayments and other tax receivables	**896,643**	397,616
Bills receivables (Note 20)	**47,842**	27,868
Cash at bank (Note 21)	**2,867,168**	542,459
Amount due from a joint venture (Note 12)	**158,470**	—
Maximum exposure to credit risk	**3,970,123**	967,943

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

In respect of trade and other receivables arising from sales of solar glass, the Group has policies in place to ensure that the loans or sales of products are made to customers with appropriate credit history and the Group performs credit evaluations of these counterparties and customers. The credit periods of the majority of these trade receivables are within 90 days and largely comprise amounts receivable from business customers.

Trade and tariff adjustment receivables arising from sales of electricity were all due from state-owned enterprises. Given the track record of regular repayment of receivables from sales of electricity and the collection of tariff adjustment receivables is well supported by the government policy, the directors are of the opinion that the risk of default by these customers is not significant.

Trade receivables arising from EPC services construction contract revenue were due from third parties and a joint venture. Given the track record of regular repayment of receivables from EPC services, the directors are of the opinion that the risk of default by these customers is not significant.

The Group's sales are made to several major customers and there is some concentration of credit risks. Sales to the top five customers constituted approximately 42% (2014: 54%) of the Group's total sales. They accounted for approximately 64% (2014: 47%) of the gross trade receivable balances as at 31 December 2015.

In order to minimise the credit risks, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses are made for irrecoverable amounts. Depending on the customer's credit worthiness and historical relationship with us, the Group may require cash payment before delivery of products, and record such receipts as advances from customers.

The Group grants extended credit terms to customers with overall creditworthiness, as determined by its credit assessment. For customers to whom credit terms are extended, the Group assesses a number of factors to determine whether collection from them is reasonably assured, including past transaction history with them and their credit-worthiness. In this regard, the directors consider that the Group's credit risk is significantly reduced.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group maintains liquidity by a number of means including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash and other credit lines available. The Group monitors rolling forecasts of its working capital which comprises cash and cash equivalents and borrowing facilities on the basis of expected cash flow.

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 December 2015				
Trade and other payables excluding accruals, provision and advance payment	2,007,909	—	—	2,007,909
Bank borrowings	505,025	1,867,842	1,338,757	3,711,624
Total	2,512,934	1,867,842	1,338,757	5,719,533
At 31 December 2014				
Trade and other payables excluding accruals, provision and advance payment	1,043,771	—	—	1,043,771
Bank borrowings	153,257	594,203	616,961	1,364,421
Total	1,197,028	594,203	616,961	2,408,192

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

The capital structure of the Group consists of equity and borrowings. In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations.

The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings, and repurchase its own shares when the Company's shares are trading at a discount to the expected net assets value per share, as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt (bank borrowings and bills payable less cash and cash equivalents) divided by shareholders' equity of the Group.

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

	2015 HK$'000	2014 HK$'000
Bank borrowings (Note 26)	**3,590,264**	1,300,000
Bills payable	**418,884**	344,815
Less: Cash and cash equivalents (Note 21)	**(2,868,703)**	(542,726)
Net debt	**1,140,445**	1,102,089
Shareholders' equity	**5,745,003**	3,305,888
Net gearing ratio	**19.9%**	33.3%

3.3 Fair value estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Property, plant and equipment

(i) Useful lives

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

(ii) Impairment assessment

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

(b) Impairment of trade and other receivables

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Government grants

Significant judgement is required when assessing whether the conditions for their receipts that the grants will be receivable. Government grants should not be recognised until there is reasonable assurance that the Group will comply with the conditions for their receipts and that the grant will be received. In the event that a grant that has been recognised appears likely to have to be repaid, provision for the estimated liability or reversal of income receivable should be made.

(d) Construction contracts

The Group recognised its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period.

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

(e) Current and deferred income tax

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

Deferred income tax is provided in full, using the liability methods, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax liabilities of the Group mainly arise from the unremitted earnings of its PRC subsidiaries. The reliability of the deferred income tax liabilities mainly depend on its subsidiary’s dividend pay-out ratio. In cases where the actual dividend pay-out ratio is more than expected, such difference will impact the income taxes in the periods in which such estimates has been changed.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the year are as follows:

	2015 HK$'000	2014 HK$'000
Revenue		
Solar glass		
– Sales of ultra-clear photovoltaic raw glass	217,634	237,219
– Sales of ultra-clear photovoltaic processed glass and other glass	3,693,276	2,142,205
	3,910,910	2,379,424
Solar power electricity generation		
– Sales of electricity	129,142	13,102
– Tariff adjustment	183,888	17,478
	313,030	30,580
Construction contracts revenue		
– EPC services	526,470	—
Total revenue	4,750,410	2,410,004
Other income		
Rental income	1,141	1,163
Government grants (Note (a))	115,040	71,019
Others (Note b)	26,529	15,231
	142,710	87,413

Notes:

(a) Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations and certain tax payments. There are other government grants received in relation to assets. Such grants were netted off with the cost of the related assets (Note 16).

(b) It mainly represented scrap sales and tariff adjustments in relation to the electricity generated by the distributed generation solar power system installed on the roof-top at the Group's production complex.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information

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

The Executive Directors consider the business from product type perspective. Generally, the Executive Directors consider the performance of business of each product type within the Group separately. Thus, the performance of each product type within the Group is an individual operating segment.

Among these operating segments, they are aggregated into four segments based on product type: (1) ultra-clear photovoltaic raw glass; (2) ultra-clear photovoltaic processed glass and other glass; (3) solar power electricity generation and (4) EPC services.

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

Sales between segments are carried out at terms mutually agreed by both parties. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

The segment information provided to the Executive Directors for the reportable segments is as follows:

	Year ended 31 December 2015				
	Ultra-clear photovoltaic raw glass HK$'000	Ultra-clear photovoltaic processed glass and other glass HK$'000	Solar power electricity generation HK$'000	EPC services HK$'000	Total HK$'000
Segment revenue	217,688	3,694,505	313,030	526,470	4,751,693
Inter-segment revenue	(54)	(1,229)	—	—	(1,283)
Revenue from external customers	217,634	3,693,276	313,030	526,470	4,750,410
Cost of sales	(187,644)	(2,358,719)	(83,276)	(410,520)	(3,040,159)
Gross profit	29,990	1,334,557	229,754	115,950	1,710,251

	Year ended 31 December 2014				
	Ultra-clear photovoltaic raw glass HK$'000	Ultra-clear photovoltaic processed glass and other glass HK$'000	Solar power electricity generation HK$'000	EPC services HK$'000	Total HK$'000
Segment revenue	237,243	2,148,089	30,580	—	2,415,912
Inter-segment revenue	(24)	(5,884)	—	—	(5,908)
Revenue from external customers	237,219	2,142,205	30,580	—	2,410,004
Cost of sales	(210,930)	(1,434,198)	(3,939)	—	(1,649,067)
Gross profit	26,289	708,007	26,641	—	760,937

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Other segment information

As no discrete financial information is available for ultra-clear photovoltaic raw glass and ultra-clear photovoltaic processed glass and other glass, their other segment information, assets and liabilities are aggregated and presented under the solar glass segment.

	Other segment information			
	Solar glass HK$'000	Solar power electricity generation HK$'000	EPC services HK$'000	Total HK$'000
Year ended 31 December 2015				
Depreciation charge of property, plant and equipment	144,164	77,329	—	221,493
Amortisation charge of land use rights	4,083	—	—	4,083
Additions to non-current assets (other than deferred income tax assets)	525,302	3,695,064	3,187	4,223,553
Year ended 31 December 2014				
Depreciation charge of property, plant and equipment	88,700	3,390	—	92,090
Amortisation charge of land use rights	2,405	—	—	2,405
Additions to non-current assets (other than deferred income tax assets)	454,245	2,250,076	—	2,704,321

	Assets and liabilities				
	Solar glass HK$'000	Solar power electricity generation HK$'000	EPC services HK$'000	Unallocated HK$'000	Total HK$'000
At 31 December 2015					
Total assets	6,050,022	6,243,876	265,352	175,383	12,734,633
Total liabilities	1,205,165	1,722,741	182,071	2,733,288	5,843,265
At 31 December 2014					
Total assets	3,966,064	1,787,044	—	10,859	5,763,967
Total liabilities	1,128,493	18,662	—	1,310,924	2,458,079

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

	Assets		Liabilities	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Segment assets/(liabilities)	12,559,250	5,753,108	(3,109,977)	(1,147,155)
Unallocated:				
Investment in a joint venture	175,263	—	—	—
Prepayments	—	3,144	—	—
Cash and cash equivalents	120	7,576	—	—
Other receivables	—	139	—	—
Other payables	—	—	(1,306)	(1,305)
Bank borrowings	—	—	(2,714,642)	(1,300,000)
Deferred income tax liabilities	—	—	(17,340)	(9,619)
Total assets/(liabilities)	12,734,633	5,763,967	(5,843,265)	(2,458,079)

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

	2015 HK$'000	2014 HK$'000
Segment gross profit	1,710,251	760,937
Unallocated:		
Other income	142,710	87,413
Other gains/(losses), net	61,589	(13,038)
Selling and marketing expenses	(186,521)	(98,459)
Administrative and other operating expenses	(317,550)	(160,125)
Finance income	4,602	2,361
Finance costs	(21,095)	(7,441)
Profit before income tax	1,393,986	571,648

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

The Group's revenue is mainly derived from customers located in the PRC and overseas countries, while the Group's business activities are conducted predominately in the PRC. An analysis of the Group's sales by geographical area of its customers is as follows:

The analysis of revenue by category is as follows:

	2015 HK$'000	2014 HK$'000
Revenue from sales of solar glasses		
The PRC	3,209,826	1,915,152
Other countries	701,084	464,272
	3,910,910	2,379,424
Revenue from sales of electricity in the PRC		
Sales of electricity	129,142	13,102
Tariff adjustment	183,888	17,478
	313,030	30,580
Revenue from construction contracts in respect of EPC services		
The PRC	526,470	—
	4,750,410	2,410,004

For the year ended 31 December 2015, revenues of approximately HK$592,234,000, HK$526,656,000, HK$317,939,000, HK$281,308,000 and HK$273,317,000 were derived from customer A and customer B from solar glass business, customer C from EPC services, customer D from solar glass business and customer E from solar power electricity generation business, respectively. For the year ended 31 December 2014, revenues of approximately HK$316,678,000, HK$289,714,000, HK$266,706,000, HK$258,886,000 and HK$175,036,000 were derived from customer B, customer D, customer F, customer A and customer G, respectively, from solar glass business.

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

	2015 HK$'000	2014 HK$'000
The PRC	7,746,084	4,144,976
Other countries	94,069	15,426
	7,840,153	4,160,402

Notes to the Consolidated Financial Statements

6 OTHER GAINS/(LOSSES), NET

	2015 HK$'000	2014 HK$'000
Foreign exchange losses, net	(10,500)	(12,837)
Gain/(loss) on disposal of property, plant and equipment (Note 28(b))	9,589	(201)
Gain on deemed disposal of a subsidiary (Note 12)	62,500	—
	61,589	(13,038)

7 EXPENSES BY NATURE

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

	2015 HK$'000	2014 HK$'000
Auditor's remuneration		
- Audit services	1,300	1,200
- Non-statutory audit and other services (Note)	1,450	—
Reversal of provision for impairment of trade receivables (Note 20(b))	—	(123)
Depreciation charge of property, plant and equipment (Note 16)	221,493	92,090
Amortisation charge of land use rights (Note 17)	4,083	2,405
Employee benefit expenses (including directors' emoluments) (Note 8)	199,554	139,518
Raw material and consumables used	2,350,694	1,248,796
Changes in inventories	(100,120)	208,167
Cost of inventories sold (Note 18)	2,250,574	1,456,963
Construction contracts costs	410,520	—
Operating lease payments in respect of land and buildings	12,611	8,233
Transportation costs	152,503	76,078
Research and development expenditures	182,302	91,639
Other expenses	107,840	39,648
	3,544,230	1,907,651

Note: Related to non-recurring non-statutory audit and other services for Xinyi Energy Holdings Limited and its subsidiaries.

8 EMPLOYEE BENEFIT EXPENSES

	2015 HK$'000	2014 HK$'000
Wages and salaries	170,742	120,188
Retirement benefit - defined contribution plans (Note (i))	27,630	18,987
Share options granted to employees (Note 23)	1,182	343
	199,554	139,518

Note (i):

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

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

(a) Pensions - defined contribution plans

There are no forfeited contributions for the year ended 31 December 2015 and 2014.

Contributions totalling HK$2,221,000 (2014: HK$75,000) were payable to the fund at the year-end.

8 EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three (2014: three) directors whose emoluments are reflected in the analysis shown in Note 35. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries, bonus, other allowances and benefits	2,710	1,765
Retirement benefits - defined contribution scheme	26	35
Share options granted	118	38
	2,854	1,838

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
Nil to HK$1,000,000	—	1
HK$1,000,001 - HK$1,500,000	2	1
	2	2

9 FINANCE INCOME AND COSTS

	2015 HK$'000	2014 HK$'000
Finance income		
Interest income from bank deposits	4,602	2,361
Finance costs		
Interest on bank borrowings	48,836	7,329
Less: Amounts capitalised on qualifying assets (Note 16)	(27,741)	—
	21,095	7,329
Others	—	112
	21,095	7,441

10 SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2015 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Xinyi Solar (Hong Kong) Limited ("Xinyi Solar (Hong Kong)")	Hong Kong, limited liability company	Trading of solar glass products	200 ordinary shares	—	100%	—
Xinyi PV Products (Anhui) Holdings Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered capital of US$438,000,000 and paid up capital of US$391,378,291	—	100%	—
Xinyi Solar (Malaysia) Sdn Bhd	Malaysia, limited liability company	Manufacturing of solar glass in Malaysia	Authorised and paid up capital of 1,000,000 ordinary shares of MYR1 each	—	100%	—
Tianjin Xinyi Renewable Energy Limited	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of RMB10,000,000	—	100%	—
Xinyi Energy Holdings Limited ("Xinyi Energy") (Note (i))	The British Virgin Islands, limited liability company	Investment holding	6,320 ordinary shares	—	75%	25%
Wuhu Xinyi Renewable Energy Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of RMB300,000,000	—	75%	25%
Lu'an Xinyi Renewable Energy Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of RMB300,000,000	—	75%	25%

Notes to the Consolidated Financial Statements

10 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Nanping Xinyi Renewable Energy Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of USD 18,000,000	—	75%	25%
Hongan Xinyi Renewable Energy Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of USD35,000,000	—	75%	25%
Xinyi Solar (Wuhu) Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of USD35,000,000	—	75%	25%
Xinyi Renewable Energy (Bozhou) Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of USD35,000,000	—	75%	25%
Xinyi Solar (Fanchang) Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of RMB75,000,000	—	75%	25%
Xinyi Solar (Tianjin) Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered capital of USD35,000,000 and paid up capital of USD27,094,368	—	75%	25%
Xinyi Solar (Shou County) Limited (Note (i))	The PRC, limited liability company	Operation of solar farm	Registered and paid up capital of RMB145,000,000	—	75%	25%

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Note:

(i) Companies are Xinyi Energy and subsidiaries of Xinyi Energy (together, the "Xinyi Energy Group").

10 SUBSIDIARIES (Continued)

(a) Material non-controlling interests

The total non-controlling interest for the year is HK$1,146,365,000 (2014: Nil), which is attributed to Xinyi Energy Group (Note 10 (i)).

Significant restrictions

Cash and short-term deposits of HK$314,092,000 (2014: Nil) are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Xinyi Energy Group that has non-controlling interests that are material to the Group. See Note 11 for transactions with non-controlling interests.

Summarised balance sheet

	2015 HK$'000
Current	
Assets	1,405,679
Liabilities	(781,647)
Total current net assets	624,032
Non-current	
Assets	4,754,864
Liabilities	(793,435)
Total non-current net assets	3,961,429
Net assets	4,585,461

Notes to the Consolidated Financial Statements

10 SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised income statement

	2015 HK$'000
Revenue	313,030
Profit before income tax	181,058
Income tax expense	(25,478)
Post-tax profit from continuing operations	155,580
Other comprehensive income	(76,771)
Total comprehensive income	78,809
Total comprehensive income allocated to non-controlling interests	—
Dividends paid to non-controlling interests	—

Summarised cash flow statement

	2015 HK$'000
Cash flows from operating activities	
Cash used in operations	(582,975)
Interest paid	(6,868)
Income tax paid	(6,173)
Net cash used in operating activities	(596,016)
Net cash used in investing activities	(3,755,543)
Net cash generated from financing activities	4,607,708
Net increase in cash and cash equivalents	256,149
Cash and cash equivalents at beginning of year	181,918
Effect of foreign exchange rate changes	(10,632)
Cash and cash equivalents at end of year	427,435

The above amounts are before intercompany eliminations.

11 TRANSACTION WITH NON-CONTROLLING INTERESTS

Disposal of interest in a subsidiary without loss of control

On 31 December 2015, an aggregate of 1,580 new shares of Xinyi Energy, representing 25% of its enlarged share capital were subscribed by the existing controlling shareholders of the Company for a total cash consideration of HK$1,580,000,000 (the "Subscription"). Immediately following completion of the Subscription, the Company continues to hold, through its subsidiary, 4,740 Xinyi Energy's shares, representing 75% of the equity interests in Xinyi Energy. The Group recognised an increase in non-controlling interests of HK$1,146,365,000 and an increase in equity attributable to owners of the Company of HK$433,635,000. The effect of changes in the ownership interest of Xinyi Energy on the equity attributable to owners of the Company during the year is summarised as follows:

	2015 HK$'000
Carrying amount of non-controlling interests disposed of	1,146,365
Consideration received from non-controlling interests	(1,580,000)
Gain on disposal within equity	433,635

The Company provided corporate guarantees in respect of banking facilities provided to non-wholly owned subsidiaries and had additional capital commitment to a non-wholly owned subsidiary.

	2015 HK$'000
Corporate guarantees in respect of banking facilities provided to non-wholly owned subsidiaries:	
– Wise Regal Investments Limited	400,000
– Xinyi Solar (Wuhu) Limited, Xinyi Solar (Fanchang) Limited and Xinyi Solar (Shou Xian) Limited	352,941
– Xinyi Energy (BVI) Limited	1,300,000
	2,052,941
Additional capital commitment to a non-wholly owned subsidiary:	
– Xinyi Energy	2,250,000

12 INTERESTS IN AND BALANCE WITH A JOINT VENTURE

	2015 HK$'000
At 1 January	—
Capital injections	212,488
Currency translation differences	(6,606)
Elimination of unrealised profit	(30,619)
At 31 December	175,263

	2015 HK$'000
Amount due from a joint venture (Note (ii))	158,470

Notes:

(i) *Investment in a joint venture*

The equity interest in the joint venture listed below is held directly by the Group.

The following is the joint venture at 31 December 2015:

Name of entity	Place of business/ country of incorporation	Date of incorporation	% of ownership interest	Measurement method
Xinyi Solar (Lu'an)	The PRC	25 May 2015	50%	Equity

On 25 May 2015, Xinyi Solar (Lu'an) was incorporated as a wholly owned subsidiary of the Company, with registered capital of RMB125,000,000.

On the same date, the Group and Shenzhen Ruihe Construction Decoration Co., Ltd. ("Shenzhen Ruihe") entered into the Equity Increase Agreement whereby Xinyi Solar (Lu'an) to be formed as a joint venture. The transactions contemplated under the Equity Increase Agreement involved (a) the increase in the registered capital of Xinyi Solar (Lu'an) to RMB250,000,000, and (b) the provision of funding to Xinyi Solar (Lu'an) by Shenzhen Ruihe with an amount of RMB225,000,000 for 50% of the enlarged amount of the equity interest of Xinyi Solar (Lu'an). Upon completion of the deemed disposal on 18 June 2015, the Company continued to hold, through its subsidiary, 50% of the equity interest in Xinyi Solar (Lu'an).

12 INTERESTS IN AND BALANCE WITH A JOINT VENTURE (Continued)

Notes: (Continued)

(i) *Investment in a joint venture* (Continued)

The equity investment of Shenzhen Ruihe was made at a premium, as compared with the amount to be contributed by the Group to Xinyi Solar (Lu'an), for recognising the capital injection by the Group through a concession right with a fair value of approximately HK$125,000,000 obtained prior to the incorporation of Xinyi Solar (Lu'an). The concession right represents the right to develop, acquire and operate the solar farm in Lu'an, Anhui Province, the PRC.

The Company's shareholdings in Xinyi Solar (Lu'an) decreased from 100% to 50%. The Group lost control in Xinyi Solar (Lu'an) upon completion of the deemed disposal, but retained the power to exercise joint control over Xinyi Solar (Lu'an). Therefore, Xinyi Solar (Lu'an) is regarded as a joint venture of the Company and is accounted for using the equity method of accounting immediate following the completion of the deemed disposal of 50% equity interest.

Gain on deemed disposal of a subsidiary amounting to HK$62,500,000 was recognised for the gain on contribution of a concession right to Xinyi Solar (Lu'an) to form a joint venture (Note 6).

Up to 31 December 2015, capital injections to Xinyi Solar (Lu'an) of RMB125,000,000 (equivalent to HK$149,988,000) and RMB100,000,000 (equivalent to HK$125,000,000) were paid in cash by the Group and Shenzhen Ruihe, respectively. In January and February 2016, Xinyi Solar (Lu'an) received the remaining capital injection receivables due from Shenzhen Ruihe of RMB125,000,000 (equivalent to HK$149,988,000).

The profit and loss of the Xinyi Solar (Lu'an) from 25 May 2015 (date of its incorporation) to the date of deemed disposal were nil.

Xinyi Solar (Lu'an) is engaged in the management and operation of solar farm in Lu'an, Anhui Province, the PRC. With stable and predictable electricity generation income of its solar farm project, Xinyi Solar (Lu'an) is viewed as a long-term strategic investment portfolio of the Group.

Xinyi Solar (Lu'an) is a private company and there is no quoted market price available for its shares.

The Company provided corporate guarantees in respect of banking facilities provided to a joint venture.

	2015 HK$'000
Corporate guarantees in respect of banking facilities provided to a joint venture:	
- Xinyi Solar (Lu'an)	117,647

Except the commitment above, there are no other contingent liabilities relating to the Group's interest in the investment in the joint venture.

(ii) *Amount due from a joint venture*

The amount due from a joint venture of HK$158,470,000 represents receivables from the joint venture for the construction contracts revenue from EPC services. The balance is with 90 days based on invoice date, and neither past due nor impaired (2014: Nil).

The amount approximates its fair value and is denominated in RMB.

12 INTERESTS IN AND BALANCE WITH A JOINT VENTURE (Continued)

Summarised financial information for the joint venture

Set out below are the summarised financial information for Xinyi Solar (Lu'an) which is accounted for using the equity method.

Summarised balance sheet

	2015 HK$'000
Current	
Cash and cash equivalents	19,676
Other current assets (excluding cash and cash equivalents)	149,988
Total current assets	169,664
Financial liabilities	(165,148)
Current liabilities	(165,148)
Non-current	
Assets	407,248
Net assets	411,764

Summarised statement of comprehensive income

Xinyi Solar (Lu'an), with its solar farm still under construction, derived no profit or loss for the year ended 31 December 2015.

	2015 HK$'000
Profit after tax	—
Currency translation differences	(13,212)
Total comprehensive income for the year	(13,212)
Dividends received from the joint venture	—

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture, and not the Group's share of those amounts.

12 INTERESTS IN AND BALANCE WITH A JOINT VENTURE (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	2015 HK$'000
Opening net assets at 1 January	—
Capital injections from owners	424,976
Total comprehensive income	(13,212)
Closing net assets at 31 December	411,764
The Group's ownership interest	50%
Carrying value before elimination of unrealised profit	205,882
Elimination of unrealised profit	(30,619)
Carrying value	175,263

13 INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Current income tax		
– Hong Kong profits tax (Note (ii))	279	1,244
– PRC corporate income tax ("CIT") (Note (iii))	174,337	80,000
– Under/(over)-provision in prior years	6,250	(2,568)
	180,866	78,676
Deferred income tax (Note 27)	7,523	—
Income tax expense	188,389	78,676

13 INCOME TAX EXPENSE (Continued)

Notes:

(i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

(ii) Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

(iii) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the year, calculated in accordance with the relevant tax rules and regulations. The applicable CIT rate for Xinyi PV Products (Anhui) Holdings Limited, a subsidiary established in the PRC, was 15% (2014: 15%) for the year as it enjoyed high-tech enterprise income tax benefit. Solar farm companies of the Group in the PRC enjoyed tax holiday and the profits are fully exempted from CIT for three years starting from its first year of profitable operations, followed by 50% reduction in CIT in next three years.

(iv) 5% withholding income tax is imposed on dividends relating to profits remitted from the PRC subsidiaries to the Hong Kong intermediate holding companies.

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

	2015 HK$'000	2014 HK$'000
Profit before income tax	1,393,986	571,648
Calculated at weighted average tax rate of 17.8% (2014: 16.0%)	248,130	91,464
Preferential tax rates on income of certain PRC subsidiaries	(84,297)	(13,489)
Under/(over) provision in prior years	6,250	(2,568)
Income not subject to tax	(1,866)	(320)
Expenses not deductible for tax purposes	12,451	3,589
Effect of withholding tax on unremitted retained earnings of the Group's PRC subsidiaries	7,721	—
Tax charge	188,389	78,676

14 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	**1,205,597**	492,972
Adjusted weighted average number of shares in issue (thousands)	**6,506,413**	5,853,041
Basic earnings per share (HK cents)	**18.53**	8.42

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares from share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

Notes to the Consolidated Financial Statements

14 EARNINGS PER SHARE (Continued)

(b) Diluted (Continued)

	2015	2014
Earnings		
Profit attributable to owners of the company used to determine diluted earnings per share (HK$'000)	1,205,597	492,972
Weighted average number of ordinary shares in issue (thousands)	6,506,413	5,853,041
Adjustments for:		
– Share options (thousands)	453	—
	6,506,866	5,853,041
Diluted earnings per share (HK cents)	18.53	8.42

15 DIVIDENDS

	2015 HK$'000	2014 HK$'000
Interim dividend paid of 4.2 HK cents (2014: 1.6 HK cents) per share (Note a)	276,360	97,280
Proposed final dividend of 4.5 HK cents (2014: Final dividend of 2.4 HK cents) per share (Note b)	303,696	157,920

Notes:

(a) An interim dividend of 4.2 HK cents per share (2014: 1.6 HK cents) was paid to shareholders whose names appeared on the Register of Members of the Company on 14 August 2015 (2014: 12 August 2014).

(b) A final dividend in respect of the financial year ended 31 December 2015 of 4.5 HK cents per share (2014: 2.4 HK cents), amounting to a total dividend of HK$303,696,000 (2014: HK$157,920,000) is to be proposed at the forthcoming Annual General Meeting. The amount of 2015 proposed final dividend is based on 6,748,800,000 shares in issue as at 31 December 2015. The amount of 2014 final dividend is based on 6,580,000,000 shares in issue as at 9 June 2015, the book closure date for the dividend entitlement. These financial statements do not reflect the dividend payable as at 31 December 2015.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Solar Farms HK$'000	Office equipment HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2014						
Cost	215,481	1,342,772	—	4,305	44,670	1,607,228
Accumulated depreciation	(12,774)	(224,867)	—	(1,600)	—	(239,241)
Net book amount	202,707	1,117,905	—	2,705	44,670	1,367,987
Year ended 31 December 2014						
Opening net book amount	202,707	1,117,905	—	2,705	44,670	1,367,987
Additions	—	10,095	2,333	378	2,450,702	2,463,508
Transfers	—	268,255	811,925	—	(1,080,180)	—
Disposals	—	(308)	—	—	—	(308)
Depreciation charge	(5,906)	(84,747)	(3,372)	(391)	—	(94,416)
Currency translation differences	(5,025)	(29,582)	(5,879)	(64)	(10,994)	(51,544)
Closing net book amount	191,776	1,281,618	805,007	2,628	1,404,198	3,685,227
At 31 December 2014						
Cost	210,094	1,584,771	808,355	4,579	1,404,198	4,011,997
Accumulated depreciation	(18,318)	(303,153)	(3,348)	(1,951)	—	(326,770)
Net book amount	191,776	1,281,618	805,007	2,628	1,404,198	3,685,227
Year ended 31 December 2015						
Opening net book amount	191,776	1,281,618	805,007	2,628	1,404,198	3,685,227
Additions	—	27,467	609,757	90	3,485,238	4,122,552
Transfers	202,185	902,973	2,825,926	—	(3,931,084)	—
Disposals	—	(286)	(86,174)	—	—	(86,460)
Depreciation charge	(10,040)	(133,525)	(76,855)	(353)	—	(220,773)
Currency translation differences	(20,323)	(113,271)	(201,573)	(133)	(61,185)	(396,485)
Closing net book amount	363,598	1,964,976	3,876,088	2,232	897,167	7,104,061
At 31 December 2015						
Cost	390,406	2,377,938	3,952,674	4,409	897,167	7,622,594
Accumulated depreciation	(26,808)	(412,962)	(76,586)	(2,177)	—	(518,533)
Net book amount	363,598	1,964,976	3,876,088	2,232	897,167	7,104,061

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	2015 HK$'000	2014 HK$'000
Depreciation charged in consolidated income statement:		
– Cost of sales	212,252	80,116
– Administrative and other operating expenses	9,241	11,974
	221,493	92,090
Depreciation charges capitalised in inventories	4,434	5,154

Government grants received from the PRC government in relation to the construction of factory buildings and purchase of plant and equipment of HK$19,412,000 (2014: HK$50,475,000) were netted off with the cost of the related assets.

During the year, the Group capitalised borrowing costs amounted to HK$27,741,000 (2014: Nil) on qualifying assets (Note 9). Borrowing costs were capitalised at the weighted average rate of its general borrowings of 2.29% (2014: Nil).

17 LAND USE RIGHTS

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

	2015 HK$'000	2014 HK$'000
At 1 January	180,186	188,888
Additions	15,533	—
Amortisation charge	(4,215)	(4,009)
Currency translation differences	(11,132)	(4,693)
At 31 December	180,372	180,186

All of the Group's land use rights are located in the PRC and are held on leases between 10 to 50 years.

During the year, amortisation charge of HK$132,000 (2014: HK$1,604,000) was capitalised as direct cost of construction in progress when the buildings thereon were not yet ready for production purposes. Amortisation of the Group's land use rights amounted to HK$4,083,000 (2014: HK$2,405,000) was charged to the consolidated income statement.

18 INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	116,277	153,752
Work in progress	22,591	38,951
Finished goods	60,210	106,495
	199,078	299,198

The cost of inventories included in cost of sales amounted to approximately HK$2,250,574,000 (2014: HK$1,456,963,000).

19 AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	2015 HK$'000	2014 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	559,516	—
Progress billings to date	(526,470)	—
	33,046	—
Included in current assets are the following:		
Due from customers for contract work		
– Third parties	33,046	—

20 TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	805,783	350,777
Bills receivables	47,842	27,868
Trade and bills receivables (Note (a))	853,625	378,645
Less: Provision for impairment of trade receivables (Note (b))	—	—
Trade and bills receivables, net	853,625	378,645
Prepayments	431,856	353,925
Deposits and other receivables (Note (c))	90,860	46,839
Other tax receivables (Note (d))	637,857	275,977
	2,014,198	1,055,386
Less: Non-current portion:		
Prepayments for property, plant and equipment, land use rights and operating leases	(380,457)	(294,989)
Current portion	1,633,741	760,397

(a) Trade and bills receivables

Sales of solar glass

As at 31 December 2015, trade and bills receivables comprised receivables from sales of solar glass of HK$537,861,000 (2014: HK$343,313,000). The credit terms granted by the Group to its customers are generally from 30 to 90 days.

Sales of electricity

As at 31 December 2015, trade receivables comprised receivables from sales of electricity of HK$21,331,000 (2014: HK$15,137,000), and tariff adjustment receivables of HK$224,761,000 (2014: HK$20,195,000). Receivables from sales of electricity were usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables represented the government subsidies on renewable energy to be received from the state grid companies in accordance with the prevailing government policies.

Construction contracts revenue from EPC services

Construction contracts revenue from EPC services is normally settled by instalments in accordance with the terms specified in the contracts governing the relevant EPC works. The payment terms of EPC contract is considered on a case-by-case basis and set out in the EPC contract. As at 31 December 2015, receivables from EPC construction services amounted to HK$69,672,000 (2014: Nil).

20 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade and bills receivables (Continued)

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

	2015 HK$'000	2014 HK$'000
0 to 90 days	**559,116**	349,247
91 days to 180 days	**137,572**	1,240
Over 180 days	**109,095**	290
	805,783	350,777

The maturity of the bills receivables is within 6 months.

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

	2015 HK$'000	2014 HK$'000
RMB	**794,476**	310,890
US$	**58,387**	50,094
Other currencies	**762**	17,661
	853,625	378,645

20 TRADE AND OTHER RECEIVABLES (Continued)

(b) Provision for impairment of trade receivables

Sales of solar glass

As at 31 December 2015, trade receivables of HK$54,015,000 (2014: HK$28,058,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances.

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

	2015 HK$'000	2014 HK$'000
0 to 90 days	48,667	27,420
91 days to 180 days	5,131	348
Over 180 days	217	290
	54,015	28,058

Sales of electricity

Given the track record of regular repayment of receivables from sales of electricity, all trade receivable from sales of electricity were expected to be recoverable. For tariff adjustment receivables, there is no due date or settlement up to 31 December 2015 (2014: Nil). However, given the collection of tariff adjustment receivables is well supported by the government policy, all tariff adjustment receivables were expected to be recoverable. As the collection of tariff adjustment receivables is expected in the normal operating cycle, which is within 2 years, they are classified as current assets. Consequently, no provision for impairment of trade receivables was recognised as at 31 December 2015 (2014: Nil).

	2015 HK$'000	2014 HK$'000
Tariff adjustment receivables:		
Expected to be recoverable after more than 12 months	204,566	20,195
Expected to be recoverable within 12 months	20,195	—
	224,761	20,195

20 TRADE AND OTHER RECEIVABLES (Continued)

(b) Provision for impairment of trade receivables

Construction contracts revenue from EPC services

Trade receivables of HK$69,672,000 (2014: Nil) in respect of construction contracts revenue from EPC services were neither past due nor impaired. There is no recent history of default. Management believes that no impairment allowance is necessary.

As of 31 December 2015, all trade receivables were expected to be recoverable. Consequently, no provision for doubtful debts was recognised as at 31 December 2015.

The movements on the provision for impairment of trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	—	123
Reversal of provision for impairment of trade receivables (Note 7)	—	(123)
At 31 December	—	—

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

(c) Deposits and other receivables

Deposits and other receivables were all expected to be recoverable and therefore no provision was made. Aging analysis of other receivables at the end of each reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year	86,428	39,405
From 1 year to 2 years	4,432	7,434
	90,860	46,839

20 TRADE AND OTHER RECEIVABLES (Continued)

(c) Deposits and other receivables (Continued)

The carrying amounts of the Group's deposits and other receivable are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
RMB	**89,708**	46,620
HK$	**1,152**	219
	90,860	46,839

(d) Other tax receivables mainly represent value added tax recoverable.

(e) The carrying amounts of trade and other receivables approximate their fair values.

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

21 CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash at bank	**2,867,168**	542,459
Cash on hand	**1,535**	267
	2,868,703	542,726

As at 31 December 2015, funds of the Group amounting to HK$775,022,000 (2014: HK$386,101,000) were deposited in bank accounts opened with banks in the PRC and Malaysia where the remittance of funds is subject to foreign exchange control. The remaining funds of HK$2,092,146,000 (2014: HK$156,358,000) as at 31 December 2015 were deposited in reputable banks in Hong Kong.

21 CASH AND CASH EQUIVALENTS (Continued)

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

	2015 HK$'000	2014 HK$'000
HK$	**2,146,851**	253,487
RMB	**587,735**	229,236
US$	**125,255**	55,057
Euro dollar ("EUR")	**2,084**	2,986
MYR	**6,075**	—
Japanese yen	**703**	1,960
	2,868,703	542,726

22 SHARE CAPITAL

	Number of ordinary shares '000	Ordinary shares of HK$ 0.1 each HK$'000
Authorised:		
At 1 January 2014, 31 December 2014 and 2015	80,000,000	8,000,000
Issued:		
At 31 December 2014 and 1 January 2015	6,080,000	608,000
Issuance of shares (Note (a))	668,800	66,880
At 31 December 2015	6,748,800	674,880

Note:

(a) In March 2015, the Company allotted and issued 500,000,000 shares by way of placing at HK$2.30 each. Proceeds of approximately HK$1,150,000,000 were received and the related transaction costs of approximately HK$13,025,000 were netted off with the proceeds. These shares rank pari passu in all respect with the then existing shares in issue. The excess over the par value of the shares were credited to the share premium account.

In October 2015, the Company allotted and issued 168,800,000 shares by way of placing at HK$3.22 each. Proceeds of approximately HK$543,536,000 were received and the related transaction costs of approximately HK$6,037,000 were netted off with the proceeds. These shares rank pari passu in all respect with the then existing shares in issue. The excess over the par value of the shares were credited to the share premium account.

Notes to the Consolidated Financial Statements

23 SHARE-BASED PAYMENTS

(a) Share option scheme established in 2014

In June 2014, the Company adopted a share option scheme ("Share Option Scheme"). Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant options to eligible participants to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

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

Notwithstanding the above, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

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

	2015		2014	
	Average exercise price in HK$ per share	Options ('000)	Average exercise price in HK$ per share	Options ('000)
At 1 January	2.29	4,040	—	—
Granted	2.86	5,087	2.29	4,040
Forfeited	2.49	(197)	—	—
At 31 December	2.61	8,930	2.29	4,040

In July 2014, 4,039,500 share options were granted to the Company's selected employees and an executive director. The exercise price is HK$2.29 per share, which is equal to the closing price of the Company's share on the date of grant. The share options are conditional on the employee completing three years' service (the vesting period) and exercisable starting three years from the grant date. No option was exercised from the date of the grant to 31 December 2015 and a total of 127,000 options (2014: Nil) were forfeited during the year ended 31 December 2015. The expiry date of these share options is 23 July 2018.

23 SHARE-BASED PAYMENTS (Continued)

(a) Share option scheme established in 2014 (Continued)

In May 2015, 5,087,500 share options were granted to a director of the Company and employees of the Group. The exercise price is HK$2.86 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 12 May 2015 to 31 March 2019. One third of the Options will vest on each of the year-end date of 2015, 2016 and 2017 if each grantee has met the conditions of vesting as stated in the letter of grant. No option was exercised from the date of the grant to 31 December 2015 and a total of 70,000 options were forfeited during the year ended 31 December 2015. The expiry date of these share options is 31 March 2019.

Out of the above outstanding share options, no options were exercisable at 31 December 2015 (2014: Nil).

These outstanding share options at the end of 2015 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share	Options ('000) 2015	2014
23 July 2018	2.29	3,913	4,040
31 March 2019	2.86	5,017	—
		8,930	4,040

The weighted average fair value of the share options granted during the year determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited, and were approximately HK$0.83 per option (2014: HK$0.68). The significant inputs into the model are as follows:

	2015	2014
Weighted average share price, at the grant date (HK$)	2.86	2.29
Exercise price (HK$)	2.86	2.29
Volatility (%)	44.30	44.86
Dividend yield (%)	1.73	1.75
Expected share option life (years)	3.4	3.5
Annual risk-free interest rate (%)	0.94	1.02

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year. See Note 8 for the total expense recognised in the consolidated income statement for share options granted to employees of the Group.

23 SHARE-BASED PAYMENTS (Continued)

(b) Share option scheme established in 2005

Xinyi Glass Holdings Limited ("Xinyi Glass"), the former ultimate holding company, adopted a share option scheme ("Share Option Scheme 2005") in 2005. Under the Share Option Scheme 2005, Xinyi Glass's directors may, at their sole discretion, grant options to any employee of Xinyi Glass and its subsidiaries to subscribe for shares of Xinyi Glass at the highest of (i) the closing price of shares of Xinyi Glass as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of Xinyi Glass as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of Xinyi Glass must not, in aggregate, exceed 10% of the shares in issue on the date of commencement of dealings in the shares of Xinyi Glass on the Stock Exchange, unless Xinyi Glass obtains further approval from the shareholders.

Notwithstanding the above, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Xinyi Glass must not, in aggregate, exceed 30% of the relevant shares or securities of Xinyi Glass in issue from time to time.

23 SHARE-BASED PAYMENTS (Continued)

(b) Share option scheme established in 2005 (Continued)

Movements in the number of share options granted by Xinyi Glass to the employees of the Group and their related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price in HK$ per share	Options ('000)	Average exercise price in HK$ per share	Options ('000)
At 1 January	5.37	6,496	5.33	6,939
Granted	—	—	—	—
Exercised	4.34	(6)	3.55	(176)
Lapsed	6.36	(2,282)	5.46	(267)
At 31 December	4.84	4,208	5.37	6,496

Out of the above outstanding share options, 2,460,000 (2014: 2,167,000) were exercisable at 31 December 2015. During 2015, options exercised resulted in 6,000 (2014: 176,000) shares being issued at weighted average price at the time of exercise of HK$4.34 (2014: HK$ 3.55) each. The related weighted average share price at the time of exercise was HK$4.56 (2014: HK$4.58) per share.

These outstanding share options at the end of 2015 have the following expiry dates and exercise prices:

	Exercise price in HK$ per	Options ('000)	
Expiry date	share	2015	2014
31 March 2015	6.44	—	2,167
31 March 2016	4.34	2,460	2,535
31 March 2017	5.55	1,748	1,794
		4,208	6,496

24 OTHER RESERVES

	Share premium (Note 22(a)) HK$'000	Merger reserve (Note (a)) HK$'000	Capital reserve (Note (b)) HK$'000	Statutory reserve (Note (c)) HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
At 1 January 2015	1,779,076	(209,495)	26,744	161,646	6,568	87,311	1,851,850
Currency translation differences	—	—	—	—	—	(434,887)	(434,887)
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	(6,606)	(6,606)
Employee's share option scheme:							
– value of employee services	—	—	—	—	1,182	—	1,182
– release of share option reserve upon exercise	—	—	—	—	(9)	—	(9)
– lapse of share options	—	—	—	—	(4,081)	—	(4,081)
Appropriation to statutory reserve	—	—	—	118,685	—	—	118,685
Changes in ownership interests in subsidiaries without loss of control	—	—	411,367	—	—	22,268	433,635
Issuances of shares	1,607,594	—	—	—	—	—	1,607,594
Dividend paid to shareholders	(434,280)	—	—	—	—	—	(434,280)
At 31 December 2015	2,952,390	(209,495)	438,111	280,331	3,660	(331,914)	3,133,083
At 1 January 2014	1,238,805	(209,495)	26,744	111,214	6,931	163,444	1,337,643
Currency translation differences	—	—	—	—	—	(76,133)	(76,133)
Employee's share option scheme:							
– value of employee services	—	—	—	—	343	—	343
– release of share option reserve upon exercise	—	—	—	—	(206)	—	(206)
– lapse of share options	—	—	—	—	(500)	—	(500)
Appropriation to statutory reserve	—	—	—	50,432	—	—	50,432
Issuances of shares	740,151	—	—	—	—	—	740,151
Dividend paid to shareholders	(199,880)	—	—	—	—	—	(199,880)
At 31 December 2014	1,779,076	(209,495)	26,744	161,646	6,568	87,311	1,851,850

24 OTHER RESERVES (Continued)

(a) Merger reserve

For the purpose of preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the Group undertook a reorganisation (the "Reorganisation") in 2011. Merger reserve represents the difference between the share capital and share premium issued by the Company for acquisition of the subsidiaries pursuant to the Reorganisation and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.

(b) Capital reserve

In 2011, the Group's PRC subsidiary declared dividends of RMB421,826,000 (equivalent to HK$514,423,000). The related withholding tax of HK$26,744,000 arising from the dividends distribution was paid on behalf by Xinyi Glass and Xinyi Glass has not recharged back the Group. Such amount was accounted for as capital reserve within equity.

Changes in capital reserve in 2015 represents changes in ownership interests in Xinyi Energy from a wholly-owned subsidiary to a 75% partially-owned subsidiary.

(c) Statutory reserve

The PRC companies are required to allocate 10% of the companies' net profits to the statutory reserves fund until such fund reaches 50% of the companies' registered capitals. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capitals.

During the year ended 31 December 2015, the respective board of directors of certain PRC subsidiaries of the Group resolved to appropriate approximately HK$118,685,000 (2014: HK$50,432,000) from retained earnings to statutory reserve.

25 TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables (Note (a))	368,295	171,020
Retention payables (Note (a))	7,289	—
Bills payables (Note (a))	418,884	344,815
Trade, retention and bills payables	794,468	515,835
Accruals and other payables (Note (b))	1,361,931	604,984
	2,156,399	1,120,819

Notes:

(a) The ageing analysis of the trade and retention payables based on invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0 to 90 days	354,498	163,502
91 days to 180 days	12,762	4,061
Over 180 days	8,324	3,457
	375,584	171,020

In the consolidated balance sheet, retention payables were classified as current liabilities. The ageing of the retention payables was within 1 year.

The maturity of the bills payables is within 6 months.

The carrying amounts of trade, retention and bills payables are denominated in RMB.

(b) Details of accruals and other payables are as follows:

	2015 HK$'000	2014 HK$'000
Payables for property, plant and equipment	1,082,333	471,513
Accruals for employee benefits and welfare	64,081	46,503
Receipt in advance from customers	36,267	21,073
Payables for transportation costs and other operating expenses	52,105	15,560
Provision for value added tax and other taxes in the PRC	48,142	9,472
Payables for utilities	26,619	14,862
Others	52,384	26,001
	1,361,931	604,984

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

26 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year	474,212	142,857
Between 1 and 2 years	1,704,727	555,714
Between 2 and 5 years	1,411,325	601,429
	3,590,264	1,300,000
Less: Non-current portion	(3,116,052)	(1,157,143)
Current portion	474,212	142,857

As at 31 December 2015, all bank loans bore floating interest rates. These bank borrowings are repayable by instalments up to 2018. The carrying amounts of the Group's bank borrowings are denominated in HK$ and approximate their fair values as at 31 December 2015, as the impact of discounting is not significant. The fair values are based on cash flows discounted using the effective interest rate and are within level 2 of the fair value hierarchy.

The effective interest rate per annum at reporting date were as follows:

	2015	2014
Bank borrowings	2.19%	2.39%

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are 6 months or less.

The bank borrowings were secured by corporate guarantee provided by the Company.

27 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income liabilities is as follows:

	2015 HK$'000	2014 HK$'000
Deferred tax assets		
– Deferred income tax assets to be recovered after more than 12 months	1,442	1,244
Deferred tax liabilities		
– Deferred income tax liabilities to be settled after more than 12 months	(17,340)	(9,619)
Deferred income tax liabilities, net	(15,898)	(8,375)

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

	2015 HK$'000	2014 HK$'000
At 1 January	8,375	8,375
Charged to the consolidated income statement (Note 13)	7,523	—
At 31 December	15,898	8,375

27 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting balances within the same tax jurisdiction are as follows:

	Provisions	
Deferred income tax assets	2015 HK$'000	2014 HK$'000
At 1 January	1,244	1,244
Credited to the consolidated income statement	198	—
At 31 December	1,442	1,244

	Undistributed profits of subsidiaries	
Deferred income tax liabilities	2015 HK$'000	2014 HK$'000
At 1 January	9,619	9,619
Charged to the consolidated income statement	7,721	—
At 31 December	17,340	9,619

Withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in the PRC, in respect of earnings generated after 31 December 2007. The Group's subsidiaries in the PRC that held by intermediate holding companies incorporated in Hong Kong, is subject to 5% withholding tax.

As at 31 December 2015, deferred income tax liabilities of approximately HK$83,277,000 (2014: HK$38,847,000) were not recognised for withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary in the PRC. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The related total unremitted earnings for which deferred withholding tax liabilities had not been recognised amounted to approximately HK$1,665,534,000 (2014: HK$776,937,000).

28 CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before income tax to cash generated from operations:

	2015 HK$'000	2014 HK$'000
Profit before income tax	1,393,986	571,648
Adjustments for:		
Share options granted to employees (Note 8)	1,182	343
Interest income (Note 9)	(4,602)	(2,361)
Interest expense (Note 9)	21,095	7,441
Depreciation of property, plant and equipment (Note 7)	221,493	92,090
Amortisation of land use rights (Note 7)	4,083	2,405
Gain on deemed disposal of a subsidiary (Note 6)	(62,500)	—
(Gain)/loss on disposal of property, plant and equipment (Note 6)	(9,589)	201
Reversal of provision for impairment of trade receivables (Note 7)	—	(123)
	1,565,148	671,644
Changes in working capital:		
Inventories	99,400	(205,841)
Trade and other receivables	(894,667)	(55,727)
Trade payables, accruals and other payables	413,443	378,395
Amount due from a joint venture	(127,851)	—
Amount due to a related company	4,272	—
Amounts due from customers for construction work	(33,046)	—
Cash generated from operations	1,026,699	788,471

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

	2015 HK$'000	2014 HK$'000
Net book amount (Note 16)	86,460	308
Gain/(loss) on disposal of property, plant and equipment	9,589	(201)
Proceeds from disposal of property, plant and equipment	96,049	107

28 CASH GENERATED FROM OPERATIONS (Continued)

(c) Major non-cash transactions

During the year ended 31 December 2015, the Group recognised a gain on deemed disposal of a subsidiary without cash proceed, as a result of its shareholdings in Xinyi Solar (Lu'an) decreased from 100% to 50%.

As at 31 December 2015, purchases of property, plant and equipment amounting to HK$1,082,333,000 (2014: HK$471,513,000) was made without any cash paid (Note 25(b)).

29 OPERATING LEASE COMMITMENTS

The Group leases certain of its factory and office premises under non-cancellable operating lease agreements. As at 31 December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015 HK$'000	2014 HK$'000
Not later than one year	21,383	7,725
Later than 1 year and not later than 5 years	62,345	16,983
More than 5 years	480,119	170,819
	563,847	195,527

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings with lease terms as follows:

	2015 HK$'000	2014 HK$'000
Not later than one year	725	1,170
Later than 1 year and not later than 5 years	—	780
	725	1,950

30 CAPITAL COMMITMENTS

Capital expenditures of HK$2,410,847,000 (2014: HK$733,035,000) was contracted for at the end of the year but not yet incurred.

31 BANKING FACILITIES AND GUARANTEES

The banking facilities made available to subsidiaries of the Group are as follows:

	2015		2014	
	Available facilities HK$'000	Facilities utilised HK$'000	Available facilities HK$'000	Facilities utilised HK$'000
Banking facilities granted to subsidiaries of the Group without securities	**5,416,042**	**4,043,785**	1,708,089	1,644,815

32 RELATED PARTY TRANSACTIONS

As at 31 December 2015, the Group is controlled by Datuk LEE Yin Yee, B.S.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung (together, the "Controlling Shareholders"), which in aggregate owns 32.43% (2014: 35.68%) of the Company's shares. 26.54% (2014: 29.46%) of the shares are held by Xinyi Glass and its subsidiary, and the remaining 41.03% (2014: 34.86%) of the shares are widely held.

(a) Name and relationship with related parties

Name of related parties	Relationship
Xinyi Glass	Note (i)
Xinyi Group (Glass) Company Limited	Note (ii)
Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Company Limited ("Xinyi Ultra-clear (Dongguan)")	Note (iii)
Xinyi EnergySmart (Wuhu) Company Limited ("Xinyi EnergySmart (Wuhu)")	Note (iii)
Xinyi Automobile Parts (Wuhu) Company Limited ("Xinyi Automobile Parts (Wuhu)")	Note (iii)
Xinyi Electronic Glass (Wuhu) Company Limited ("Xinyi Electronic Glass (Wuhu)")	Note (iii)
Xinyi Glass (Tianjin) Company Limited("Xinyi Glass (Tianjin)")	Note (iii)
Xinyi Glass Japan Company Limited	Note (iii)
Wuhu Jinsanshi Numerical Control Technology Company Limited ("Wuhu Jinsanshi")	Note (iii)
Wuhu Xinhe Logistics Company Limited ("Xinhe Logistics")	Note (iii)
Xinyi Solar (Lu'an)	Joint venture

Notes:

(i) Ultimate holding company of a company which has a significant influence on the Group.

(ii) Company which has a significant influence on the Group.

(iii) Companies under control of a company which has a significant influence on the Group.

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year.

	Note	2015 HK$'000	2014 HK$'000
Purchases of glass products from:	i		
– Xinyi EnergySmart (Wuhu)		26,866	483
– Xinyi Automobile Parts (Wuhu)		505	1,054
– Xinyi Electronic Glass (Wuhu)		44,714	388
– Xinyi Glass (Tianjin)		12,802	—
		84,887	1,925
Rental expenses paid to:	ii		
– Xinyi EnergySmart (Wuhu)		1,141	1,164
– Xinyi Glass (Tianjin)		4,250	4,334
		5,391	5,498
Rental income received from:	ii		
– Xinyi EnergySmart (Wuhu)		1,141	1,164
Purchases of machinery from:	iii		
– Wuhu Jinsanshi		14,440	—
– Xinyi Ultra-clear (Dongguan)		—	235
		14,440	235

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions (Continued)

	Note	2015 HK$'000	2014 HK$'000
Transportation fee paid to:			
– Xinhe Logistics	iv	68,593	—
Sales of glass products to:			
– Xinyi Glass (Tianjin)	v, viii	45	—
Consultancy fee paid to:			
– Xinyi Glass Japan Company Limited	vi, viii	—	37
EPC services income received from:			
– Xinyi Solar (Lu'an)	vii	208,531	—

Notes:

(i) The purchases of glass products were charged at mutually agreed prices and terms. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcement dated 17 April 2015.

(ii) The leases of premises were charged at mutually agreed rental. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed under the section headed "Continuing Connected Transactions" in the Company's listing document dated 22 November 2013.

(iii) The purchases of machinery were charged at considerations based on mutually agreed terms. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcement dated 16 October 2015.

(iv) The transactions fee paid was charged at mutually agreed fee. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcement dated 12 August 2015.

(v) The sales of glass products were charged at mutually agreed prices and terms.

(vi) The consultancy fee paid was charged at mutually agreed fee.

(vii) The EPC services income received were charged at considerations based on mutually agreed terms. Xinyi Solar (Lu'an) was not a connected person of the Company and the transactions did not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

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

32 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	2015 HK$'000	2014 HK$'000
Amount due from a joint venture		
– Xinyi Solar (Lu'an)	158,470	—
Amount due to a related company		
– Wuhu Jinsanshi	4,272	—

The amounts due from a joint venture and due to a related company are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in RMB.

(d) Key management compensation

Key management includes executive and non-executive directors as well as senior management. The compensation paid or payable to key management for employee services is shown below:

	2015 HK$'000	2014 HK$'000
Basic salaries, bonus, other allowances and benefits	20,313	13,213
Retirement benefits - defined contribution scheme	89	90
Share options granted	277	89
	20,679	13,392

Details of directors' and the chief executive's emoluments are disclosed in Note 35.

33 FINANCIAL INSTRUMENTS BY CATEGORY

	2015 HK$'000	2014 HK$'000
Assets - loans and receivables		
Trade and other receivables excluding prepayments and other tax receivables	**896,643**	397,616
Amount due from a joint venture (Note 12)	**158,470**	—
Bills receivables (Note 20)	**47,842**	27,868
Cash and cash equivalents (Note 21)	**2,868,703**	542,726
	3,971,658	968,210
Liabilities - other financial liabilities at amortised cost		
Trade and other payables excluding accruals	**2,007,909**	1,043,771
Bank borrowings (Note 26)	**3,590,264**	1,300,000
	5,598,173	2,343,771

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries		899,852	899,850
Current assets			
Amounts due from subsidiaries		2,671,080	1,434,615
Prepayments and other receivable		—	664
Cash and cash equivalents		105	110
Total current assets		2,671,185	1,435,389
Total assets		3,571,037	2,335,239
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		674,880	608,000
Share premium	(a)	2,952,390	1,779,076
Accumulated losses	(a)	(56,237)	(51,837)
Total equity		3,571,033	2,335,239
LIABILITIES			
Current liabilities			
Accruals and other payables		4	—
Total current liabilities		4	—
Total equity and liabilities		3,571,037	2,335,239

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

TUNG Ching Sai
Executive Director and Vice Chairman

LEE Yau Ching
Executive Director and Chief Executive Officer

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

Note:

(a) Movement of share premium and accumulated losses of the Company

	Share premium HK$'000	Accumulated losses HK$'000
At 1 January 2014	1,238,805	(48,110)
Issuance of shares	740,151	—
Loss for the year	—	(3,727)
Dividend paid to shareholders	(199,880)	—
At 31 December 2014	1,779,076	(51,837)
At 1 January 2015	**1,779,076**	**(51,837)**
Issuance of shares	**1,607,594**	**—**
Loss for the year	**—**	**(4,400)**
Dividend paid to shareholders	**(434,280)**	**—**
At 31 December 2015	**2,952,390**	**(56,237)**

The Cayman Islands law permits dividends or other distributions to be paid out of share premium.

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

For the year ended 31 December 2015:

Name of directors (Note (i))	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Other benefits HK$'000	Share options granted HK$'000	Total HK$'000
LEE Yin Yee	—	—	—	—	—	—	—	—	—
TUNG Ching Sai	—	—	—	—	—	—	—	—	—
LEE Yau Ching	200	—	6,207	18	—	3,588	—	—	10,013
LI Man Yin	200	—	3,403	18	—	1,399	—	—	5,020
CHEN Xi	200	—	—	18	—	567	63	99	947
LEE Shing Put	200	—	—	—	—	—	—	—	200
CHENG Kwok Kin, Paul	250	—	—	—	—	—	—	—	250
LO Wan Sing, Vincent	200	—	—	—	—	—	—	—	200
KAN E-ting, Martin	200	—	—	—	—	—	—	—	200
Total	1,450	—	9,610	54	—	5,554	63	99	16,830

35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director is set out below: (Continued)

For the year ended 31 December 2014 (Restated):

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

Name of directors (Note (i))	Fees	Salary	Discretionary bonus	Employer's contribution to a retirement benefit scheme	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Other benefits	Share options granted	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
LEE Yin Yee	—	—	—	—	—	—	—	—
TUNG Ching Sai	—	—	—	—	—	—	—	—
LEE Yau Ching	172	—	4,652	17	2,975	—	—	7,816
LI Man Yin	172	—	—	—	1,209	—	—	1,381
CHEN Xi	172	—	189	20	571	62	32	1,046
LEE Shing Put	172	—	—	—	—	—	—	172
CHENG Kwok Kin, Paul	195	—	—	—	—	—	—	195
LO Wan Sing, Vincent	172	—	—	—	—	—	—	172
KAN E-ting, Martin	172	—	—	—	—	—	—	172
Total	1,227	—	4,841	37	4,755	62	32	10,954

35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director is set out below: (Continued)

Notes:

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

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

(iii) Datuk LEE Yin Yee, B.B.S. and Mr. TUNG Ching Sai waived emoluments of HK$200,000 (2014: HK$172,000) and HK$200,000 (2014: HK$172,000) respectively for the year. Except these, no other directors waived or agreed to waive any emoluments for the year ended 31 December 2015 and 2014. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the years ended 31 December 2015 and 2014.

(iv) Mr. LEE Yau Ching is also the Chief Executive Officer of the Group and his remuneration disclosed above include those for services rendered by him as the Chief Executive Officer.

(v) During the year ended 31 December 2015, none of the directors of the Company (i) received any salary or housing allowance; (ii) received or paid emoluments in respect of services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2014: Same).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, except for the transaction with non-controlling interests with the existing Controlling Shareholders, some of which are directors of the Company, disclosed in Note 11.

Financial Summary

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Result					
Revenue	**4,750,410**	2,410,004	1,967,507	1,533,130	1,233,678
Cost of sales	**(3,040,159)**	(1,649,067)	(1,375,161)	(1,268,910)	(791,060)
Gross profit	**1,710,251**	760,937	592,346	264,220	442,618
Profit before income tax	**1,393,986**	571,648	370,458	143,743	390,963
Income tax expense	**(188,389)**	(78,676)	(66,659)	(23,894)	(70,187)
Profit for the year attributable to equity holders of the Company	**1,205,597**	492,972	303,799	119,849	320,776

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities					
Total assets	**12,734,633**	5,763,967	2,686,995	2,795,682	2,927,145
Total liabilities	**5,843,265**	2,458,079	376,560	1,730,564	2,006,266
	6,891,368	3,305,888	2,310,435	1,065,118	920,879
Equity attributable to equity holders of the Company	**5,745,003**	3,305,888	2,310,435	1,065,118	920,879
Non-controlling interests	**1,146,365**	—	—	—	—
	6,891,368	3,305,088	2,310,435	1,065,118	920,879