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XINYI GLASS HOLDINGS LIMITED

信義玻璃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00868)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- The total sales of the Group in 2014 amounted to HK\$10,861.1 million, representing an increase of 9.3% as compared with the sales from the continuing operations of the Group in 2013.
- The net profit attributable to equity holders of the Company for 2014 amounted to HK\$1,363.7 million, representing a decrease of 58.0% as compared with the net profit from the continuing operations of the Group in 2013, and a decrease of 38.2% as compared with the net profit (excluding the gain on the Spin-off of Xinyi Solar of HK\$1,315.4 million).
- Basic earnings per share for 2014 were 34.78 HK cents.
- The Directors propose a final cash dividend of 6.0 HK cents per share for 2014.

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The board of directors (the “**Directors**”) of Xinyi Glass Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2014, together with the comparative figures for continuing operations and discontinued operation of the Group for the year ended 31 December 2013, as follows:-

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Note</i>	2014	2013
<u>Continuing operations:</u>			
Revenue	4	10,861,082	9,936,076
Cost of sales	5	(8,127,635)	(6,799,045)
Gross profit		2,733,447	3,137,031
Other income	6	178,486	326,129
Other gains — net	7	219,938	137,751
Gain on spin-off and separate listing of subsidiaries	14	—	1,315,417
Selling and marketing costs	5	(607,901)	(478,434)
Administrative expenses	5	(1,030,087)	(772,438)
Operating profit		1,493,883	3,665,456
Finance income	8	52,831	22,949
Finance costs	8	(90,898)	(82,651)
Share of profits of associates	14	137,560	20,749
Profit before income tax		1,593,376	3,626,503
Income tax expense	9	(228,453)	(381,157)
Profit for the year from continuing operations		1,364,923	3,245,346
<u>Discontinued operation:</u>			
Profit for the period from discontinued operation	15	N/A	276,895
Profit for the year		1,364,923	3,522,241

	<i>Note</i>	2014	2013
Profit attributable to equity holders of the Company:			
– from continuing operations		1,363,680	3,245,043
– from discontinued operation		—	276,895
		<u>1,363,680</u>	<u>3,521,938</u>
Profit attributable to non-controlling interests of the Company:			
– from continuing operations		1,243	303
– from discontinued operation		—	—
		<u>1,243</u>	<u>303</u>
Profit for the year		<u>1,364,923</u>	<u>3,522,241</u>
Earnings per share for profit attributable to equity holders of the Company during the year			
Basic earnings per share:			
(expressed in Hong Kong cents per share)			
– Continuing operations	10	34.78	84.68
– Discontinued operation	10	N/A	7.23
		<u>34.78</u>	<u>91.91</u>
Diluted earnings per share:			
(expressed in Hong Kong cents per share)			
– Continuing operations	10	34.57	82.16
– Discontinued operation	10	N/A	6.94
		<u>34.57</u>	<u>89.10</u>
Dividends	11	<u>235,296</u>	<u>548,992</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
Profit for the year	1,364,923	3,522,241
Other comprehensive income, net of tax:		
Items that will not be reclassified subsequently to profit or loss:		
Changes in revaluation surplus	—	24,393
Repurchase and cancellation of convertible bonds	(3,342)	—
Items that may be reclassified to profit and loss:		
Changes in value of available-for-sale financial assets	23,400	(1,200)
Currency translation differences	(355,743)	329,627
Share of other comprehensive income of investments accounted for using the equity method	(22,430)	—
Total comprehensive income for the year	<u>1,006,808</u>	<u>3,875,061</u>
Total comprehensive income attributable to:		
Equity holders of the Company	1,005,902	3,875,452
Non-controlling interests	906	(391)
Total comprehensive income for the year	<u>1,006,808</u>	<u>3,875,061</u>
Total comprehensive income attributable to equity holders of the Company:		
– from continuing operations	1,005,902	3,598,557
– from discontinued operation	—	276,895
	<u>1,005,902</u>	<u>3,875,452</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014**

	<i>Note</i>	2014	2013
ASSETS			
Non-current assets			
Leasehold land and land use rights		1,287,340	1,390,059
Property, plant and equipment		11,293,436	10,458,833
Investment properties		549,991	498,138
Prepayments for property, plant and equipment and land use rights	12	623,875	526,980
Intangible assets		78,657	82,296
Available-for-sale financial assets		119,625	52,241
Investments in associates	14	2,242,739	2,071,234
Loan to an associate	14	33,625	34,487
		<u>16,229,288</u>	<u>15,114,268</u>
Current assets			
Inventories		1,478,219	1,231,900
Loans to associates	14	7,709	6,382
Trade and other receivables	12	2,486,987	2,255,359
Pledged bank deposits		792	789
Cash and bank balances		831,169	1,042,429
		<u>4,804,876</u>	<u>4,536,859</u>
Total assets		<u>21,034,164</u>	<u>19,651,127</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		392,161	392,137
Share premium			
– Proposed final dividend		235,296	548,992
– Others		3,196,663	3,786,336
Other reserves		2,116,333	2,372,564

	<i>Note</i>	2014	2013
Retained earnings		<u>6,392,830</u>	<u>5,107,760</u>
		<u>12,333,283</u>	<u>12,207,789</u>
Non-controlling interests		<u>2,046</u>	<u>1,140</u>
Total equity		<u><u>12,335,329</u></u>	<u><u>12,208,929</u></u>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		3,483,463	3,024,252
Deferred income tax liabilities		159,484	159,508
Deferred government grants		147,557	179,789
Other payables	13	<u>107,294</u>	<u>—</u>
		<u>3,897,798</u>	<u>3,363,549</u>
Current liabilities			
Trade payables and other payables	13	1,978,190	1,743,737
Current income tax liabilities		293,686	219,169
Bank borrowings		<u>2,529,161</u>	<u>2,115,743</u>
		<u>4,801,037</u>	<u>4,078,649</u>
Total liabilities		<u><u>8,698,835</u></u>	<u><u>7,442,198</u></u>
Total equity and liabilities		<u><u>21,034,164</u></u>	<u><u>19,651,127</u></u>
Net current assets		<u><u>3,839</u></u>	<u><u>458,210</u></u>
Total assets less current liabilities		<u><u>16,233,127</u></u>	<u><u>15,572,478</u></u>

Notes to the Consolidated Financial Statements

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

1 GENERAL INFORMATION

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

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

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 1 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair values.

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

Changes in accounting policy and disclosures

- (a) Amended standards and interpretations are effective for the financial year beginning on 1 January 2014. The adoption of these 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
HKAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC) Interpretation 21	Levies	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment Entities	1 January 2014

- (b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 19 (2011) (amendment)	Defined Benefit Plans: Employee Contribution	1 July 2014
HKFRSs (amendment)	Annual Improvements to HKFRSs 2010–2012 Cycle	1 July 2014
HKFRSs (amendment)	Annual Improvements to HKFRSs 2011–2013 Cycle	1 July 2014
HKFRSs (amendment)	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10 and HKAS 28 (amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

		Effective for accounting periods beginning on or after
HKFRS 11 (amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 16 and HKAS 38 (amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

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 as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 SEGMENT INFORMATION

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

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

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

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

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

As discussed in Note 15, subsequent to the Spin-off, the Group no longer carried on business of solar glass segment and the solar glass segment was classified as discontinued operation of the Group for the year ended 31 December 2013.

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

	Float glass	Automobile glass	Construction glass	Unallocated	Total
Segment revenue	6,083,339	3,593,171	2,555,536	—	12,232,046
Inter-segment revenue	(1,370,964)	—	—	—	(1,370,964)
Revenue from external customers	4,712,375	3,593,171	2,555,536	—	10,861,082
Cost of sales	(4,382,985)	(2,091,271)	(1,653,379)	—	(8,127,635)
Gross profit	<u>329,390</u>	<u>1,501,900</u>	<u>902,157</u>	<u>—</u>	<u>2,733,447</u>
Depreciation charge of property, plant and equipment	404,890	106,108	99,916	852	611,766
Amortisation charge					
– leasehold land and land use rights	20,971	5,004	2,732	—	28,707
– intangible assets	1,197	2,423	—	—	3,620
(Reversal of provision for)/provision for impairment of trade receivables, net	—	(871)	9,936	—	9,065
Share of profits of associates	—	—	—	137,560	137,560
Total assets	<u>10,283,576</u>	<u>3,289,988</u>	<u>3,035,749</u>	<u>4,424,851</u>	<u>21,034,164</u>
Total assets included:					
Investments in associates	—	—	—	2,242,739	2,242,739
Loans to associates	—	—	—	41,334	41,334
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	<u>1,165,741</u>	<u>189,460</u>	<u>307,790</u>	<u>354,608</u>	<u>2,017,599</u>
Total liabilities	<u>1,299,144</u>	<u>789,004</u>	<u>426,009</u>	<u>6,184,678</u>	<u>8,698,835</u>

The segment information provided to the executive directors for the reportable segments as at and for the year ended 31 December 2013 is as follows:

	Float glass	Automobile glass	Construction glass	Unallocated	Continuing operations- Total	Discontinued operation- Solar glass	Total
Segment revenue	5,730,092	3,287,204	2,154,538	—	11,171,834	1,846,330	13,018,164
Inter-segment revenue	(1,235,758)	—	—	—	(1,235,758)	—	(1,235,758)
Revenue from external customers	4,494,334	3,287,204	2,154,538	—	9,936,076	1,846,330	11,782,406
Cost of sales	(3,640,575)	(1,863,508)	(1,294,962)	—	(6,799,045)	(1,293,334)	(8,092,379)
Gross profit	<u>853,759</u>	<u>1,423,696</u>	<u>859,576</u>	<u>—</u>	<u>3,137,031</u>	<u>552,996</u>	<u>3,690,027</u>
Depreciation charge of property, plant and equipment	410,509	103,514	91,468	644	606,135	83,218	689,353
Amortisation charge							
– leasehold land and land use rights	14,937	3,552	1,075	—	19,564	2,204	21,768
– intangible assets	1,218	2,242	—	—	3,460	—	3,460
Provision for/(reversal of provision for) impairment of trade receivables, net	—	2,828	2,732	—	5,560	(1,103)	4,457
Share of profits of associates	<u>—</u>	<u>—</u>	<u>—</u>	<u>20,749</u>	<u>20,749</u>	<u>—</u>	<u>20,749</u>
Total assets	<u>9,905,553</u>	<u>3,246,915</u>	<u>2,683,460</u>	<u>3,815,199</u>	<u>19,651,127</u>	<u>—</u>	<u>19,651,127</u>
Total assets included:							
Investments in associates	—	—	—	2,071,234	2,071,234	—	2,071,234
Loans to associates	—	—	—	40,869	40,869	—	40,869
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	<u>1,127,763</u>	<u>324,257</u>	<u>895,451</u>	<u>725,468</u>	<u>3,072,939</u>	<u>86,822</u>	<u>3,159,761</u>
Total liabilities	<u>1,162,996</u>	<u>616,754</u>	<u>372,836</u>	<u>5,289,612</u>	<u>7,442,198</u>	<u>—</u>	<u>7,442,198</u>

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

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Segment gross profit	2,733,447	3,137,031	—	552,996
Unallocated:				
Other income	178,486	326,129	—	57,245
Other gains – net	219,938	137,751	—	(1,086)
Gain on the Spin-off	—	1,315,417	—	—
Selling and marketing costs	(607,901)	(478,434)	—	(122,286)
Administrative expenses	(1,030,087)	(772,438)	—	(152,359)
Finance income	52,831	22,949	—	—
Finance costs	(90,898)	(82,651)	—	—
Share of profits of associates	137,560	20,749	—	—
Profit before income tax	<u>1,593,376</u>	<u>3,626,503</u>	<u>—</u>	<u>334,510</u>

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

	Assets		Liabilities	
	2014	2013	2014	2013
Segment assets/(liabilities)	16,609,313	15,835,928	(2,514,157)	(2,152,586)
Unallocated:				
Leasehold land and land use rights	123,779	129,698	—	—
Property, plant and equipment	800,889	707,057	—	—
Investment properties	495,990	443,010	—	—
Prepayments for property, plant and equipment and land use rights	103,682	27,517	—	—
Available-for-sale financial assets	119,625	52,241	—	—
Investments in associates	2,242,739	2,071,234	—	—
Balances with associates	41,334	40,869	—	—
Prepayments, deposits and other receivables	230,149	199,983	—	—
Cash and bank balances	266,664	143,590	—	—
Other payables	—	—	(82,998)	(145,046)
Current income tax liabilities	—	—	(56,601)	(15,019)
Deferred income tax liabilities	—	—	(159,484)	(159,508)
Bank and other borrowings	—	—	(5,885,595)	(4,970,039)
Total assets/(liabilities)	<u>21,034,164</u>	<u>19,651,127</u>	<u>(8,698,835)</u>	<u>(7,442,198)</u>

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

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

	2014	2013
Continuing operations:		
Sales of float glass	4,712,375	4,494,334
Sales of automobile glass	3,593,171	3,287,204
Sales of construction glass	2,555,536	2,154,538
	<u>10,861,082</u>	<u>9,936,076</u>
Discontinued operation:		
Sales of solar glass	—	1,846,330
Total	<u>10,861,082</u>	<u>11,782,406</u>

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

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Greater China	7,643,015	7,119,004	—	1,559,091
North America	1,288,010	874,595	—	127,123
Europe	486,516	472,895	—	32,784
Other countries	1,443,541	1,469,582	—	127,332
	<u>10,861,082</u>	<u>9,936,076</u>	<u>—</u>	<u>1,846,330</u>

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

	2014	2013
Greater China	16,078,430	15,052,919
North America	7,915	8,955
Other countries	23,318	153
	<u>16,109,663</u>	<u>15,062,027</u>

None of a single customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2014 (2013: None).

5 EXPENSES BY NATURE

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

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Amortisation charge of leasehold land and land use rights	28,707	19,564	—	2,204
Depreciation charge of property, plant and equipment	611,766	606,135	—	83,218
Amortisation charge of intangible assets	3,620	3,460	—	—
Employee benefit expenses	977,915	779,936	—	107,973
Cost of inventories	6,069,224	4,949,245	—	1,019,090
Transportation costs	287,344	222,189	—	102,158
Advertisement costs	61,305	62,702	—	269
Operating lease payments in respect of land and Buildings	7,194	7,452	—	—
Provision/(reversal of provision) for impairment of trade receivables, net	9,065	5,560	—	(1,103)
Auditor's remuneration				
– Audit services	3,100	2,900	—	1,018
– Non-statutory services	573	285	—	—
Direct operating expenses arising from investment property that generates rental income	—	394	—	—
Other expenses	1,705,810	1,390,095	—	253,152
Total cost of sales, selling and marketing costs and administrative expenses	<u>9,765,623</u>	<u>8,049,917</u>	<u>—</u>	<u>1,567,979</u>

6 OTHER INCOME

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Rental income	8,358	4,791	—	327
Government grants (Note (a))	161,585	317,501	—	54,982
Insurance compensation income	3,689	—	—	—
Others	4,854	3,837	—	1,936
	<u>178,486</u>	<u>326,129</u>	<u>—</u>	<u>57,245</u>

Note (a):

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

7 OTHER GAINS - NET

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Gains on disposal of property, plant and equipment and non-current assets held for sale	109,363	8,129	—	—
Losses on disposal of a subsidiary	—	(885)	—	—
Gain on deemed disposal of an associate	—	13,143	—	—
Gain on dilution of share in an associate	100,195	—	—	—
Fair value gains on investment properties	44,000	88,989	—	—
Losses on disposal of trading securities	—	(2,723)	—	—
Other foreign exchange (losses)/ gains, net	(33,620)	31,098	—	(1,086)
	<u>219,938</u>	<u>137,751</u>	<u>—</u>	<u>(1,086)</u>

8 FINANCE INCOME AND COSTS

	Continuing operations	
	2014	2013
Finance income:		
Interest income on bank deposits	43,438	22,949
Other interest income	9,393	—
	<u>52,831</u>	<u>22,949</u>
Finance costs:		
Interest expense on bank borrowings	106,808	83,860
Less: interest expense capitalised on qualifying assets	(52,528)	(38,932)
Interest expense on convertible bonds	36,618	37,723
	<u>90,898</u>	<u>82,651</u>

9 INCOME TAX EXPENSE

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Current income tax				
– Hong Kong profits tax (Note (a))	22,704	33,866	—	714
– PRC corporate income tax (Note (b))	208,233	286,341	—	56,901
– Overseas income tax (Note (c))	1,016	4	—	—
– (Over)/under-provision in prior years	(3,476)	3,363	—	—
Deferred income tax				
– Origination and reversal of temporary differences	(24)	57,583	—	—
	<u>228,453</u>	<u>381,157</u>	<u>—</u>	<u>57,615</u>

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

(b) PRC corporate income tax (“CIT”)

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

The applicable CIT rates for major subsidiaries located in Shenzhen, Wuhu, Dongguan, Tianjin and Jiangmen are 25% (2013: 25%).

Nine (2013: seven) major subsidiaries in Shenzhen, Wuhu, Dongguan, Jiangmen and Tianjin enjoy high-tech enterprise income tax benefit and the tax rate is 15%.

(c) Overseas income tax

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

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:

	Continuing operations		Discontinued operation	
	2014	2013	2014	2013
Profit before income tax	1,593,376	3,626,503	—	334,510
Calculated at weighted average tax rate of 24% (2013: 24%)	382,410	871,167	—	80,282
Preferential tax rates on income of certain PRC and Hong Kong subsidiaries	(167,304)	(320,503)	—	(26,063)
(Over)/under-provision in prior years	(3,476)	3,363	—	—
Utilisation of previously unrecognised tax losses	(482)	(493)	—	—
Associates’ result reported	(22,697)	(4,490)	—	—
Income not subject to tax	(29,164)	(255,524)	—	—
Expenses not deductible for tax purposes	69,166	27,637	—	3,396
Effect of withholding tax on the distributable profit of the Group’s PRC subsidiaries and associates	—	60,000	—	—
Income tax expense	<u>228,453</u>	<u>381,157</u>	<u>—</u>	<u>57,615</u>

10 EARNINGS PER SHARE

BASIC:

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (after taking into account the effect of the issuance of new shares and share repurchased and cancellation) during 2014 and 2013.

	2014	2013
From continuing operations:		
Profit attributable to equity holders of the Company (HK\$'000)	<u>1,363,680</u>	<u>3,245,043</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,921,361</u>	<u>3,832,349</u>
Basic earnings per share (HK cents per share)	<u>34.78</u>	<u>84.68</u>
	2014	2013
From discontinued operation:		
Profit attributable to equity holders of the Company (HK\$'000)	<u>N/A</u>	<u>276,895</u>
Weighted average number of ordinary shares in issue (thousands)	<u>N/A</u>	<u>3,832,349</u>
Basic earnings per share (HK cents per share)	<u>N/A</u>	<u>7.23</u>

DILUTED:

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options and convertible bonds. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

	2014	2013
From continuing operations:		
Earnings		
Profit attributable to equity holders of the Company (HK\$'000)	1,363,680	3,245,043
Interest expense on convertible bonds (net of tax) (HK\$'000)	30,576	31,499
	<hr/>	<hr/>
Profit used to determine diluted earnings per share (HK\$'000)	1,394,256	3,276,542
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue (thousands)	3,921,361	3,832,349
Adjustments for:		
Share options (thousands)	3,495	19,736
Assumed conversion of convertible bonds (thousands)	108,772	136,140
	<hr/>	<hr/>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	4,033,628	3,988,225
	<hr/>	<hr/>
Diluted earnings per share (HK cents per share)	34.57	82.16
	<hr/> <hr/>	<hr/> <hr/>
	2014	2013
From discontinued operation:		
Earnings		
Profit used to determine diluted earnings per share (HK\$'000)	N/A	276,895
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue (thousands)	N/A	3,832,349
Adjustments for:		
Share options (thousands)	N/A	19,736
Assumed conversion of convertible bonds (thousands)	N/A	136,140
	<hr/>	<hr/>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	N/A	3,988,225
	<hr/>	<hr/>
Diluted earnings per share (HK cents per share)	N/A	6.94
	<hr/> <hr/>	<hr/> <hr/>

11 DIVIDENDS

	2014	2013
Interim dividend paid of HK\$0.09 (2013: HK\$0.13) per share (<i>Note a</i>)	353,067	493,432
Special dividend, by way of distribution of shares of Xinyi Solar Holdings Limited (“Xinyi Solar”) (<i>Note b</i>)	—	1,570,341
Proposed final dividend of HK\$0.06 (2013: HK\$0.14) per share (<i>Note c</i>)	235,296	548,992
	<u>588,363</u>	<u>2,612,765</u>

Notes:

- (a) An interim dividend of HK\$0.09 per share (2013: HK\$0.13 per share) was paid to shareholders whose names appeared on the Register of Members of the Company on 12 August 2014.
- (b) On 19 November 2013, the board of directors of the Company declared a conditional special interim dividend by way of distribution of 68.8% of Xinyi Solar shares held by a subsidiary of the Company to the Company’s shareholders in proportion to their shareholdings in the Company. On 12 December 2013, a total of 3,921,290,699 Xinyi Solar share, representing approximately 68.8% of the total number of shares in issue were distributed to the owners of the Company. The corresponding 68.8% share in net assets value of Xinyi Solar upon the Spin-off was approximately HK\$1,570,341,000.
- (c) A final dividend in respect of the financial year ended 31 December 2014 of HK\$0.06 per share (2013: HK\$0.14 per share), amounting to a total dividend of HK\$235,296,000 (2013: HK\$548,992,000), is to be proposed at the forthcoming Annual General Meeting. The amount of 2014 proposed final dividend is based on 3,921,607,699 shares in issue as at 31 December 2014 (2013: 3,921,369,699 shares in issue as at 31 December 2013). These financial statements do not reflect this dividend payable.

12 TRADE AND OTHER RECEIVABLES

	Group	
	2014	2013
Trade receivables (<i>Note (a)</i>)	1,048,218	876,444
Less: provision for impairment of trade receivables (<i>Note (b)</i>)	(20,199)	(11,919)
	<u>1,028,019</u>	864,525
Bills receivables (<i>Note (d)</i>)	506,629	748,954
Trade and bills receivables – net	1,534,648	1,613,479
Prepayments, deposits and other receivables	1,576,214	1,168,860
	<u>3,110,862</u>	2,782,339
Less: non-current portion		
Prepayments for property, plant and equipment and land use rights	(623,875)	(526,980)
Current portion	<u>2,486,987</u>	<u>2,255,359</u>

Notes:

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 31 December 2014 and 2013, the ageing analysis of the Group's trade receivables based on invoice date is as follows:

	2014	2013
0 - 90 days	823,166	673,286
91 - 180 days	143,931	114,439
181 - 365 days	46,672	56,649
1 - 2 years	24,527	15,578
Over 2 years	9,922	16,492
	<u>1,048,218</u>	<u>876,444</u>

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

	2014	2013
RMB	662,380	586,910
HKD	9,172	8,507
USD	359,169	242,462
Other currencies	17,497	38,565
	<u>1,048,218</u>	<u>876,444</u>

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

	2014	2013
At 1 January	11,919	8,461
Currency translation differences	297	211
Provision for impairment of trade receivables, net	9,065	4,457
Receivables written off during the year as uncollectible	(1,082)	(376)
Derecognised upon the Spin-off	—	(834)
	<u>20,199</u>	<u>11,919</u>

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

- (c) As at 31 December 2014, trade receivables of approximately HK\$220,063,000 (2013: HK\$200,964,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on due date is as follows:

	2014	2013
0 - 90 days	111,244	101,970
91-180 days	59,113	49,579
181-365 days	39,630	32,354
1-2 years	6,616	9,797
Over 2 years	3,460	7,264
	<u>220,063</u>	<u>200,964</u>

As at 31 December 2014, trade receivables of approximately HK\$29,142,000 (2013: HK\$14,382,000) were impaired and partially provided for. The individually impaired receivables are related to customers in unexpected financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, a total provision for doubtful debts of approximately HK\$20,199,000 (2013: HK\$11,919,000) was recognised. The Group does not hold any collateral over these balances.

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

	2014	2013
0 - 90 days	469	—
91-180 days	1,822	34
181-365 days	5,680	512
1-2 years	14,709	4,608
Over 2 years	6,462	9,228
	<u>29,142</u>	<u>14,382</u>

The top five customers and the largest customer accounted for approximately 15.7% (2013: 16.6%) and 10.5% (2013: 9.5%) of the trade receivables balance as at 31 December 2014, respectively. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

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

- (d) The maturity of the bills receivables is within 6 months (2013: 6 months).
- (e) The carrying amounts of trade and other receivables approximate their fair values.
- (f) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

13 TRADE PAYABLES AND OTHER PAYABLES

	Group	
	2014	2013
Trade payables (<i>Note (a)</i>)	723,541	773,491
Bills payable (<i>Note (b)</i>)	79,641	—
	803,182	773,491
Other payables (<i>Note (c)</i>)	1,282,302	970,246
Less: non-current portion		
Other payables	(107,294)	—
Current portion	1,978,190	1,743,737

Notes:

- (a) At 31 December 2014 and 2013, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	Group	
	2014	2013
0 - 90 days	685,332	701,191
91-180 days	17,448	52,825
181-365 days	8,365	8,625
1-2 years	5,558	5,515
Over 2 years	6,838	5,335
	723,541	773,491

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

	Group	
	2014	2013
RMB	672,645	750,202
HKD	904	7
USD	49,604	22,367
Other currencies	388	915
	723,541	773,491

(b) Bills payable have maturities ranging within 6 months

(c) Nature of other payables is as follows:

	Group	
	2014	2013
Payables for property, plant and equipment	485,605	274,128
Payables for employee benefits and welfare	203,354	189,148
Payables for value-added tax	178,119	161,538
Payables for utilities	48,003	37,323
Receipt in advance from customers	200,923	163,824
Others	166,298	144,285
	1,282,302	970,246

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

14 INTERESTS IN AND BALANCES WITH ASSOCIATES

	Group	
	2014	2013
Investments in associates		
At 1 January	2,071,234	62,981
Currency translation differences	(4,821)	404
Capital injection	23,751	1,282
Gain on dilution of share in an associate (Note(a))	100,195	—
Share of net assets value in an associate upon the Spin-off (Note 15)	—	712,310
Re-measurement of retained interests upon the Spin-off	—	1,315,417
Transferred to available-for-sale financial assets	—	(39,657)
Share of profits of associates	137,560	20,749
Dividend received	(62,750)	(2,252)
Share of other comprehensive income	(22,430)	—
At 31 December	2,242,739	2,071,234

	Group	
	2014	2013
Loans to associates (<i>Note (b)</i>)		
– Current portion	7,709	6,382
– Non-current portion	33,625	34,487
	41,334	40,869

Notes:

- (a) The Group recognised a gain on dilution of shares of HK\$100,195,000 as a result of share allotment by Xinyi Solar by way of placing in which the Group did not participate in.
- (b) The loans to associates are unsecured, interest-free and are repayable by installments up to 2020.
- (c) The carrying amounts of balances with associates approximate their fair values.
- (d) The following is a list of the principal associates at 31 December 2014:

Name	Particulars of registered share capital	Principal activities and place of operation	Interest held
Xinyi Solar (<i>Note</i>)	Authorisd capital of HK\$8,000,000,000 with total paid up of 6,080,000,000 ordinary shares of HK\$1 each	Production and sales of solar glass products in the PRC	29.5%
Beihai Yiyang Mineral Company Limited	Registered and paid up capital of RMB25,454,500	Exploration, mining and trading of silica in the PRC	45%
Maoming City Yindi Construction Material Company Limited	Registered and paid up capital of RMB3,000,000	Exploration, mining and trading of silica in the PRC	30%
Dongyuan County Xinhuali Quartz Sand Company Limited	Registered and paid up capital of RMB10,500,000	Exploration, mining and trading of silica in the PRC	20%
Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	Registered and paid up capital of RMB10,000,000	Provision of natural gas in the PRC	25%

Note:

In May 2014, the Company purchased 12,500,000 Xinyi Solar's shares at the unit price of HK\$1.90 per share. Subsequent to this transaction, the Company and its subsidiary hold 1,791,209,301 Xinyi Solar's shares, representing 31.4% of the 5,700,000,000 Xinyi Solar's shares in May 2014.

In August 2014, Xinyi Solar allotted and issued 380,000,000 shares by way of placing. The total number of Xinyi Solar's issued shares increased to 6,080,000,000. The Company and its subsidiary's shareholding in Xinyi Solar decreased to 29.5%.

As at 31 December 2014, the fair value of the Group's interest in Xinyi Solar, which is listed on the Main Board of the Stock Exchange, was HK\$3,833,188,000 (2013: HK\$2,845,440,000) and the carrying amount of the Group's interest was HK\$2,132,246,000 (2013: HK\$2,035,932,000).

The information above reflects the amounts presented in the financial statements of the material associate adjusted for differences in accounting policies between the Group and the associates.

Summarised financial information for a material associate

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

Summarised balance sheet

	2014	2013
Current		
Cash and cash equivalents	542,726	279,122
Other current assets (excluding cash)	1,059,595	795,578
	<hr/>	<hr/>
Current assets	1,602,321	1,074,700
Current liabilities	(1,291,317)	(366,941)
Non-current		
Assets	4,161,646	1,612,295
Liabilities	(1,166,762)	(9,619)
	<hr/>	<hr/>
Net assets	<u>3,305,888</u>	<u>2,310,435</u>

Summarised statement of comprehensive income

	For the period from 12 December 2013 to 31 December	
	2014	2013
Revenue	2,410,004	121,177
Depreciation and amortisation	(94,495)	(5,483)
Interest income	2,361	145
Interest expense	(7,441)	—
	<hr/>	<hr/>
Profit from operations	571,648	39,306
Income tax expense	(78,676)	(9,043)
	<hr/>	<hr/>
Post-tax profit from operations	492,972	30,263
Other comprehensive income	(76,133)	(2,479)
	<hr/>	<hr/>
Total comprehensive income	416,839	27,784
	<hr/>	<hr/>
Dividend received from Xinyi Solar	<u>61,188</u>	<u>—</u>

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

	2014	2013
Opening net assets	2,310,435	—
Addition upon the Spin-off	—	2,282,651
Total comprehensive income for the year	416,839	27,784
Transactions with owner	578,614	—
	<hr/>	<hr/>
Closing net assets	3,305,888	2,310,435
	<hr/>	<hr/>
The Group's ownership interest	29.5%	31.2%
	973,937	720,971
	<hr/>	<hr/>
Goodwill	1,077,821	1,129,797
Intangible assets and other assets and liabilities	149,538	185,164
	<hr/>	<hr/>
Carrying amount	2,201,296	2,035,932
	<hr/> <hr/>	<hr/> <hr/>

15 DERECOGNITION OF SUBSIDIARIES UPON SPIN-OFF

On 12 December 2013, the Company completed the Spin-off of Xinyi Solar by way of introduction. Immediately following completion of the Spin-off, the Company continued to hold, through its subsidiary, 1,778,709,301 Xinyi Solar's shares, representing 31.2% of the 5,700,000,000 Xinyi Solar's shares in issue.

The Company's shareholdings in Xinyi Solar decreased from 100% to 31.2% following the Distribution on 11 December 2013. The Group lost control in Xinyi Solar upon completion of the Spin-off, but retained the power to exercise significant influence over Xinyi Solar. Therefore, Xinyi Solar is regarded as an associate of the Company and is accounted for using the equity method of accounting.

The net assets of the Xinyi Solar on the date of Spin-off were as follows:

	2013
Land use rights	186,833
Property, plant and equipment	1,386,685
Prepayments for property, plant and equipment and land use rights	47,098
Inventories	80,633
Trade and other receivables (net of provision for impairment of HK\$834,000)	736,861
Cash and bank balances	264,018
Trade payables and other payables	(399,908)
Current income tax liabilities	(19,569)
	<hr/>
Net assets derecognised upon the Spin-off	2,282,651
Transferred to interests in associates (<i>Note 14</i>)	(712,310)
	<hr/>
Special dividend (<i>Note 11</i>)	1,570,341
	<hr/>
Net cash outflow upon Spin-off	
Cash and bank balances	<u>264,018</u>

The profit and loss of the Xinyi Solar from 1 January 2013 to the date of Spin-off on 11 December 2013 were as follows:

	For the period from 1 January 2013 to 11 December 2013
Revenue	1,846,330
Cost of sales	(1,293,334)
	<hr/>
Gross profit	552,996
Other income	57,245
Other (losses)/gains – net	(1,086)
Selling and marketing costs	(122,286)
Administrative expenses	(152,359)
	<hr/>
Profit before income tax	334,510
Income tax expense	(57,615)
	<hr/>
Profit for the period	<u>276,895</u>

16 FINAL DIVIDEND

Subject to the approval by the Shareholders at the forthcoming annual general meeting, the final dividend of 6.0 HK cents per Share will be payable on or before 7 July 2015 to the Shareholders whose names appear on the register of members of the Company at the closure day of register of members. The closure day for cash dividend will be disclosed in the notice of Annual General Meeting.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Group is engaged in the production and sales of a wide range of glass products, including automobile glass, energy-saving construction glass, high quality float glass and other glass products for different commercial and industrial applications. These glass products are manufactured at the production facilities of the Group strategically located in the PRC in Shenzhen, Dongguan and Jiangmen in Guangdong Province, Wuhu in Anhui Province, Tianjin, Yingkou in Liaoning Province and Deyang in Sichuan Province. In addition, the Group also produces automobile rubber and plastic components.

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

Business review

The Group continued to maintain its leading position in the global glass industry in 2014 by tapping the stable demand for energy-saving low-emission ("**Low-E**") construction glass in the PRC and automobile glass in global markets. In 2014, the sales and the net profit attributable to equity holders of the Company from the continuing operations amounted to HK\$10,861.1 million and HK\$1,363.7 million, respectively, representing a year-on-year increase of 9.3% and decrease of 58.0%, as compared with HK\$9,936.1 million and HK\$3,245.0 million, respectively, in 2013. If the one-off gain of HK\$1,315.4 million arising from the spin-off and separate listing (the "**Spin-off**") of Xinyi Solar Holdings Limited ("**Xinyi Solar**") in December 2013 is excluded, the net profit attributable to equity holders of the Company represents a year-on-year decrease of 38.2%. The compound annual growth rate of the Group's sales for the five-year period including 2014 was 14.3%.

In 2014, the sales of the Low-E glass and the automobile glass of the Group recorded a stable growth. The Group captured the business opportunities presented by the energy-saving targets in the PRC's Twelfth Five Year Plan and the urbanisation of the rural areas in the PRC by focusing on the production of high performance Low-E construction glass, and increased its overall market share in the PRC. The improved demand for the aftermarket automobile glass in North American market also contributed to the stable growth of the Group's automobile glass sales in 2014.

Operational review

Sales

The sales of the Group in 2014 increased by 9.3%, principally due to the stable growth in the sales of different glass products in the global markets, especially the sales of the Low-E glass in the PRC and the automobile glass products internationally. The Group completed the Spin-off in December 2013, and the sales of the solar glass products were not included as part of the business of the Group.

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

	Financial Year Ended 31 December			
	2014		2013	
	HK\$'000	%	HK\$'000	%
By product				
Float glass products	4,712,375	43.4	4,494,334	38.1
Automobile glass products (<i>Note (a)</i>)	3,593,171	33.1	3,287,204	27.9
Construction glass products	2,555,536	23.5	2,154,538	18.3
Sales from continuing operations	10,861,082	100.0	9,936,076	84.3
Solar glass products (discontinued operation)	—	—	1,846,330	15.7
	<u>10,861,082</u>	<u>100.0</u>	<u>11,782,406</u>	<u>100.0</u>

Note:

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

Financial Year Ended 31 December

	2014		2013	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
By geographical region				
Greater China (<i>Note (a)</i>)	7,643,015	70.4	8,678,095	73.6
North America	1,288,010	11.8	1,001,718	8.5
Europe	486,516	4.5	505,679	4.3
Others (<i>Note (b)</i>)	1,443,541	13.3	1,596,914	13.6
	10,861,082	100.0	11,782,406	100.0

Notes:

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

Cost of sales

Increases in the material costs, labour costs and energy costs were incurred in 2014. While the adverse impact of the higher costs was partly mitigated by the improved production efficiency, cost control measures and using cost-effective renewable energies, the cost of sales in 2014 was HK\$8,127.6 million, representing an increase of 19.5% as compared with HK\$6,799.0 million from the continuing operations in 2013. The percentage increase in the cost of the sales exceeded the percentage increase of the sales of the Group in 2014.

Gross profit

The Group's gross profit in 2014 was HK\$2,733.4 million, representing a decrease of 12.9%, as compared with HK\$3,137.0 million from continuing operations in 2013. The overall gross profit margin of the Group dropped from 31.6% to 25.2% principally due to the decreases in the selling prices of the float glass products, as a result of the over-supply of float glass in the market, partially offset by the strong demand for Low-E glass products of the Group.

Other income

The Group's other income decreased to HK\$178.5 million, as compared with HK\$326.1 million arising from the continuing operations in 2013. The decrease was principally due to the decrease in the one-off government grants received by the Group in 2014.

Other gains-net

The Group's net other gains were HK\$219.9 million in 2014, as compared with the net other gains of HK\$137.8 million from the continuing operations in 2013. The increase was principally due to the impact of a disposal gain of a PRC property of HK\$109.4 million, a gain on dilution of shares in an associate of HK\$100.2 million and the exchange loss of HK\$33.6 million incurred by the Group in 2014.

Operational review

Selling and marketing costs

Consistent with the increase in the sales, higher advertising costs, overseas import duties and export credit insurance were incurred. As a result, the Group's selling and marketing costs increased by 27.1% to HK\$607.9 million in 2014.

Administrative expenses

The Group's administrative expenses increased by 33.4% to HK\$1,030.1 million in 2014, principally due to the increased pre-operating expenses of Yingkou and Sichuan production complexes and the increased staff and welfare costs.

Finance costs

The Group's finance costs increased by 10.0% to HK\$90.9 million in 2014 principally due to the interest costs incurred by new bank borrowings obtained by the Group. A portion of the interest expense incurred on the construction-in-progress and acquisition of plant and machinery at the production complexes in Tianjin, Wuhu, Yingkou and Deyang was capitalised, but it will be charged as expenses of the Group when the related production facilities and the new production lines commence commercial operation. An amount of interest expense of HK\$52.5 million was capitalised under construction-in-progress in 2014, representing an increase of 35.0%, as compared with HK\$38.9 million from the continuing operations in 2013.

Income tax expense

The Group's income tax expense amounted to HK\$228.5 million in 2014. The effective tax rate decreased by 2.3% to 14.3% (without counting the gain on the spin off recognised in 2013) as more PRC subsidiaries are qualified for preferential tax rates and the write back of an over-provision of HK\$3,476.0 million provided in 2013.

EBITDA and net profit for the year

In 2014, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK\$2,275.5 million, representing a decrease of 52.2% as compared with HK\$4,758.2 million from the continuing operations in 2013. The Company's EBITDA margin, calculated based on turnover in 2014, was 21.0% as compared with 40.4% from the continuing operations in 2013.

Net profit attributable to equity holders of the Company in 2014 was HK\$1,363.7 million, representing a decrease of 58.0%, as compared with HK\$3,245.0 million from the continuing operations in 2013. Net profit margin decreased to 12.6% in 2014 primarily due to the one-time gain on the Spin-off in 2013 and decreased gross profit margin as a result of higher production costs for the float glass products in the slowdown of market environment and reduced government incentives in 2014.

Current ratio

The Group's current ratio as of 31 December 2014 was 1.00, as compared with 1.11 as of 31 December 2013. The slight decrease was principally due to the increases in the trade payables, accruals and other payables and current bank borrowings of the Group in 2014.

Net current assets

As of 31 December 2014, the Group had net current assets of HK\$3.8 million, as compared with HK\$458.2 million as of 31 December 2013. The decrease was in line with decrease in current ratio.

Financial resources and liquidity

In 2014, the Group's primary source of funding included cash generated from the Group's operating activities and the new banking facilities provided by the principal banks of the Group in Hong Kong and the PRC. Net cash inflow from operating activities amounted to HK\$1,455.0 million (2013: HK\$2,712.1 million) as a result of efficient working capital management generating a net cash surplus from operations. As of 31 December 2014, the Group had cash and bank balances (including pledged bank deposits) of HK\$832.0 million (2013: HK\$1,043.2 million).

As of 31 December 2014, the Group had bank and other borrowings in the total amount of HK\$6,012.6 million, representing an increase of 17.0% from the balance of HK\$5,140.0 million as of 31 December 2013. The increase was principally due to the net increase in bank borrowings for the capital expenditures in building new production complexes in 2014.

The Group's net debt gearing ratio as of 31 December 2014 was 42.0% (31 December 2013: 33.6%). This ratio is calculated by dividing the net bank debt, which is calculated as total borrowings less cash,

bank balances and pledged bank deposits, by the total equity of the Group as of 31 December 2014. The increase was principally due to the additional bank borrowings for the capital expenditures in the construction of new production complexes and the decrease of net profit in 2014.

Pledge of assets

As of 31 December 2014, a bank balance of HK\$0.8 million was pledged as collateral principally for the import duties payable to the US Customs and for the standby letter of credit issued by a PRC bank.

Employees and remuneration policy

As of 31 December 2014, the Group had 13,142 full-time employees of whom 13,045 were based in China and 97 were based in Hong Kong, other countries and territories. The Group maintains good relationships with all of its employees. The Group provides the employees with sufficient training on business and professional knowledge including information on the applications of the Group's products and skills in maintaining good client relationships. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be awarded to 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 its 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) have been duly implemented.

The Company has adopted a share option scheme on 18 January 2005. The Directors may at their discretion, invite any employees or Directors and other eligible persons as set forth in the scheme to participate.

In April 2008, the third tranche of 48,517,200 options was granted to employees of the Group (of which 1,620,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 22,447,900 options have been exercised and 26,069,300 options have lapsed. The exercise price of these options was HK\$2.34 per Share and the option holders could exercise the options between 20 April 2012 and 19 April 2013, provided that the holders are employees of the Group during the exercise period. Options which had not been exercised by the holders on or before 19 April 2013 have lapsed.

In March 2010, the fifth tranche of 36,898,000 options was granted to employees of the Group (of which 888,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 28,975,000 options have been exercised and 7,923,000 options have lapsed. The exercise price of these options was HK\$3.55 per Share and the option holders could exercise the options between 1 April 2013 and 31 March 2014, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders expired on 31 March 2014.

In March 2011, the sixth tranche of 23,718,000 options has been granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 6,497,000 options have lapsed. The exercise price of these options is HK\$6.44 per Share and the option holders may exercise the options between 1 April 2014 and 31 March 2015, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2015 shall lapse.

In May 2012, the seventh tranche of 26,250,000 options has been granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 4,511,900 options have lapsed. The exercise price of these options is HK\$4.34 per Share and the option holders may exercise the options between 1 April 2015 and 31 March 2016, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2016 shall lapse.

In April 2013, the eighth tranche of 26,500,000 options has been granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 2,120,100 options have lapsed. The exercise price of these options is HK\$5.55 per Share and the option holders may exercise the options between 1 April 2016 and 31 March 2017, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2017 shall lapse.

In February 2014, the ninth tranche of 26,000,000 options has been granted to employees of the Group (of which 736,000 options have been granted to connected persons of the Company, being directors of certain subsidiaries of the Company). A total of 331,000 options have lapsed. The exercise price of these options is HK\$6.84 per Share and the option holders may exercise the options between 1 April 2017 and 31 March 2018, provided that the holders are employees of the Group during the exercise period. Options which have not been exercised by the holders on or before 31 March 2018 shall lapse.

Final dividend

At the meeting of the Board of Directors held on 1 March 2015, the Directors proposed a final cash dividend of 6.0 HK cents per Share for 2014 for approval by the Shareholders.

Together with the interim cash dividend of HK\$353.1 million for 2014, the total dividends paid and payable in 2014 represent a dividend pay-out ratio of 46.6% (excluding the non-cash gain on dilution of share in an associate). The Directors consider that this dividend level is appropriate after careful consideration of the Group's operating results in 2014.

Treasury policies and exposure to fluctuation in exchange rates

The Group's transactions are mainly denominated in Renminbi, United States dollars, EURO, Australian dollars, Japanese Yen and Hong Kong dollars with principal production activities based in China. As of 31 December 2014, the Group's bank borrowings are denominated in US dollars and Hong Kong dollars bearing interest rates ranging from 1.48% to 1.98% per annum. As the currencies of the Group's borrowings are generally the same as the Group's transactional currencies, the Directors consider that the Group's exposure to foreign exchange fluctuations was minimal. The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations and may use financial instruments for hedging purposes as and when required.

BUSINESS REVIEW

Glass industry in the PRC is volatile

The PRC economy did not experience a rapid growth during the year ended 31 December 2014. The operating results of the construction glass and the float glass segments of the Group encountered different, but equally difficult, operating environment. The overseas sales of the automobile glass of the Group recorded a stable growth in the year of 2014.

The increasing demand for the energy-saving Low-E glass in the construction industry in the PRC has resulted in a moderate increase in the revenue of the construction glass segment of the Group, even though the overall property development market in the PRC was not performing well in 2014 amid the tightening PRC monetary policy. Due to the reduced demand from the construction glass industry in the PRC, the demand for float glass has also been affected since the second quarter of 2014. Also, the over-supply of the float glass capacity in the PRC and the increase in the production costs were the other factors for the gross profit margin of the float glass business of the Group.

In light of the less favourable market condition, the Group has implemented flexible and proactive marketing strategies for its automobile glass business, with the addition of new products which are suitable for the new car models and explored new overseas customers and opportunities to maintain the sales volume of the automobile glass products of the Group. Currently, the Group sells its automobile glass products to more than 130 countries.

As a leader in the world's global glass industry, the Group strengthened its market-leading position and enhanced the benefits from the economies of scale through strategic and timely expansion of the production capacity for different product segments and the construction of new production complexes with streamline production process at different locations. The Group has also implemented a series of enhanced control measures on the consumption level of the raw materials, the recycling of the principal raw materials and the use of solar power and residual heat for energy generation. To maintain the Group's competitiveness, the Group has successfully developed and launched a wide range of high value-added glass products and adopted proactive pricing and flexible marketing policies to take advantage of the supportive measures implemented under the Twelfth Five-Year Plan of the PRC government.

Better productivity, technology and economies of scale to mitigate increases in the production cost

The Group's strength in operational management, combined with the continuous improvements in the production process and well planned equipment maintenance programs, have enhanced its productivity and yield, which in turn reduced the overall production and energy costs in 2014. The Group's economies of scale enable significant savings in the production and the fixed costs and increased efficiency in fuel consumption. To further control the cost of energy, the Group is using environmentally-friendly and clean energy, such as rooftop solar power systems and low-temperature recycling residual heat power co-generation systems.

By using natural gas as the fuel for our high quality float glass production, it can reduce the carbon emission levels and improves the energy cost structure of the Group.

High value-added diversified product mix enhances the overall competitiveness

During the year, the revenue generated from the Group's automobile glass, construction glass and high-quality float glass businesses achieved a growth at the rates generally above the market averages. This performance demonstrates that the Group's diversified business combination and high value-added product mix can reduce the operational pressure in any individual business segment in a volatile market.

BUSINESS OUTLOOK

The Group will continue to adopt flexible production arrangements to further improve the operational efficiency for the purpose of maintaining its leadership and competitiveness amongst the world's glass manufacturers.

The PRC government has continued to tighten the policy on constructing new float glass production line and phase out the outdated production lines because of higher environmental standards on emission. The Group will take cautious and flexible strategies in response to the current float glass market in PRC. The recent decrease trends in the international cruel oil price are expected to mitigate the pressure in the natural gas prices in Guangdong Province. It has been recently announced that the different selling price bases of natural gas in the PRC are to be combined effective from 1 April 2015. This price combination is expected to reduce our energy cost. The Group is optimistic that the float glass market will be improved in the foreseeable future.

On the other hand, the Directors are generally optimistic on the continuing good performance of the automobile glass in the global market and the increase usage of energy saving and double glazing Low- E glass segments in the future.

After years of expanding production facilities, the Group is ready to explore overseas opportunities which can provide attractive market environment, lower production and energy costs, lower tax rates and other incentive programs. The construction of a glass production complex in Malaysia is our first overseas project, and the location of which will benefit our future growth as well as the certain transactions involved by the Group.

The Group will build one high quality float glass production line and one Low-E coating glass production line as the phase one project in Malacca, Malaysia where we can have serve our ASEAN customers with better pricing strategy and shorter distance. We also plan to build our first wind farm project in Anhui Province in order to capture the growth opportunity of the PRC policy on encouraging clean and renewable energy.

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

CONCLUSION

The Group continues to tackle the challenges amid slow economic growth in the PRC market. The Group will continue to optimise its efficiency and improve its profit margins through effective management and the continued collaboration with its customers. The Directors believe that these strategies will enable the Group to reap the benefit from the emerging business opportunities. The Directors are also optimistic on the Group's continuous business development in the long term. The Group is also adopting proven business strategies to sustain and strengthen the growth. To maintain its industry-leading position, the Group will also continue to expand its presence in the global glass market across a wide spectrum of industries, applications, expansions and other opportunities for business cooperation.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors confirm that the Company has complied with the applicable Code Provisions in the Code on Corporate Governance Practices (the “**Code**”) set forth in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in 2014.

LEGAL PROCEEDINGS AGAINST ZMFY AUTOMOBILE GLASS SERVICES LIMITED

On 23 December 2014, Xinyi Automobile Glass (BVI) Company Limited (“**Xinyi BVI**”) issued the originating summons (the “**Originating Summons**”) against ZMFY Automobile Glass Services Limited (“**ZMFY**”), its directors, former directors and other parties involved in the acquisition of property by ZMFY (together the “**Defendants**”) and filed its supporting affirmation on 20 January 2015 (the “**Supporting Affirmation**”).

The Originating Summons and the Supporting Affirmation have been served on certain Defendants within Hong Kong. The original deadline for those Defendants to file their affirmation evidence in opposition to the Originating Summons fell on 17 February 2015. However, Xinyi BVI has yet to receive any affirmation evidence as the Defendants have been granted an extension of time to do so. The deadlines for this evidence to be filed once formally extended will be 3 March 2015 (in respect of certain Defendant(s)), 16 March 2015 (in respect of certain Defendant(s)) and 17 March 2015 (in respect of certain Defendant(s)). Xinyi BVI is also currently in the process of applying for leave to serve the Originating Summons and the Supporting Affirmation out of the jurisdiction on certain Defendants outside Hong Kong. No counter claim has been received from the Defendants as of the date of this announcement.

AUDIT COMMITTEE OF THE BOARD

The Company has established an audit committee, comprising five independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide comment and advice to the Board. The audit committee has reviewed the audited consolidated financial statements of the Company for the year ended and as of 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors confirm that they have complied with the Model Code in 2014.

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

The Company repurchased its own Shares on the Stock Exchange in January 2014. The repurchased Shares were subsequently cancelled in the same month. Accordingly, the issued share capital of the Company was reduced by the nominal value of these repurchased Shares and the premium paid on these Shares upon repurchase was charged against the share premium account. An amount equivalent to the par value of the Shares repurchased and cancelled was transferred from the Company’s retained earnings to the capital redemption reserve. The table below sets forth further information of such repurchase:-

Month of repurchase	Number of Shares	Highest price per Share <i>HK\$</i>	Lowest price per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$’000</i>
January 2014	1,280,000	6.65	6.54	8,467

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year under ended 31 December 2014.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF FINAL RESULTS

This announcement is published on the websites of the Stock Exchange and the Company.

The annual report of the Company for the financial year ended 31 December 2014 containing all the information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

FIGURES IN PRELIMINARY ANNOUNCEMENT AGREED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Company's auditor, PricewaterhouseCoopers Hong Kong ("PwC Hong Kong"), to the amounts set forth in the Company's audited consolidated financial statements for the year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on or before Tuesday, 30 June 2015. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders on or about Thursday, 30 April 2015.

On behalf of the Board
XINYI GLASS HOLDINGS LIMITED
LEE Yin Yee, M.H.
Chairman

Hong Kong, 1 March 2015

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