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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 2016

HIGHLIGHTS

- The total sales of the Group in 2016 amounted to HK\$12,848.4 million, representing an increase of 12.1% as compared with the sales in 2015.
- The net profit attributable to equity holders of the Company for 2016 reached HK\$3,213.4 million, representing an increase of 52.1% as compared with the net profit in 2015.
- Basic earnings per share for 2016 were 82.78 HK cents.
- The Directors propose a final cash dividend of 23 HK cents per share for 2016.

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 2016, as follows:

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	<i>Note</i>	2016	2015
Revenue	4	12,848,400	11,460,263
Cost of sales	5	<u>(8,189,150)</u>	<u>(8,327,570)</u>
Gross profit		4,659,250	3,132,693
Other income	6	341,925	215,167
Other gains – net	7	158,902	379,284
Selling and marketing costs	5	(620,022)	(679,528)
Administrative and other operating expenses	5	<u>(1,202,372)</u>	<u>(935,012)</u>
Operating profit		3,337,683	2,112,604
Finance income	8	50,826	39,980
Finance costs	8	(127,663)	(90,210)
Share of profits of associates	14	<u>562,605</u>	<u>317,251</u>
Profit before income tax		3,823,451	2,379,625
Income tax expense	9	<u>(607,288)</u>	<u>(266,026)</u>
Profit for the year		<u>3,216,163</u>	<u>2,113,599</u>
Profit attributable to:			
– equity holders of the Company		3,213,428	2,113,143
– non-controlling interests		<u>2,735</u>	<u>456</u>
Profit for the year		<u>3,216,163</u>	<u>2,113,599</u>
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in Hong Kong cents per share)			
– Basic	10	82.78	53.88
– Diluted	10	<u>81.19</u>	<u>53.11</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
Profit for the year	3,216,163	2,113,599
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit and loss:		
Changes in value of available-for-sale financial assets	(46,385)	(17,445)
Impairment of available-for-sale financial assets transferred to consolidated income statement	44,976	—
Disposal of available-for-sale financial assets	—	(3,346)
Currency translation differences	(1,071,903)	(1,006,266)
Share of other comprehensive income of investments accounted for using the equity method	<u>(200,989)</u>	<u>(118,069)</u>
Total comprehensive income for the year	<u>1,941,862</u>	<u>968,473</u>
Total comprehensive income attributable to:		
Equity holders of the Company	1,939,344	968,358
Non-controlling interests	<u>2,518</u>	<u>115</u>
Total comprehensive income for the year	<u>1,941,862</u>	<u>968,473</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016**

	<i>Note</i>	2016	2015
ASSETS			
Non-current assets			
Leasehold land and land use rights		1,121,020	1,206,069
Property, plant and equipment		11,830,637	11,971,015
Investment properties		546,709	437,133
Prepayments for property, plant and equipment and land use rights	12	608,191	172,445
Intangible assets		71,703	74,960
Available-for-sale financial assets		557	588
Investments in associates	14	3,257,782	2,534,651
Loan to associate	14	49,199	29,294
		<u>17,485,798</u>	<u>16,426,155</u>
Current assets			
Inventories		1,320,513	1,222,659
Loans to associates	14	33,059	7,577
Trade and other receivables	12	2,376,953	2,381,252
Available-for-sale financial assets		37,951	84,336
Pledged bank deposits		4,975	1,419
Cash and bank balances		2,763,072	1,298,255
		<u>6,536,523</u>	<u>4,995,498</u>
Total assets		<u>24,022,321</u>	<u>21,421,653</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		389,177	392,183
Share premium		1,360,624	2,824,975
Other reserves		(30,973)	1,060,759
Retained earnings		11,462,103	8,440,549
		<u>13,180,931</u>	<u>12,718,466</u>
Non-controlling interests		<u>65,959</u>	<u>7,241</u>
Total equity		<u>13,246,890</u>	<u>12,725,707</u>

	<i>Note</i>	2016	2015
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		4,509,073	3,514,253
Deferred income tax liabilities		218,125	159,407
Other payables	13	<u>48,000</u>	<u>63,104</u>
		<u>4,775,198</u>	<u>3,736,764</u>
Current liabilities			
Trade and other payables	13	2,296,932	2,112,465
Current income tax liabilities		537,936	332,702
Bank and other borrowings		<u>3,165,365</u>	<u>2,514,015</u>
		<u>6,000,233</u>	<u>4,959,182</u>
Total liabilities		<u>10,775,431</u>	<u>8,695,946</u>
Total equity and liabilities		<u>24,022,321</u>	<u>21,421,653</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 sales of float glass, automobile glass and construction glass, which were carried out internationally, through the production complexes located in Mainland China (the “PRC”) in 2016.

On 11 July 2016, the Company completed a spin-off and separate listing (the “Spin-off”) of Xinyi Automobile Glass Hong Kong Enterprises Limited (“Xinyi HK”) by way of introduction on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, through distribution in specie (the “Distribution”) of 100% of the issued share capital of Xinyi HK to the Company’s shareholders. Upon completion of the Distribution, the Hong Kong Public Offering and the spin-off, Xinyi Glass would not hold any shares in Xinyi HK and completely lost its control over Xinyi HK.

Following the completion of the Spin-off, the Group will continue to be engaged in the production and sale of float glass, automobile glass, and construction and related glass products. Xinyi HK will focus on the provision of vehicle glass repairs and replacement services in Hong Kong and other businesses.

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

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2017.

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) The following new and amended standards are mandatory for accounting periods beginning on or after 1 January 2016. The adoption of these new and amended standards 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 2012 — 2014 Cycle	1 January 2016
HKAS 1 (Amendments)	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 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016

- (b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note (i)
HKAS 7 (Amendments)	Disclosure Initiative	1 January 2017
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019

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. 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.

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.

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

	2016	2015
Segment gross profit	4,659,250	3,132,693
Unallocated:		
Other income	341,925	215,167
Other gains – net	158,902	379,284
Selling and marketing costs	(620,022)	(679,528)
Administrative and other operating expenses	(1,202,372)	(935,012)
Finance income	50,826	39,980
Finance costs	(127,663)	(90,210)
Share of profits of associates	562,605	317,251
Profit before income tax	<u>3,823,451</u>	<u>2,379,625</u>

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

	Assets		Liabilities	
	2016	2015	2016	2015
Segment assets/(liabilities)	17,325,201	16,483,914	(3,049,297)	(2,556,478)
Unallocated:				
Leasehold land and land use rights	132,636	129,271	—	—
Property, plant and equipment	1,148,580	1,107,537	—	—
Investment properties	495,549	383,059	—	—
Prepayments for property, plant and equipment and land use rights	492,681	7,764	—	—
Available-for-sale financial assets	38,508	84,924	—	—
Investments in associates	3,257,782	2,534,651	—	—
Balances with associates	82,258	36,871	—	—
Prepayments, deposits and other receivables	311,758	229,667	—	—
Cash and bank balances	737,368	423,995	—	—
Other payables	—	—	(375,664)	(154,007)
Current income tax liabilities	—	—	(160,685)	(92,818)
Deferred income tax liabilities	—	—	(212,630)	(159,407)
Bank and other borrowings	—	—	(6,977,155)	(5,733,236)
Total assets/(liabilities)	<u>24,022,321</u>	<u>21,421,653</u>	<u>(10,775,431)</u>	<u>(8,695,946)</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:

	2016	2015
Sales of float glass	6,509,803	5,022,196
Sales of automobile glass	3,748,394	3,786,597
Sales of construction glass	2,590,203	<u>2,651,470</u>
Total	<u>12,848,400</u>	<u>11,460,263</u>

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

	2016	2015
Greater China	9,419,811	8,058,476
North America	1,296,000	1,343,660
Europe	355,423	364,784
Other countries	1,777,166	<u>1,693,343</u>
	<u>12,848,400</u>	<u>11,460,263</u>

An analysis of the Group's non-current assets other than available-for-sale financial assets (there are no deferred income tax assets) by geographical area in which the assets are located is as follows:

	2016	2015
Greater China	13,167,080	16,298,521
North America	6,494	6,392
Other countries	4,311,667	<u>120,654</u>
	<u>17,485,241</u>	<u>16,425,567</u>

None of a single customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2016 (2015: None).

5 EXPENSES BY NATURE

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

	2016	2015
Amortisation charge of leasehold land and land use rights	26,708	28,210
Depreciation charge of property, plant and equipment	797,038	763,483
Amortisation charge of intangible assets	3,090	3,385
Employee benefit expenses	1,088,376	1,074,008
Cost of inventories	5,918,478	6,063,371
Transportation costs	304,753	349,247
Advertising costs	53,408	45,339
Operating lease payments in respect of land and buildings	7,119	7,923
Impairment of the available-for-sale financial assets	44,976	—
Provision for/(reversal of provision for) impairment of trade receivables, net	33,947	(1,264)
Auditor's remuneration		
– Audit services	3,500	3,300
– Non-statutory audit services	1,405	2,637
Other expenses	<u>1,728,746</u>	<u>1,602,471</u>
Total cost of sales, selling and marketing costs and administrative and other operating expenses	<u><u>10,011,544</u></u>	<u><u>9,942,110</u></u>

6 OTHER INCOME

	2016	2015
Rental income	7,964	11,320
Government grants (<i>Note (a)</i>)	251,053	186,000
Insurance compensation income	35,760	4,940
Income from sale of electricity (<i>Note (b)</i>)	31,562	11,025
Income from sale of automatic machines (<i>Note (c)</i>)	9,303	—
Others	<u>6,283</u>	<u>1,882</u>
	<u><u>341,925</u></u>	<u><u>215,167</u></u>

Notes:

- (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.
- (b) It represents the income from sale of electricity generated from its solar power generating machines.
- (c) It represents the income from sale of automatic machines for solar glass factory and other related industry.

7 OTHER GAINS - NET

	2016	2015
Losses on disposal of property, plant and equipment	(10,528)	(18,449)
Gain on disposal of a subsidiary	—	12,346
Gain on disposal of an associate	—	570
Gain on dilution of shares in an associate	—	228,000
Fair value gains on investment properties	35,973	105,640
Gain on disposal of available-for-sale financial assets	—	3,039
Other foreign exchange gains, net	133,457	48,138
	<u>158,902</u>	<u>379,284</u>

8 FINANCE INCOME AND COSTS

	2016	2015
Finance income:		
Interest income on bank deposits	50,826	21,550
Other interest income	—	18,430
	<u>50,826</u>	<u>39,980</u>
Finance costs:		
Interest expense on bank borrowings	125,705	114,653
Interest expense on convertible bonds	34,795	33,167
Less: interest expense capitalised on qualifying assets	(32,837)	(57,610)
	<u>127,663</u>	<u>90,210</u>

9 INCOME TAX EXPENSE

	2016	2015
Current income tax		
– Hong Kong profits tax (<i>Note (a)</i>)	36,046	46,815
– PRC corporate income tax (<i>Note (b)</i>)	512,975	226,172
– Overseas income tax (<i>Note (c)</i>)	(3)	186
– Over provision in prior years	(929)	(7,070)
Deferred income tax		
– Origination/(reversal) of temporary differences	<u>59,199</u>	<u>(77)</u>
	<u>607,288</u>	<u>266,026</u>

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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, Jiangmen and Yingkou are 25% (2015: 25%). Eleven (2015: Ten) major subsidiaries in Shenzhen, Wuhu, Dongguan, Tianjin, Jiangmen and Yingkou enjoy high-tech enterprise income tax benefit and the tax rate is 15%.

(c) Overseas income tax

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

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 2016 and 2015.

	2016	2015
Profit attributable to equity holders of the Company (HK\$'000)	<u>3,213,428</u>	<u>2,113,143</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,881,944</u>	<u>3,921,753</u>
Basic earnings per share (HK cents per share)	<u><u>82.78</u></u>	<u><u>53.88</u></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.

	2016	2015
Earnings		
Profit attributable to equity holders of the Company (HK\$'000)	3,213,428	2,113,143
Interest expense on convertible bonds (net of tax) (HK\$'000)	29,053	27,695
Share of profit of an associate as a result of diluted earnings at associate level	<u>(318)</u>	<u>(197)</u>
Profit used to determine diluted earnings per share (HK\$'000)	<u>3,242,163</u>	<u>2,140,641</u>
Weighted average number of ordinary shares in issue (thousands)		
Adjustments for:		
Share options (thousands)	823	—
Assumed conversion of convertible bonds (thousands)	<u>110,517</u>	<u>108,772</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>3,993,284</u>	<u>4,030,525</u>
Diluted earnings per share (HK cents per share)	<u>81.19</u>	<u>53.11</u>

11 DIVIDENDS

	2016	2015
Interim dividend paid of HK\$0.17 (2015: HK\$0.095) per share (<i>Note a</i>)	660,859	372,574
Specific dividend, by way of distribution of shares of Xinyi HK (<i>Note b</i>)	66,277	—
Proposed final dividend of HK\$0.23 (2015: final dividend of HK\$0.17) per share (<i>Note c</i>)	<u>895,354</u>	<u>659,753</u>
	<u>1,622,490</u>	<u>1,032,327</u>

Notes:

- (a) An interim dividend of HK\$0.17 per share (2015: HK\$0.095 per share) was paid to shareholders whose names appeared on the Register of Members of the Company on 19 August 2016.
- (b) On 17 May 2016, the board of directors of the Company declared a conditional special interim dividend by way of distribution of 100% of Xinyi HK shares held by subsidiary of the Company to the Company's shareholders in proportion to their shareholdings in the

Company. On 11 July 2016 a total of 485,112,212 Xinyi HK share, representing 100% of the total number of shares in issue were distributed to the owners of the Company. The corresponding share in net assets value of Xinyi HK upon the Spin-off was approximately HK\$66,277,000.

- (c) A final dividend in respect of the financial year ended 31 December 2016 of HK\$0.23 per share (2015: HK\$0.17 per share), amounting to a total dividend of HK\$895,354,000 (2015: HK\$659,753,000), is to be proposed at the forthcoming Annual General Meeting. The amount of 2016 proposed final dividend is based on 3,892,843,199 shares in issue as at 31 January 2017 (2015: 3,861,812,699 shares in issue as at 29 February 2016). These financial statements do not reflect this dividend payable.

12 TRADE AND OTHER RECEIVABLES

	2016	2015
Trade receivables (<i>Note (a)</i>)	1,082,906	1,153,149
Less: provision for impairment of trade receivables (<i>Note (b)</i>)	<u>(46,554)</u>	<u>(17,205)</u>
	1,036,352	1,135,944
Bills receivables (<i>Note (d)</i>)	<u>492,644</u>	<u>475,353</u>
Trade and bills receivables — net	1,528,996	1,611,297
Prepayments, deposits and other receivables	<u>1,456,148</u>	<u>942,400</u>
	2,985,144	2,553,697
Less: non-current portion		
Prepayments for property, plant and equipment and land use rights	<u>(608,191)</u>	<u>(172,445)</u>
Current portion	<u><u>2,376,953</u></u>	<u><u>2,381,252</u></u>

Notes:

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 31 December 2016 and 2015, the ageing analysis of the Group's trade receivables based on invoice date was as follows:

	2016	2015
0 - 90 days	829,210	871,299
91 - 180 days	150,979	183,290
181 - 365 days	40,685	70,259
1 - 2 years	45,871	12,832
Over 2 years	<u>16,161</u>	<u>15,469</u>
	<u><u>1,082,906</u></u>	<u><u>1,153,149</u></u>

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

	2016	2015
RMB	678,224	625,312
HKD	4,957	6,564
USD	366,218	488,171
Other currencies	<u>33,507</u>	<u>33,102</u>
	<u><u>1,082,906</u></u>	<u><u>1,153,149</u></u>

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

	2016	2015
At 1 January	17,205	20,199
Currency translation differences	(430)	(1,139)
Provision for/(reversal of provision for) impairment of trade receivables, net	33,947	(1,264)
Receivables written off during the year	<u>(4,168)</u>	<u>(591)</u>
At 31 December	<u><u>46,554</u></u>	<u><u>17,205</u></u>

The provision for impaired receivables has been included in "administrative and other 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 2016 trade receivables of approximately HK\$147,092,000 (2015: HK\$290,530,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on due date was as follows:

	2016	2015
0 - 90 days	90,512	160,072
91-180 days	28,690	83,872
181-365 days	20,602	34,532
1-2 years	1,963	7,745
Over 2 years	<u>5,325</u>	<u>4,309</u>
	<u><u>147,092</u></u>	<u><u>290,530</u></u>

As at 31 December 2016, trade receivables of approximately HK\$64,651,000 (2015: HK\$36,059,000) 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\$46,554,000 (2015: HK\$17,205,000) 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:

	2016	2015
0 - 90 days	10,072	4,812
91-180 days	1,742	5,934
181-365 days	8,010	6,082
1-2 years	39,140	6,504
Over 2 years	5,687	12,727
	<u>64,651</u>	<u>36,059</u>

The top five customers and the largest customer accounted for approximately 27% (2015: 9.6%) and 12.9% (2015: 5.6%) of the trade receivables balance as at 31 December 2016, 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 (2015: 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

	2016	2015
Trade payables (<i>Note (a)</i>)	789,341	739,943
Bills payable (<i>Note (b)</i>)	158,950	225,740
	948,291	965,683
Other payables (<i>Note (c)</i>)	1,396,641	1,209,886
Less: non-current portion		
Other payables	(48,000)	(63,104)
Current portion	<u>2,296,932</u>	<u>2,112,465</u>

Notes:

- (a) At 31 December 2016 and 2015, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	2016	2015
0 - 90 days	706,238	701,454
91-180 days	43,109	22,455
181-365 days	20,420	6,441
1-2 years	9,015	3,029
Over 2 years	10,559	6,564
	<u>789,341</u>	<u>739,943</u>

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

	2016	2015
RMB	744,060	665,760
HKD	139	996
USD	44,570	72,578
Other currencies	572	609
	<u>789,341</u>	<u>739,943</u>

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

- (c) Nature of other payables is as follows:

	2016	2015
Payables for property, plant and equipment	367,473	366,711
Payables for employee benefits and welfare	259,261	171,746
Payables for value-added tax	309,800	158,938
Payables for utilities	65,237	54,674
Receipt in advance from customers	224,543	245,416
Others	170,327	212,401
	<u>1,396,641</u>	<u>1,209,886</u>

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

14 INTERESTS IN AND BALANCES WITH ASSOCIATES

	2016	2015
Investments in associates		
At 1 January	2,534,651	2,242,739
Currency translation differences	(654)	(900)
Addition to investment in an associate <i>(Note(a))</i>	617,859	—
Gain on dilution of shares in an associate <i>(Note(b))</i>	—	228,000
Disposal of interest in associate <i>(Note(c))</i>	—	(4,957)
Share of profits of associates	562,605	317,251
Dividends received	(255,690)	(129,413)
Share of other comprehensive income	(200,989)	(118,069)
	<u>3,257,782</u>	<u>2,534,651</u>
At 31 December	<u>3,257,782</u>	<u>2,534,651</u>
	2016	2015
Loans to associates <i>(Note (d))</i>		
– Current portion	33,059	7,577
– Non-current portion	49,199	29,294
	<u>82,258</u>	<u>36,871</u>

Notes:

- (a) The Group purchased 201,538,000 Xinyi Solar's shares at cost of HK\$617,859,000 from Hong Kong stock market during the year. The shareholding in Xinyi Solar has increased from approximately 26.5% to approximately 29.5%.
- (b) The Group recognised a gain on dilution of shares in an associate of HK\$228,000,000 as a result of share allotments in March 2015 and October 2015 by Xinyi Solar Holdings Limited ("Xinyi Solar") by way of placing in which the Group did not participate.
- (c) The Group disposed of the interest in an associate for a cash consideration of RMB4,500,000 in 2015.
- (d) The loans to associates amounted to HK\$25,490,000 (2015: HK\$36,871,000) are unsecured, interest-free and are repayable by installments up to 2020. During the year, the Group lent loans amounting to HK\$56,768,000 to an associate (2015: nil), and such loans are secured, interest bearing at 9.7% p.a. and repayable by installments up to 2019.
- (e) The carrying amounts of balances with associates approximate their fair values.

The following is a list of the principal associates as at 31 December 2016:

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 6,748,800,000 ordinary shares of HK\$0.1 each	Production and sales of solar glass products in the PRC, and development and operation of solar farms and the engineering procurement and construction services	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%
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 March and October 2015, Xinyi Solar allotted and issued 500,000,000 and 168,800,000 shares respectively by way of placing to certain private investors. The total number of Xinyi Solar's issued shares increased to 6,748,800,000. The Company did not participate in these private placings, which led to the Company and its subsidiary's shareholding in Xinyi Solar decreased to approximately 26.5%.

In 2016, the Company purchased 201,538,000 Xinyi Solar's shares at a weighted average price of HK\$3.07 per share. Subsequent to this purchase, the Company and its subsidiary hold 1,992,747,301 Xinyi Solar's shares, representing 29.5% of the 6,748,800,000 Xinyi Solar's shares as at 31 December 2016 (2015: 26.5%).

As at 31 December 2016, the fair value of the Group's interest in Xinyi Solar, which is listed on the Main Board of the Hong Kong Stock Exchange, was HK\$5,021,723,000 (2015:HK\$5,678,133,000) and the carrying amount of the Group's interest was HK\$3,217,215,000 (2015: HK\$2,498,059,000).

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

15 FINAL DIVIDEND

Subject to the approval by the Shareholders at the forthcoming annual general meeting, the final dividend of 23 HK cents per share will be payable on or before Tuesday, 4 July 2017 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.

16 EVENT AFTER THE REPORTING PERIOD

On 20 January 2017, Xinyi Energy Smart (Wuhu) Company Limited, a wholly-owned subsidiary of the Group, entered into a capital contribution agreement pursuant to which a wholly-owned subsidiary of Xinyi HK (entity controlled by the Group's controlling shareholders) will make a capital contribution of approximately RMB2.2 million (equivalent to approximately HK\$2.5 million) by way of cash to the Xinyi Wind Power (Jinzhai) Company Limited, a wholly-owned subsidiary of Xinyi Energy Smart (Wuhu) Company Limited, to subscribe for approximately 18% equity interest in Xinyi Wind Power (Jinzhai) Company Limited on or before 31 May 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

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

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

Business review

The Group continued to maintain its leading position in the global glass industry in 2016 by tapping the strong demand for high quality float glass in the PRC. In 2016, the sales and the net profit attributable to equity holders of the Company amounted to HK\$12,848.4 million and HK\$3,213.4 million, respectively, representing an increase of 12.1% and a significant increase of 52.1%, compared with HK\$11,460.3 million and HK\$2,113.1 million, respectively in 2015. If the one-off gain of HK\$228.0 million arising from the non-cash dilution gain in equity interests of Xinyi Solar in March and October 2015 is excluded, the net profit attributable to equity holders of the Company represents an increase of 70.5%. The compound annual growth rate of the Group's sales for the five-year period including 2016 was 8.8%.

In 2016, the Group's high quality float glass enjoyed a strong revenue growth by providing a wide range of product specifications with increased production capacity. The Group has captured the opportunity presented by decreasing energy costs to improve our net profit.

Operational review

Sales

The sales of the Group in 2016 increased by 12.1%, principally due to the strong growth in the sales of float glass products in the PRC market.

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

	Financial Year Ended 31 December			
	2016		2015	
	HK\$ million	%	HK\$ million	%
By Product				
Float glass products	6,509.8	50.7	5,022.2	43.8
Automobile glass products (Note) (a))	3,748.4	29.2	3,786.6	33.0
Construction glass products	<u>2,590.2</u>	<u>20.1</u>	<u>2,651.5</u>	<u>23.2</u>
	<u>12,848.4</u>	<u>100.0</u>	<u>11,460.3</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			
	2016		2015	
	HK\$ million	%	HK\$ million	%
By Geographical Region				
Greater China (Note (a))	9,419.8	73.3	8,058.5	70.3
North America	1,296.0	10.1	1,343.7	11.7
Europe	355.4	2.8	364.8	3.2
Others (Note (b))	<u>1,777.2</u>	<u>13.8</u>	<u>1,693.3</u>	<u>14.8</u>
	<u>12,848.4</u>	<u>100.0</u>	<u>11,460.3</u>	<u>100.0</u>

Notes:

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

Cost of sales

The average material costs and energy costs decreased due to a weak global market environment in 2016. With the improved production efficiency, cost control measures and use of cost-effective renewable energies, the cost of sales in 2016 was HK\$8,189.2 million, representing a decrease of 1.7% as compared with HK\$8,327.6 million in 2015. The decrease in the cost of sales as compared to increase of the sales of the Group indicated a strong growth in the gross profit.

Gross profit

The Group's gross profit in 2016 was HK\$4,659.3 million, representing an increase of 48.7%, as compared with HK\$3,132.7 million in 2015. The overall gross profit margin of the Group increased from 27.3% to 36.3% principally due to the decreases in the material costs and energy costs, improved production efficiency and wider variety of product mix.

Other income

The Group's other income increased to HK\$341.9 million, as compared with HK\$215.2 million in 2015. The increase was mainly related to the increase in government grants received by the Group in 2016.

Other gains - net

The Group's net other gains were HK\$158.9 million in 2016, as compared with the net other gains of HK\$379.3 million in 2015. The decrease was principally due to the non-recurring gain on dilution of equity interests in Xinyi Solar of HK\$228.0 million in 2015.

Selling and marketing costs

The Group's selling and marketing expenses decreased by 8.8% to HK\$620.0 million in 2016, principally due to the decrease of transportation costs.

Administrative and other operating expenses

The Group's administrative and other expenses increased by 28.6% to HK\$1,202.4 million in 2016, principally due to the pre-operating expenses of the Malaysia operation, increase of research and development expenses and increase of bad debts.

Finance costs

The Group's finance costs increased 41.5% to HK\$127.7 million in 2016 was mainly due to the increase of bank borrowings during the year. A portion of the interest expense incurred on the construction-in-progress and acquisition of plant and machinery at the production complexes in Malaysia and Wuhu 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\$32.8 million was capitalised under construction-in-progress in 2016, representing a decrease of 43.0%, as compared with HK\$57.6 million in 2015.

Income tax expense

The Group's income tax expense increased 128.3% to HK\$607.3 million in 2016. The effective tax rate increased by 4.7% to 15.9%. The increase was mainly due to the increase of PRC corporate income tax by HK\$286.8 million as more profits generated by several subsidiaries with standard CIT tax rate of 25% and the increase in the deferred income tax by HK\$59.3 million.

EBITDA and net profit for the year

In 2016, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK\$4,778.0 million, representing an increase of 46.3% as compared with HK\$3,264.9 million in 2015. The Company's EBITDA margin, calculated based on turnover in 2016, was 37.2% as compared with 28.5% in 2015.

Net profit attributable to equity holders of the Company in 2016 was HK\$3,213.4 million, representing an increase of 52.1%, as compared with HK\$2,113.1 million in 2015. Net profit margin rose to 25.0% in 2016 primarily due to a higher gross profit margin as a result of decreases of material costs and energy costs in 2016 and greater profit shared from Xinyi Solar in 2016.

Current ratio

The Group's current ratio as of 31 December 2016 was 1.09, as compared with 1.01 as of 31 December 2015.

Net current assets

As of 31 December 2016, the Group had net current assets of HK\$536.3 million, as compared with HK\$36.3 million as of 31 December 2015. The increase was in line with the increase in current ratio.

Financial resources and liquidity

In 2016, the Group's primary source of funding included cash generated from its operating activities and the new banking facilities provided by the principal banks of the Group in Hong Kong and the PRC. Net cash inflow from operating activities amounted to HK\$3,565.0 million (2015: HK\$2,636.6 million) as a result of the significant increase of net profit for the year and efficient working capital management generating a net cash surplus from operations. As of 31 December 2016, the Group had cash and bank balances (including pledged bank deposits) of HK\$2,768.0 million (2015: HK\$1,299.7 million).

As at 31 December 2016, the Group's bank and other borrowings has increased 27.3% to the amount of HK\$7,674.4 million as compared to the balance of HK\$6,028.3 million as at 31 December 2015.

The Group's net debt gearing ratio as at 31 December 2016 was 37.0% (31 December 2015: 37.2%). This ratio is calculated by dividing the net bank debt, which is calculated as total borrowings less cash, bank balances and pledged bank deposits, by the total equity of the Group as at 31 December 2016.

Pledge of assets

As of 31 December 2016, a bank balance of HK\$5.0 million was pledged as collateral principally for the import duties payable to the U.S. government and for the standby letter of credit issued by a bank in the PRC.

Employees and remuneration policy

As of 31 December 2016, the Group had 12,170 full-time employees of whom 11,757 were based in China and 413 were based in Hong Kong, other countries and territories. The Group maintains good relationships with all of its employees. It provides the employees with sufficient training in business and professional knowledge including information about the applications of the Group's products and skills in maintaining good client relationships. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

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

Final dividend

At the meeting of the Board of Directors held on 28 February 2017, the Directors proposed a final cash dividend of 23 HK cents per share for 2016 for approval by the Shareholders.

Together with the interim cash dividend of HK\$660.9 million for 2016, the total dividends paid and payable in 2016 represent a dividend pay-out ratio of 48.4%. The Directors consider that this dividend level is appropriate after careful consideration of the Group's operating results in 2016.

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 2016, the Group's bank borrowings are denominated in US dollars and Hong Kong dollars bearing interest rates ranging from 1.87% to 2.16% 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

The PRC glass industry is highly competitive and challenging

The growth of the PRC economy remained at a relatively low level for the year ended 31 December 2016. The operating results of the automobile glass, the construction glass and the float glass segments faced different operating challenges and opportunities. Nonetheless, the Group managed to achieve an overall outstanding operating result mainly attributable to the decrease of material and energy costs.

Although the Government launched some restrictive policies towards the end of the year, the overall PRC property development market has improved in 2016. This was because the relaxation of both property and monetary policies and the cancellation of restrictions on second home purchases, the reduction of the People's Bank of China's Reserve Ratio Requirement ("RRR") and lower lending interest rates have slowly improved market liquidity. Despite this, the highly competitive PRC energy-saving Low-E glass market in the construction industry meant that revenue from Low-E glass has only maintained a similar level of revenue to the Group's construction glass segment. Therefore, the future growth momentum for the Group from the construction industry is still modest.

Nonetheless, with the slowly improving demand from the construction glass industry in the PRC and the wide range of our float glass product mix, the sales volume of our float glass division has enjoyed a significant increase for the year under review. At the same time, the decreases in the material and energy costs and increases in the average selling price have contributed to the improvement of the gross profit margin of the float glass business.

In light of the less favourable global market conditions, the Group has proactively implemented flexible marketing strategies for its automobile glass business with the addition of new products, such as a sun roof, which are suitable for new car models. At the same time, the Group has been approaching new overseas customers and exploring opportunities to maintain the sales volume of these products. Currently, the Group's automobile glass products are sold to more than 130 countries.

As a leader in the global glass industry, the Group has strengthened its market-leading position and enhanced its economies of scale through the strategic and timely expansion of the production capacity of different product segments and the construction of new production complexes with streamlined production processes at different locations both in the PRC and overseas. The Group has also implemented a series of measures enhancing control on the consumption of raw materials, the recycling of principal raw materials, re-engineering of manufacturing workflow to enhance production efficiency and using solar power and residual heat to generate electricity for internal use in order to minimize external consumption. To maintain its competitiveness, the Group has successfully developed and launched a wide range of high value-added glass products, and adopted proactive pricing and flexible marketing strategies to take advantage of the supportive measures implemented under the Thirteenth Five-Year Plan of the PRC government.

Better productivity, technology and economies of scale to improve production efficiency

The Group's strength in operational management combined with the continuous improvements in the production process and well-planned equipment maintenance programs have enhanced its productivity and yield, which, in turn, have reduced overall labor, production, energy and wastage costs in 2016. Its economies of scale have enabled significant savings in the production and the fixed costs and increased efficiency in fuel consumption. To further control energy costs, the Group is harnessing clean environmentally-friendly energy through implementing rooftop solar power systems and low-temperature recycling residual heat power co-generation systems.

In addition, using natural gas as fuel for our high quality float glass production can reduce the carbon emission levels, improve the energy cost structure of the Group and contribute a better environment to the community.

Wide-ranging high value-added diversified product mix enhances overall competitiveness

During the year, the revenue generated from the Group's automobile glass, construction glass and high-quality float glass businesses together has achieved growth exceeding the industry average. This overall superior performance demonstrates that the Group's combination of diversified business and wide-ranging high value-added product mix can alleviate the operational pressure in any specific business segment within a volatile and competitive market environment.

BUSINESS OUTLOOK

The Group will continue to adopt flexible production plans and increase the level of automation to further improve operational efficiency to maintain its leadership and competitiveness among the leading ranks of the world's glass manufacturers.

The PRC government has continued to tighten the policy on constructing new float glass production lines and accelerate the phasing out of the obsolete production lines because of higher environmental standards on emissions until the year of 2020. The Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and globally. The current relatively low international crude oil price has mitigated the pressure on natural gas prices for our operations in Guangdong province. The two phases of local natural gas price adjustments in April and November 2015 in the PRC have reduced our energy costs in other provinces. Thus, the Group is optimistic that the float glass market will continue to improve in the foreseeable future.

At the same time, the Directors are generally optimistic about the sustained stable performance of its automobile glass in the global market, the opportunities in the automobile glass installation business in the PRC and the potential growth of the energy-saving and double-glazed Low-E glass segments in the future.

After years of expanding production facilities in the PRC, the Group is ready to explore acquisition and global expansion opportunities which can provide an attractive market environment, lower production and energy costs, and offer favorable tax treatments and other incentive programs. The construction of a glass production complex in Malaysia is our first overseas project, the operation of which will benefit our future growth in the Southeast Asian region as well as facilitate specific transactions.

The Group's first high quality float glass production line and one Low-E coating glass production line in the first phase project in Malacca, Malaysia has commenced operation in January 2017. The new plant enables us to better serve our ASEAN-based customers through the preferential import duty treatment and appropriate pricing strategy as well as the shorter transport distance. We plan to build the second phase of two float glass production lines in 2017.

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

CONCLUSION

The Group continues to tackle the challenges and changes in the global market amidst a slowdown in economic growth in the PRC and overseas by optimising its efficiency and bolstering its profitability through effective management across its operations and continued collaboration with its customers. The Directors believe that these strategies enable the Group to maximize the benefits from the emerging business opportunities. The Directors are also optimistic about the Group's long-term business development prospects. The Group is also adopting proven business strategies to sustain and strengthen growth. To maintain its industry-leading position, the Group is evaluating expanding its presence in the global glass market across a wide spectrum of industries, applications and products while exploring opportunities for business cooperation as well as building production complexes in major overseas markets.

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 2016.

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 2016.

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 2016.

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

The Company repurchased its own Shares on the Stock Exchange in January 2016. 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 of HK\$0.10 each	Highest price per Share <i>HK\$</i>	Lowest price per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$’000</i>
January 2016	60,038,000	4.65	3.99	264,538

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 review.

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 2016 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 2016 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 Friday, 30 June 2017. 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 Friday, 28 April 2017.

On behalf of the Board
XINYI GLASS HOLDINGS LIMITED
Datuk LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 28 February 2017

As of the date of this announcement, the executive Directors are Datuk Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Datuk 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, Dr. WONG Ying Wai, G.B.S, JP. Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.