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

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6865)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2016	2015	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	1,522,478	1,498,605	+1.59%
Profit attributable to equity holders of the Company	331,444	193,908	+70.93%
	<i>RMB cent</i>	<i>RMB cent</i>	
Earnings per share (basic and diluted)	18.41	14.36	+28.20%
Proposed interim dividend per ordinary share (before tax)	5.5	—	

LATEST BUSINESS DEVELOPMENT

1. As at 30 June 2016, the Group's establishment of the new Low-E and Low-E composite glass processing facilities in Jiaxing, Zhejiang Province was on schedule. It is expected that the annual processing capacity of new Low-E glass facilities and Low-E composite glass of 5.8 million sq.m. will commence operation by the end of 2016.
2. In terms of the Group's establishment of PV glass production and processing facilities in Vietnam, it was disclosed in the Prospectus, the acquisition agreement for the land is expected to be entered into during the first quarter of 2016. Upon further discussing between the Group and the land owner in Vietnam, the agreement for the land will now be a lease agreement rather than an acquisition agreement as disclosed in the Prospectus. As at 30 June 2016, the Group has entered into an investment agreement with the local government authority in Vietnam for the project but was still in negotiation with the potential landlord to finalise the lease agreement of the land to construct the facilities. As the lease agreement has not yet been entered into, it is expected that the entire progress of the expansion in Vietnam will be delayed. Based on the current progress, it is expected that the PV glass production and processing facilities in Vietnam will commence commercial production in 2018 rather than the third quarter of 2017.
3. In terms of the Group's establishment of the PV glass processing facilities with an annual processing capacity of 9.6 million square meters in Anhui Province, Anhui Flat Glass, a wholly-owned subsidiary of the Company, has entered into an investment agreement with the local government in Fengyang County, Anhui Province for the project. In addition, the Group intends to establish twelve photovoltaic raw glass production lines with three 1,000-ton photovoltaic glass furnaces and sixteen photovoltaic glass processing lines to increase the total annual processing capacity from 9.6 million square meters to 112.5 million square meters of photovoltaic glass at the same site. As at 30 June 2016, Anhui Flat Glass has not acquired any land nor commenced the construction of the facilities.
4. In June 2016, the Group has obtained the government approval from the Development and Reform Bureau of Jiaxing, Xiuzhou District* (嘉興市秀州區發展和改革局) to construct a total of 85 megawatts of distributed PV systems. This is part of the efforts of the Group in exploring opportunities to expand its distributed PV systems by leveraging on its existing operating experience. As at 30 June 2016, the Group has installed a total of 18.4 megawatts of distributed PV systems and has the right to further install 91.9 megawatts of distributed PV systems.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the “**Board**”) of directors (the “**Directors**”) of Flat Glass Group Co, Ltd., (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2016, together with the comparative figures for the six months ended 30 June 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	NOTES	Six months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue	3	1,522,478	1,498,605
Cost of sales		(962,409)	(1,077,554)
Gross Profit		560,069	421,051
Other income and expenses	4	28,973	11,369
Other gains and losses	5	20,138	(5,958)
Distribution and selling expenses		(48,800)	(53,509)
Administrative and general expenses		(50,543)	(53,065)
Research and development costs		(51,013)	(52,019)
Finance costs	6	(28,871)	(33,155)
Profit before tax	7	429,953	234,714
Income tax expense	8	(98,509)	(40,806)
Profit and total comprehensive income for the period		331,444	193,908
		RMB cents	RMB cents
Earnings per share			
– Basic	10	18.41	14.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

		As at 30 June 2016 <i>RMB'000</i> (unaudited)	As at 31 December 2015 <i>RMB'000</i> (audited)
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment	11	1,685,713	1,740,453
Prepaid lease payments	11	182,403	184,628
Prepayment and intangible assets		201,794	203,595
Available-for-sale investment, at cost		4,000	4,000
Deferred tax assets	12	39,754	43,338
Prepayment for acquisition of property, plant and equipment		58,994	8,513
Deposit paid for acquisition of land use rights	13	34,419	24,000
		<u>2,207,077</u>	<u>2,208,527</u>
Current assets			
Inventories		197,012	209,660
Trade and other receivables	14	1,300,353	1,290,985
Prepaid lease payments		4,414	4,396
Pledged bank deposits		28,760	51,992
Bank balances and cash		869,284	921,975
		<u>2,399,823</u>	<u>2,479,008</u>

		As at 30 June 2016 <i>RMB'000</i> (unaudited)	As at 31 December 2015 <i>RMB'000</i> (audited)
	<i>NOTES</i>		
Current liabilities			
Trade and other payables	15	875,541	875,835
Dividends payable		129,600	—
Borrowings	16	476,592	748,839
Financial liabilities at fair value through profit or loss	17	71,692	—
Deferred revenue		14,991	14,991
Tax liabilities		85,411	69,706
Long-term payables for the acquisition of mining right due within one year		—	91,083
		<u>1,653,827</u>	<u>1,800,454</u>
Net current assets		<u>745,996</u>	<u>678,554</u>
Total assets less current liabilities		<u>2,953,073</u>	<u>2,887,081</u>
Non-current liability			
Borrowings	16	30,000	183,000
Deferred revenue		67,090	74,656
Long-term payables for the acquisition of mining rights		81,364	56,650
		<u>178,454</u>	<u>314,306</u>
Net Assets		<u>2,774,619</u>	<u>2,572,775</u>
Capital and reserves			
Share capital	18	450,000	450,000
Reserves		2,324,619	2,122,775
Total equity attributable to owners of the Company		<u>2,774,619</u>	<u>2,572,775</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Equity attributable to owners of the Company						
	Share capital	Share premium	Production safety fees	Equity-settled employee benefits reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000	RMB'000
At 1 January 2015 (audited)	337,500	—	673	3,277	233,902	1,082,182	1,657,534
Profit and total comprehensive income for the period	—	—	—	—	—	193,908	193,908
Transfer	—	—	1,894	—	—	(1,894)	—
At 30 June 2015 (unaudited)	337,500	—	2,567	3,277	233,902	1,274,196	1,851,442
At 1 January 2016 (audited)	450,000	618,951	3,982	3,277	257,385	1,239,180	2,572,775
Profit and total comprehensive income for the period	—	—	—	—	—	331,444	331,444
Transfer	—	—	466	—	—	(466)	—
Dividend distribution (note 9)	—	—	—	—	—	(129,600)	(129,600)
At 30 June 2016 (unaudited)	<u>450,000</u>	<u>618,951</u>	<u>4,448</u>	<u>3,277</u>	<u>257,385</u>	<u>1,440,558</u>	<u>2,774,619</u>

Notes:

- (i) The equity-settled employee benefits reserve arose in 2009 when certain key management personnel of the Group subscribed for 4.41% of the newly issued shares of the Company. The Group recognized the share-based payment expenses of approximately RMB3,277,000 in 2009 which represented the difference between the fair value of those shares of approximately RMB15,690,000 and the consideration received by the Company of approximately RMB12,413,000.
- (ii) According to the Articles of Association of the Company and its subsidiaries established in the PRC, these PRC entities are required to transfer 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the share capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilized in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	500,920	172,584
INVESTING ACTIVITIES		
Interest received	–	589
Proceeds on disposal of property, plant and equipment	–	5,001
Purchases of property, plant and equipment	(106,137)	(94,751)
Payments for acquisition of intangible assets	(56,650)	–
Deposit paid for acquisition of land use rights	(10,419)	–
Prepaid lease payment for land use rights	–	(5,131)
Pledged bank deposits placed	(113,374)	(18,976)
Release of pledged bank deposits	136,606	16,819
NET CASH USED IN INVESTING ACTIVITIES	(149,974)	(96,449)
FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	521,742	859,863
Repayment of bank and other borrowings	(946,989)	(759,396)
Interest paid	(39,390)	(31,767)
Proceeds from gold lease financing arrangement	61,000	–
Payment for capital reduction	–	(83,234)
Dividend paid to the owner of the Company	–	(54,388)
NET CASH USED IN FINANCING ACTIVITIES	(403,637)	(68,922)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,691)	(7,483)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF PERIOD	921,975	141,220
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Represented by bank balances and cash	869,284	148,703

1. GENERAL AND BASIS OF PREPARATION

Flat Glass Group Co., Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) on 24 June 1998 as a limited liability company under the Company Law of the PRC. On 29 December 2005, the Company was converted into a joint stock limited liability company. The Company’s H shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 26 November 2015 (the “Listing”).

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (same as the functional currency of the Company).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, with certain financial instruments that are measured at fair values.

Except for the accounting on financial liabilities at fair value through profit or loss (“FVTPL” which is newly applied during the current interim period, the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2015.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 17.

The Group has not early applied the following new and revised International Financial Reporting Standards ("IFRS") that have been issued but are not yet effective:

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

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after 1 January 2016.

⁵ Effective for annual periods beginning on or after a date to be determined.

⁶ Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is organised into different business units by products, based on which information is prepared and reported to the Group's chief operating decision maker (the "CODM") (i.e., the board of directors of the Company) for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into five core product lines, namely photovoltaic glass, household glass, architectural glass, float glass and mining products. These products form the basis on which the Group reports its segment information.

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Segment revenue		
Sales of photovoltaic glass	1,156,525	1,142,754
Sales of household glass	141,867	114,919
Sales of architectural glass	92,090	73,264
Sales of float glass	128,735	146,791
Sales of mining products	3,261	20,877
Total revenue	1,522,478	1,498,605
Segment results		
Sales of photovoltaic glass	484,320	377,218
Sales of household glass	39,560	25,387
Sales of architectural glass	22,728	9,194
Sales of float glass	12,696	1,815
Sales of mining products	765	7,437
Total segment results	560,069	421,051
Other income, expenses, gains and losses	49,111	5,411
Selling and marketing expenses	(48,800)	(53,509)
Administration expenses	(50,543)	(53,065)
Research and development expenditure	(51,013)	(52,019)
Finance cost	(28,871)	(33,155)
Profit before tax	429,953	234,714
Income tax expense	(98,509)	(40,806)
Profit and total comprehensive income for the period	331,444	193,908

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

Segment result represents the sum of revenue less cost of sales of the relevant products. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

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

Geographical information

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

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

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Place of domicile of group entities:		
PRC	806,995	834,532
Other foreign countries:		
Japan	235,425	208,404
Other countries in Asia (excluding PRC and Japan)	354,841	297,779
Europe	70,701	101,407
North America	38,926	42,800
Others	15,590	13,683
	1,522,478	1,498,605

4. OTHER INCOME AND EXPENSES

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Government grants		
– assets related government grants	7,566	7,100
– others (Note)	11,639	8,530
	19,205	15,630
Donation	–	(4,850)
Interest income from bank deposits	9,768	589
	28,973	11,369

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

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Gains (losses) on disposal of property, plant and equipment	80	(21)
Net foreign exchange gains	24,226	6,070
Reversal of (allowance) for doubtful debts, net	4,349	(12,581)
Gains on disposal of scrap materials	2,764	739
Changes in fair value of financial liabilities at fair value through profit or loss	(10,692)	—
Others	(589)	(165)
	<u>20,138</u>	<u>(5,958)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on:		
Bank loans wholly repayable within five years	24,954	29,653
Long-term payables for the acquisition of mining rights not wholly repayable within five years	3,917	1,751
Long-term payables for the acquisition of mining rights not wholly repayable within five years	—	1,751
	<u>28,871</u>	<u>33,155</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax:		
PRC enterprise income tax	97,823	44,722
Over provision in prior years	(2,898)	(2,628)
Deferred tax charge (credit):	3,584	(1,288)
	<u>98,509</u>	<u>40,806</u>

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

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

Zhejiang Jiafu Glass Co., Ltd. (“Zhejiang Jiafu”)

Effective from 2010, Zhejiang Jiafu was approved as a high-technology company (“High-Tech company”) and is entitled to the EIT at the rate of 15% and the above approval is valid for three years from 2010 to 2012. Subsequently, renewal was obtained and Zhejiang Jiafu was entitled as high-technology company for another three years from 2013 to 2015. The EIT rate of 15% adopted for the period since the qualification of Zhejiang Jiafu as High-Tech company has not been renewed.

Jiaxing Flat New Energy Technology Co., Ltd. (“Jiaxing Flat”)

According to Caishui (2012) No. 10 (《財政部國家稅務局關於公共基礎設施和環境保護節能節水項目企業所得稅優惠政策問題的通知》), Jiaxing Flat enjoys income tax exemption for the first three operating years commenced in 2014. Therefore, the EIT rate of Jiaxing Flat for three years from 2014 to 2016 is 0%.

8. PROFIT FOR THE PERIOD

Profit before tax has been arrived at after charging the following items:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	106,064	103,230
Amortization of other intangible assets	1,801	14,010
Release of prepaid lease payments	2,207	2,139
Total depreciation and amortization	110,072	119,379
Reversal of (allowance) for doubtful debts	4,349	(12,582)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	91,810	100,985
– Retirement benefit scheme contributions	7,008	6,941
	98,818	107,926

9. DIVIDENDS

During the current interim period, a 2015 final dividend of RMB7.2 cents (equivalent to Hong Kong Dollars (“HKD”) 8.4 cents) per ordinary share with aggregate amount of RMB129,600,000 was approved at the annual general meeting dated 28 June 2016. Dividends on domestic shares will be paid in RMB and dividends on H shares will be paid in HKD.

During the six months ended 30 June 2015, no dividend has been proposed and paid.

Subsequent to the end of the current interim period, an interim dividend for the six months ended 30 June 2016 of RMB5.5 cents (equivalent to HKD6.4 cents) per ordinary share (2015: Nil) has been proposed by the Directors and is subject to approval by the shareholders in the extraordinary general meeting.

10. EARNINGS PER SHARE

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

	30.6.2016 <i>RMB'000</i> (unaudited)	30.06.2015 <i>RMB'000</i> (unaudited)
Profit for the year attributable to owners of the Company (RMB'000)	331,444	193,908
Weighted average number of ordinary shares for the purpose of the basic earnings per share ('000)	1,800,000	1,350,000
Basic earnings per share (RMB cents)	18.41	14.36

The calculation of weighted average number of ordinary shares in issue has taken into account the share split with a nominal value of RMB1.0 each into 4 shares of RMB0.25 each on 18 May 2015 retrospectively.

The Group had no potential outstanding ordinary shares throughout the six-month period ended 30 June 2016 and 30 June 2015.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

The Group spent approximately RMB35,022,000 and RMB20,960,000 (six months ended 30 June 2015: RMB32,000,000 and RMB32,800,000) on additions of machinery and manufacturing plant and construction in progress in the PRC respectively.

During the period, the Group did not acquire prepaid lease payments for land use right in the PRC (six months ended 30 June 2015: 5,131,000).

12. DEFERRED TAXATION

The following are the deferred tax assets and liabilities recognized by the Group and movements thereon during the current and prior periods:

	Provision on impairments <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Revaluation of properties arising from joint stock company conversion <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Financial liabilities at fair value through profit or loss <i>RMB'000</i>	Other deductible temporary differences <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2015 (audited)	9,809	22,380	(5,564)	2,968	–	9,919	39,512
Credit (charge) to profit or loss	4,194	(1,344)	205	(616)	–	(1,151)	1,288
At 30 June 2015 (unaudited)	14,003	21,036	(5,359)	2,352	–	8,768	40,800
At 1 January 2016 (audited)	15,016	21,659	(5,155)	2,405	–	9,413	43,338
Credit (charge) to profit or loss	(851)	(1,838)	205	3,542	2,673	(7,315)	(3,584)
At 30 June 2016 (unaudited)	14,165	19,821	(4,950)	5,947	2,673	2,098	39,754

The deferred tax balance has reflected the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30.6.2016 <i>RMB'000</i> (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Deferred tax assets	49,590	48,493
Deferred tax liabilities	(9,836)	(5,155)
	<u>39,754</u>	<u>43,338</u>

The Group has certain unutilised tax losses of RMB44,827,000 available for offset against future profits as at 30 June 2016 (31 December 2015: RMB42,113,000). No deferred tax asset has been recognised in respect of those unutilised tax losses due to the unpredictability of future profit streams. The unutilised tax losses will expire in five years for offsetting against future taxable profits.

	30.6.2016 RMB'000	31.12.2015 <i>RMB'000</i>
2018	18,860	18,860
2019	12,544	12,544
2020	10,709	10,709
2021	2,714	—
	<u> </u>	<u> </u>

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

13. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS

During the interim period, the Group entered into an agreement with DINH VU industrial zone a joint stock company incorporated in Vietnam (“DINH VU”) to reserve certain land for project development. The Group paid United States Dollars (“USD”) 1,571,000 (approximately RMB10,419,000) to DINH VU as the deposit. The deposit will be refund when the lease agreement of land use right has been entered.

14. TRADE AND OTHER RECEIVABLES

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

	30.6.2016 RMB'000 (unaudited)	31.12.2015 <i>RMB'000</i> <i>(audited)</i>
Within 3 months	501,876	479,918
Over 3 months but within 1 year	22,430	53,029
Over 1 year but within 2 years	7,971	7,177
Over 2 years but within 3 years	1,281	2,577
	<u> </u>	<u> </u>
	<u>533,558</u>	<u>542,701</u>

15. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2016 <i>RMB'000</i> (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Within 3 months	687,113	521,344
Over 3 months but within 180 days	9,796	5,391
Over 180 days but within 1 year	15,291	20,647
Over 1 year but within 2 years	12,611	878
Over 2 years	858	703
	<u>725,669</u>	<u>548,963</u>

16. BORROWINGS

	30.6.2016 <i>RMB'000</i> (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Secured bank and other loans	424,592	931,839
Unsecured bank loans	82,000	—
	<u>506,592</u>	<u>931,839</u>
Fixed-rate borrowings	244,592	378,761
Variable-rate borrowings	262,000	553,078
	<u>506,592</u>	<u>931,839</u>

17. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.6.2016 <i>RMB'000</i> (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Financial liabilities at fair value through profit or loss	<u>71,692</u>	<u>—</u>

During the period, the Company and one of its subsidiaries, Zhejiang Jiafu Glass Co., Ltd. (“Zhejiang Jiafu”) entered into several gold commodity agreements with two banks for financing purpose. According to terms of the such agreements, the Company and Zhejiang Jiafu borrowed commodity gold from the bank, which permits such gold commodity to be sold to third parties, and they are obliged to return gold or equivalent cash within one year with same quality and weight to the bank when the agreement expires. The obligation to return the gold is recognised as financial liabilities at fair value through profit or loss. At 30 June 2016, the financial liabilities at fair value through profit or loss are stated at fair value of gold as quoted in the open market.

18. SHARE CAPITAL

Shown on the condensed consolidated statement of financial position

	Number of shares <i>'000</i>	Share capital <i>RMB'000</i>
Issued and fully paid		
At 1 January 2015 and 30 June 2015		
– Ordinary shares of RMB1.00 each	337,500	337,500
Share split (<i>Note</i>)	1,012,500	–
New shares issued upon the Listing	450,000	112,500
At 31 December 2015 and 30 June 2016	1,800,000	450,000

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

There was no movement in the Company's share capital for the six months ended 30 June 2016. At 30 June 2016, the 1,350,000,000 domestic shares and 450,000,000 H shares have a par value of RMB0.25 each and rank pari passu in all respects except that domestic shares are not listed on or tradable in any stock exchange, while H shares are listed and tradable on the Hong Kong Stock Exchange.

19. CAPITAL COMMITMENTS

	30.6.2016 <i>RMB'000</i> (unaudited)	31.12.2015 <i>RMB'000</i> (audited)
Capital expenditure in respect of acquisition of property, plant and equipment		
– contracted for but not provided for	162,922	105,166

20. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

a) Compensation of key management personnel

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

	Six months ended 30 June	
	2016 <i>RMB'000</i> (unaudited)	2015 <i>RMB'000</i> (unaudited)
Salaries and allowances	1,714	2,030
Retirement benefits scheme contributions	103	90
	<u>1,817</u>	<u>2,120</u>

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted priced (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted price included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique and key input
	30.06.2016	31.12.2015		
Financial liabilities at fair value through profit or loss	Liabilities – RMB71,692,000	–	Level 2	Based on the quoted prices of the underlying commodity

There were no transfers between Level 1 and 2 in the period.

The directors of the company consider that the carrying amounts of financial liabilities recognised in the consolidated financial statements approximate their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Looking To The Future

Introduction

The Group principally engages in the manufacture and sale of various glass products, namely, photovoltaic (“PV”) glass products, float glass products, architectural glass products, household glass products. The production facilities of the Group are strategically located in Jiaxing, Zhejiang Province, the PRC. The Group primarily sells glass products to customers in the PRC, Japan, Singapore, Korea, Taiwan, Germany, the United States and other countries. During the six months ended 30 June 2016, the Group continued to maintain its leading position in the global PV glass industry principally due to the steady demand from China and the global PV module installation.

Continuous growth of PV glass market

According to Mercom, the global PV glass industry in 2016 will grow steadily and the estimated global PV installation is expected to increase by 66.7 gigawatts in 2016. Being affected by the feed-in tariff for electricity, China will reduce the effects from the policies after 30 June 2016 as the PV market is showing strong growth. According to the information provided by the Chinese Photovoltaic Industry Association, during the first six months of 2016, the newly installed capacity of Chinese PV modules power generation was over 20 gigawatts, the new installations were nearly three times to the scale of the previous year of only 7.73 gigawatts new installations), and the 2016 annual capacity of new installations is estimated to be about 30 gigawatts.

In 2016, the markets of China, the United States, and India will continue to develop rapidly. Japan and the European markets will remain stable.

Expanding production capacity

As one of the world’s leading manufacturers in PV glass industry, the Group will further expand the production capacity of PV glass and to further anchor the Group’s market leading position in the PV glass industry. The Group is planning on establishing producing bases of PV glass in Anhui Province, China and Northern Vietnam respectively.

In terms of the Group’s establishment of PV glass production and processing facilities in Vietnam, as at 30 June 2016, the Group has entered into an investment agreement with the local government authority in Vietnam for the project but is still in negotiation with the potential landlord to finalise the lease agreement of the land to construct the facilities. Based on the preliminary timetable as disclosed in the prospectus of the Company dated 16 November 2016 (the “Prospectus”), the acquisition agreement for the land is expected to be entered into during the first quarter of 2016. Based on the Group’s discussion with the land owner in Vietnam, the agreement for the land will be a lease agreement rather than an acquisition agreement as disclosed in the Prospectus. As the lease agreement is yet to be entered into, it is expected that the entire progress of the expansion in Vietnam will be delayed. Based on the current progress, it is expected that the PV glass production and processing facilities in Vietnam will commence commercial production in 2018 rather than the third quarter of 2017.

In terms of the Group's establishment of the PV glass processing facilities with an annual processing capacity of 9.6 million square meters in Anhui Province, Anhui Flat Solar Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司) (“**Anhui Flat Glass**”), a wholly-owned subsidiary of the Company, has entered into an investment agreement with the local government in Fengyang County, Anhui Province for the project. In addition, the Group intends to establish twelve photovoltaic raw glass production lines with three 1,000-ton photovoltaic glass furnaces, and sixteen photovoltaic glass processing lines at the same site the annual total PV glass processing capacity will increase from the initial plan of 9.6 million square meters to 112.5 million square meters of photovoltaic glass at the same site. It is expected phase 1 of the facilities will commence operations in 2018. As at 30 June 2016, Anhui Flat Glass has not acquired any land nor commenced the construction of the facilities.

The expansion of the Group's production capacity will be conducive to enhancing the industry concentration of the PV glass industry; meanwhile the Group will also further enhance the productivity and technical level, reduce operating costs, improve the profitability of the Group, and deliver higher return to the shareholders.

Reducing operating costs to improve profitability

According to the information of China Building and Industrial Glass Association Photovoltaic Committee, more than 95% of the global PV glass required for making crystalline silicon PV cells are from China. The Group entered the PV glass industry in 2006, and is the largest PV glass manufacturer globally and in China. It is the first enterprise in China that obtains the SPF (Solartechnik Prüfung Forschung) certificate, therefore, the Group has significant first-mover advantage, and profitability is also significantly higher than the average industry level. During the first half year of 2016, the Group comprehensively and elaborately manages the Group's business; the size effect and high-techniques in order to further reduce the operating costs.

Steady development of PV power station

As disclosed in the Prospectus, the Group is exploring into opportunities to expand its distributed PV systems by leveraging on its existing operating experience in order to optimise its cost structure and enhance its profitability. As at 30 June 2016, the Group's total installed capacity of distributed PV systems amounted to 18.4 megawatts and were installed on the roof of its factory. The Group continued to accumulate experience in the installation and operation of distributed PV systems. In June 2016, the Group obtained the government approval from the Development and Reform Bureau of Jiaxing, Xiuzhou District* (嘉興市秀州區發展和改革局) to construct a total of 85 megawatts of distributed PV systems. Together with such approval, the Group has the right to further install 91.9 megawatts of distributed PV systems.

Furthermore, Jiaxing Yihe Energy Co., Ltd.* (嘉興義和能源有限公司), a company wholly-owned by Ms. Ruan Zeyuan, the Company's chief financial officer and one of the substantial shareholders (as defined in the Listing Rules) of the Company, has changed its scope of business and is no longer engaged in the business of construction and operation of distributed PV systems and PV power stations, and sale of electricity generated by such distributed PV systems and PV power stations to third parties as previously disclosed in the Prospectus.

Business Overview

Benefiting from the strongly increasing demand of the downstream of the PV components in the first half year of 2016, the increasing efficiency of the company production and the decreasing prices of some important materials, electricity, and gas and so on, the Group has achieved satisfactory performance during the six months ended 30 June 2016. As at 30 June 2016, the amounts of the sales and the gross profit of the Group were RMB1,522.5 million and RMB331.4 million, respectively, which have increased by 1.6% and 70.9%, respectively, as compared to the same period of the year of 2015 of RMB1,498.6 million and RMB193.9 million, respectively.

Revenue

For the six months ended 30 June 2016, as compared to the same period of 2015, the revenue of the Group have stably increased by 1.6%.

The following tables set out the breakdown of revenue of the Group by product type and geographical location:

	Six months ended 30 June			
	2016		2015	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Product type				
PV glass	1,156,525	76.0	1,142,754	76.2
Household glass	141,867	9.3	114,919	7.7
Architectural glass	92,090	6.0	73,264	4.9
Float glass	128,735	8.5	146,791	9.8
Mineral products <i>(Note)</i>	3,261	0.2	20,877	1.4
	<u>1,522,478</u>	<u>100.0</u>	<u>1,498,605</u>	<u>100.0</u>

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

	Six months ended 30 June			
	2016		2015	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Place of domicile of group entities:				
PRC	806,995	53.0	834,532	55.7
Other foreign countries:				
Japan	235,425	15.5	208,404	13.9
Other countries in Asia (excluding PRC and Japan)	354,841	23.3	297,779	19.9
Europe	70,701	4.6	101,407	6.7
North America	38,926	2.6	42,800	2.9
Others	15,590	1.0	13,683	0.9
	<u>1,522,478</u>	<u>100.0</u>	<u>1,498,605</u>	<u>100.0</u>

For the six months ended 30 June 2016, revenue of the Group amounted RMB1,522.5 million, represented an increase of 1.6%, or RMB24.2 million, as compared to same period in 2015. The increase was mainly due to the increase in the average selling price of PV glass and the increase in sales volume of Low-E (low-emissivity) glass.

Cost of Sales

The cost of sales decreased by RMB115.1 million, or 10.7%, from RMB1,077.5 million for the six months ended 30 June 2015 to RMB962.4 million for the six months ended 30 June 2016. The decrease in cost of sales was primarily due to the successful optimisation of the Group's production efficiency, strengthening supplier management and reducing the average cost of procurement.

Gross profit

The gross profit of the Group for the six months ended 30 June 2016 compared to that for the six months ended in 30 June 2015 increased by RMB139.0 million from RMB421.1 million to RMB560.1 million. The overall gross profit margin has increased from 28.1% for the six months ended 30 June 2015 to 36.8% for the six months ended 30 June 2016 mainly due to: (i) the decrease in energy cost, which led to other related production costs to slightly decrease; (ii) the decrease of the production cost from the decrease in average cost of electricity and fuel of PV glass due to the lower procurement costs of silica sand and soda ash; and (iii) the increase in prices of PV modules, which caused the selling price of PV glass to also significantly increase.

	Six months ended 30 June			
	2016		2015	
	Gross profit RMB'000	Margin (%)	Gross profit RMB'000	Margin (%)
Product type				
PV glass	484,320	41.9	377,219	33.0
Household glass	39,560	27.9	25,387	22.1
Architectural glass	22,728	24.6	9,194	12.6
Float glass	12,696	9.9	1,815	1.2
Mineral products ^(Note)	765	24.2	7,437	35.9
	560,069	36.8	421,051	28.1

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

For the six months ended 30 June 2016, the gross margin of PV glass of the Group has increased by 8.9% from 33.0% for the six months ended 30 June 2015 to 41.9% for the six months ended 30 June 2016. The increase was mainly due to the significant increase in the selling price of PV glass and other factors which led to a reduction of the production cost, including (i) the decrease in the prices of natural gas, electricity and others; and (ii) the successful optimisation of the Group's production efficiency.

Other income

Other income of the Group has increased by RMB17.6 million from RMB11.4 million for the six months ended 30 June 2015 to RMB29.0 million for the six months ended 30 June 2016. The increase in other income was mainly due to the increase of government subsidies and bank interests proceeds' deposited in the bank accounts.

Other gains and losses

For the six months ended 30 June 2016, other gains and losses changed to a gain of RMB20.1 million for the six months ended 30 June 2016 from a other losses of RMB6.0 million for the six months ended 30 June 2015. The improvement was mainly due to (i) an exchange gain of RMB24.2 million (2015: RMB6.1 million) from the increase in sales to overseas customers and the increase in foreign exchange rates of US dollar and Japanese yen; and (ii) reversal of a bad debt loss of RMB4.3 million (2015: provision for bad debts of RMB12.6 million).

Distribution and marketing expenses

For the six months ended 30 June 2016, distribution and marketing expenses amounted to RMB48.8 million, representing a decrease of 8.8%, or RMB4.7 million, from RMB53.5 million for the six months ended 30 June 2015. The reasons for the decrease mainly include (i) more stringent control on transport costs for both domestic and foreign orders; and (ii) improvement of the standard of sales performance of the Group's sales staff, thus strengthening the budget of the sales activities.

Administrative expenses

For the six months ended 30 June 2016, administrative expenses of the Group has decreased by RMB2.6 million, or 4.9%, from RMB53.1 million for the six months ended 30 June 2015 to RMB50.5 million. The administrative expenses for the six months ended 30 June 2015 accounted for 3.5% of the Group's revenue, and has decreased to 3.3% for the six months ended 30 June 2016. The main reasons include: (i) reduction of taxes and fees of RMB1.0 million and (ii) reduction of environmental protection expense of RMB1.5 million, which was mainly due to the Group's emission charges having reduced greatly due to the installation of the flue gas denitration equipment in 2015.

Research and development costs

For the six months ended 30 June 2016, research and development costs amounted to RMB51.0 million which remained relatively stable as compared to the same period in 2015 of RMB52.0 million.

Financial costs

For the six months ended 30 June 2016, financial costs of the Group has decreased by RMB4.3 million, or 13.0%, from RMB33.2 million for the six months ended 30 June 2015 to RMB28.9 million. This was mainly due to the recent recovery of the PV glass industry, and thus the Group was paid by customers in a timely manner and as such, the Group was able to accumulate abundant capital to repay some bank debts, to reduce the amount of borrowing of the Company.

Income tax expense

For the six months ended 30 June 2016, income tax expenses amounted to RMB98.5 million, and that for the same period in 2015 was RMB40.8 million. The consolidated effective tax rate was 22.9% for the six months ended 30 June 2016 and 17.4% for the six months ended 30 June 2015 respectively. The reason that the tax rate for the six months ended 30 June 2016 increased was mainly because the Group's subsidiary, Zhejiang Jiafu Glass Co., Ltd., has benefited from the High-tech company preferential tax rate for a period of 3 years, which expired in 2015, and thus, did not benefit from the preferential tax rate in the first half year of 2016. Zhejiang Jiafu Glass Co., Ltd. is currently re-applying the status of High-tech company.

EBITDA and profit for the period

For the six months ended 30 June 2016, EBITDA of the Group (except interests, taxes, depreciation and amortization earnings) is RMB568.9 million, compared to the data of 2015 (RMB387.2 million), which has increased by RMB181.7 million as compared to RMB387.2 million for the six months ended 30 June 2015. For the six months ended 30 June 2016, the interest rate of EBITDA of the Group is 37.4% and the interest rate is 25.8% for the same period in 2015.

As a result of the foregoing, the profit for the year increased by RMB137.5 million, or 70.9%, from RMB193.9 million for the six months ended 30 June 2015 to RMB331.4 for the six months ended 30 June 2016.

Assets and equity

Total assets as at 30 June 2016 amounted to RMB4,606.9 million, which slightly decreased by RMB80.6 million, or 1.7%, from RMB4,687.5 million as at 31 December 2015. Total equity as at 30 June 2016 amounted to RMB2,774.6 million, which increased by RMB201.8 million, or 7.8%, from RMB2,572.8 million as at 31 December 2015.

Financial resources and liquidity

For the six months ended 30 June 2016, the Group's liquid capital and financial position remained in good condition. The Company's H shares were listed on the Hong Kong Stock Exchange in November 2015, which has further decreased the asset liability ratio of the Group. As at 30 June 2016, the liquidity ratio was 1.45, and that as at 31 December 2015 was 1.38, which shows an increase.

For the six months ended 30 June 2016, the Group's main sources of funding were cash from operating activities and bank borrowings. Net cash inflow from operating activities was RMB500.9 million (2015: RMB172.6 million). The increase in cash inflow is mainly due to the increase in the production efficiency of PV glass products and other products as well as the decrease in trade receivables.

Capital commitment

For the six months ended 30 June 2016, capital commitment of the Group was RMB162.9 million, mainly including: (i) Low-E glass coating production line; and (ii) the purchase of the raw materials for the furnace modification work of Zhejiang Jiafu Glass Co., Ltd.

Employees and remuneration policy

As at 30 June 2016, the Group employed a total of 2,508 full-time employees and most of them were based in the PRC. For the six months ended 30 June 2016, the Group's total employee remuneration was RMB98.8 million, representing 6.5% of the Group's total revenue.

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

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

Credit risk and foreign exchange risk

Transactions of the Group are settled in RMB, United States dollars, Euros, Hong Kong dollars and Japanese yen whereas the Group's operating activities are located in the PRC. Bank financing of the Group was settled in RMB and United States dollars for the six months ended 30 June 2016 with annual interest rates between 3.00% and 6.50%. For the six months ended 30 June 2016, the Group did not encounter any major difficulties and liquidity problems due to the uncertain fluctuations in exchange, and the Group may use financial instruments to hedge when necessary.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with the code provisions in the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules throughout the period from 1 January 2016 to 30 June 2016 except for code provision A.2.1.

Under code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ruan Hongliang currently holds both positions. Throughout the Group's business history of over 15 years, Mr. Ruan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall

strategic planning and continuation of the implementation of such plans, the Board considers that Mr. Ruan is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors of the Company. Directors and supervisors of the Company are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Group, all Directors and supervisors of the Company have confirmed that they had complied with the required standard set out in the Model Code throughout the period from 1 January 2016 to 30 June 2016.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities from 1 January 2016 to 30 June 2016.

INTERIM DIVIDEND

For the six months ended 30 June 2016, the Board proposed an interim dividend of RMB5.5 cents per ordinary share (before tax) (equivalent to approximately HK6.4 cents per ordinary share (before tax)) (the “**2016 Interim Dividend**”), subject to approval by the shareholders of the Company at an extraordinary general meeting of the Company to be convened and held.

Dividends on domestic shares will be paid in RMB and dividends on H shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People’s Bank of China during the five business days prior to the date of declaration of the dividend.

As the date of the extraordinary general meeting is being finalised, the Company will announce the date of the extraordinary general meeting, the record date for entitlement to participate and note at the said extraordinary general meeting and entitlement to the 2016 Interim Dividend (if approved by shareholders) and the dates of closure of the H share register of members of the Company in due course. It is currently expected that the payment date of the 2016 Interim Dividend will be no later than 31 December 2016.

REVIEW OF THE INTERIM RESULTS

The Company’s interim results for the six months ended 30 June 2016 have not been audited but have been reviewed by the Company’s audit committee, comprising its three independent non-executive Directors.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.flatgroup.com.cn). The interim report for the six months ended 30 June 2016 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
Flat Glass Group Co., Ltd.
Ruan Hongliang
Chairman

Hong Kong, 24 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Mr. Wei Yezhong, Mr. Shen Qifu and the independent non-executive directors of the Company are Ms. Pan Yushuang, Mr. Li Shilong and Mr. Ng Ki Hung.