CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Board") of China Glass Holdings Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding year in 2011.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012
(Expressed in Renminbi ("RMB"))

	Note	**2012** *RMB'000*	2011 *RMB'000*
Turnover	5	**2,550,175**	2,946,048
Cost of sales		**(2,340,121)**	(2,504,040)
Gross profit	5	**210,054**	442,008
Other revenue	6	**55,655**	76,129
Other net (loss)/income	6	**(3,196)**	180,599
Distribution costs		**(90,191)**	(98,077)
Administrative expenses		**(254,570)**	(250,804)
(Loss)/profit from operations		**(82,248)**	349,855
Share of profit of an associate		**70**	–
Finance costs	7(a)	**(106,793)**	(68,357)
(Loss)/profit before taxation	7	**(188,971)**	281,498
Income tax	8	**3,633**	(69,752)
(Loss)/profit for the year		**(185,338)**	211,746
Attributable to:			
Equity shareholders of the Company		**(173,587)**	181,602
Non-controlling interests		**(11,751)**	30,144
(Loss)/profit for the year		**(185,338)**	211,746
(Loss)/earnings per share (RMB)			
Basic	9(a)	**(0.113)**	0.123
Diluted	9(b)	**N/A**	0.122

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012
(Expressed in RMB)

	2012	2011
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(185,338)**	211,746
Other comprehensive income for the year (before and after tax):		
Exchange differences on translation into presentation currency	**(5,696)**	(17,069)
Total comprehensive income for the year	**(191,034)**	194,677
Attributable to:		
Equity shareholders of the Company	**(179,283)**	164,533
Non-controlling interests	**(11,751)**	30,144
Total comprehensive income for the year	**(191,034)**	194,677

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012
(Expressed in RMB)

	Note	2012 *RMB'000*	2011 *RMB'000*
Non-current assets			
Property, plant and equipment		**3,600,602**	3,351,981
Lease prepayments		**279,531**	286,664
Intangible assets		**53,505**	67,511
Interest in an associate		**70**	–
Receivables from related companies		**4,473**	15,268
Available-for-sale investment		**1,000**	1,000
Deferred tax assets		**107,676**	79,274
		4,046,857	3,801,698
Current assets			
Inventories		**433,663**	661,996
Trade and other receivables	10	**895,684**	966,211
Prepaid income tax		**17,654**	13,086
Cash and cash equivalents		**324,265**	545,821
		1,671,266	2,187,114
Current liabilities			
Trade and other payables	11	**1,676,108**	1,786,269
Bank and other loans		**1,227,817**	789,973
Unsecured notes	12	**148,500**	382,851
Income tax payable		**57,851**	54,289
		3,110,276	3,013,382
Net current liabilities		**(1,439,010)**	(826,268)
Total assets less current liabilities		**2,607,847**	2,975,430
Non-current liabilities			
Bank and other loans		**248,005**	274,073
Amounts due to a related company		**7,380**	14,144
Unsecured notes	12	**–**	146,700
Deferred tax liabilities		**31,721**	33,136
		287,106	468,053
NET ASSETS		**2,320,741**	2,507,377
CAPITAL AND RESERVES			
Share capital		**74,553**	74,553
Reserves		**2,000,421**	2,172,237
Total equity attributable to equity shareholders of the Company		**2,074,974**	2,246,790
Non-controlling interests		**245,767**	260,587
TOTAL EQUITY		**2,320,741**	2,507,377

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held under share award scheme *RMB'000*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Other reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2011	66,422	1,396,274	–	16,951	40,785	(457,290)	(225)	388,736	1,451,653	491,652	1,943,305
Changes in equity for 2011:											
Profit for the year	–	–	–	–	–	–	–	181,602	181,602	30,144	211,746
Other comprehensive income	–	–	–	–	–	–	(17,069)	–	(17,069)	–	(17,069)
Total comprehensive income for the year	–	–	–	–	–	–	(17,069)	181,602	164,533	30,144	194,677
Dividends approved in respect of the previous year *(Note 14(b))*	–	(17,305)	–	–	–	–	–	–	(17,305)	–	(17,305)
Issuance of shares	8,367	652,640	–	–	–	–	–	–	661,007	–	661,007
Purchase of own shares											
– par value paid	(236)	–	–	–	–	–	–	–	(236)	–	(236)
– premium paid	–	–	–	–	–	–	–	(13,430)	(13,430)	–	(13,430)
Shares purchased under the share award scheme *(Note 13(b))*	–	–	(13,936)	–	–	–	–	–	(13,936)	–	(13,936)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	13,251	13,251
Effect on equity arising from the acquisitions of non-controlling interests	–	–	–	–	–	13,535	–	–	13,535	(274,460)	(260,925)
Equity-settled share-based transactions *(Note 13(a))*	–	–	–	969	–	–	–	–	969	–	969
Transfer between reserves	–	–	–	–	–	(3,877)	–	3,877	–	–	–
	8,131	635,335	(13,936)	969	–	9,658	–	(9,553)	630,604	(261,209)	369,395
Balance at 31 December 2011	74,553	2,031,609	(13,936)	17,920	40,785	(447,632)	(17,294)	560,785	2,246,790	260,587	2,507,377

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held under share award scheme RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012	74,553	2,031,609	(13,936)	17,920	40,785	(447,632)	(17,294)	560,785	2,246,790	260,587	2,507,377
Changes in equity for 2012:											
Loss for the year	-	-	-	-	-	-	-	(173,587)	(173,587)	(11,751)	(185,338)
Other comprehensive income	-	-	-	-	-	-	(5,696)	-	(5,696)	-	(5,696)
Total comprehensive income for the year	-	-	-	-	-	-	(5,696)	(173,587)	(179,283)	(11,751)	(191,034)
Transfer between reserves	-	(12,567)	-	12,567	-	-	-	-	-	-	-
Distributions approved in respect of the previous year *(Note 14(b))*	-	-	-	(12,567)	-	-	-	-	(12,567)	-	(12,567)
Shares purchased under the share award scheme *(Note 13(b))*	-	-	(4,091)	-	-	-	-	-	(4,091)	-	(4,091)
Shares granted under the share award scheme *(Note 13(b))*	-	-	-	23,959	-	-	-	-	23,959	-	23,959
Shares vested under the share award scheme *(Note 13(b))*	-	-	18,027	(23,959)	-	-	-	5,932	-	-	-
Effect on equity arising from the acquisitions of non-controlling interests	-	-	-	-	-	166	-	-	166	(3,069)	(2,903)
	-	(12,567)	13,936	-	-	166	-	5,932	7,467	(3,069)	4,398
Balance at 31 December 2012	74,553	2,019,042	-	17,920	40,785	(447,466)	(22,990)	393,130	2,074,974	245,767	2,320,741

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

The Company was incorporated in Bermuda on 27 October 2004 as an exempted company with limited liability under the Bermuda Companies Act 1981. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 June 2005. The consolidated financial statements of the Company for the year ended 31 December 2012 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in an associate. The Group is principally involved in the production, marketing and distribution of glass and glass products, and the development of glass production technology.

2 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

5 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the production, marketing and distribution of glass and glass products, and the development of glass production technology.

Turnover represents the sales value of goods supplied to customers, net of value added tax.

The Group's customer base is diversified and has no customer with whom transactions have exceeded 10% of the Group's turnover for the years ended 31 December 2012 and 2011.

Further details regarding the Group's principal activities are disclosed below.

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which the information reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four operating segments. No operating segments have been aggregated to form the following reportable segments:

- Clear glass products: this segment produces, markets and distributes clear glass products.

- Painted glass products: this segment produces, markets and distributes painted glass products.

- Coated glass products: this segment produces, markets and distributes coated glass products.

- Energy saving and new energy glass products: this segment produces, markets and distributes energy saving and new energy glass products, such as ultra clear glass, low-emission coated glass and photovoltaic battery module products.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred for the years ended 31 December 2012 and 2011. The Group's other operating expenses, such as distribution costs and administrative expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out below.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers and reportable segment revenue	**945,694**	970,463	**727,790**	762,855	**585,328**	884,534	**291,363**	328,196	**2,550,175**	2,946,048
Reportable segment gross profit	**58,689**	97,741	**45,817**	77,817	**55,676**	194,098	**49,872**	72,352	**210,054**	442,008

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, lease prepayments, intangible assets, goodwill and interest in an associate (together as the "specified non-current assets"). The geographical location of customers is determined based on the location at which the goods were delivered. The geographical location of the specified non-current assets is determined based on the physical location of the assets, in the case of property, plant and equipment and lease prepayments, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interest in an associate.

	Revenue from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The People's Republic of China (the "PRC") (including Hong Kong) (place of domicile)	**2,005,318**	2,198,242	**3,933,708**	3,706,156
Middle East	**255,392**	317,739	**–**	–
South Korea	**55,203**	78,958	**–**	–
Brazil	**20,475**	44,371	**–**	–
Columbia	**17,136**	9,149	**–**	–
Taiwan	**8,866**	7,078	**–**	–
Nigeria	**6,807**	8,349	**–**	–
Malaysia	**6,767**	14,165	**–**	–
Other countries	**174,211**	267,997	**–**	–
	544,857	747,806	**–**	–
	2,550,175	2,946,048	**3,933,708**	3,706,156

6 OTHER REVENUE AND NET (LOSS)/INCOME

	2012	2011
	RMB'000	*RMB'000*
Other revenue		
Interest income	**16,023**	8,191
Government grants	**18,733**	59,397
Others	**20,899**	8,541
	55,655	76,129
Other net (loss)/income		
Net gain from sale of raw and scrap materials	**4,744**	8,357
Net (loss)/gain on disposal of property, plant and equipment and land use rights	**(7,940)**	172,242
	(3,196)	180,599

7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2012	2011
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings	**117,357**	109,355
Bank charges and other finance costs	**20,020**	15,304
Total borrowing costs	**137,377**	124,659
Less: amounts capitalised into property, plant and equipment*	**(28,561)**	(21,357)
Net borrowing costs	**108,816**	103,302
Net foreign exchange gain	**(2,023)**	(34,945)
	106,793	68,357

* The borrowing costs have been capitalised at 6.39% per annum for the year ended 31 December 2012 (2011: 6.28% per annum).

(b) Staff costs#:

	2012	2011
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**239,645**	264,699
Contributions to defined contribution retirement plans	**31,639**	31,637
Equity-settled share-based payment expenses in respect of:		
– share option scheme *(see Note 13(a))*	**–**	969
– share award scheme *(see Note 13(b))*	**23,959**	–
	295,243	297,305

(c) Other items:

	2012	2011
	RMB'000	*RMB'000*
Cost of inventories #	**2,340,121**	2,504,040
Auditors' remuneration – audit services	**7,000**	7,000
Depreciation and amortisation #	**248,153**	245,783
Impairment losses on trade and other receivables	**4,552**	3,629
Operating lease charges in respect of		
– land	**168**	254
– plant and buildings	**7,989**	5,270
– motor vehicles	**2,586**	1,371
Research and development costs (other than capitalised costs and related amortisation)	**6,218**	6,187

Cost of inventories includes RMB386.7 million (2011: RMB393.9 million) for the year ended 31 December 2012, relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2012	2011
	RMB'000	*RMB'000*
Current taxation – PRC income tax		
– Provision for the year	**24,438**	91,545
– Under-provision in respect of prior years	**1,746**	197
	26,184	91,742
Deferred taxation		
– Origination and reversal of temporary differences	**(46,156)**	(21,990)
– Write-down of deferred tax assets	**16,339**	–
	(29,817)	(21,990)
	(3,633)	69,752

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2012	2011
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(188,971)**	281,498
Expected tax on (loss)/profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned *(Notes (i), (ii) and (iii))*	**(34,774)**	78,303
Tax effect of non-deductible expenses	**7,698**	2,813
Tax effect of unused tax losses not recognised	**5,783**	7,000
Tax credits *(Notes (iv), (v), (vi) and (vii))*	**(425)**	(18,561)
Tax effect of write-down of deferred tax assets *(Note (viii))*	**16,339**	–
Under-provision in respect of prior years	**1,746**	197
Income tax	**(3,633)**	69,752

Notes:

(i) No provision for Hong Kong Profits Tax has been made, as the Company and the subsidiary of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2012 (2011: RMBNil).

(ii) The Company and the subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% (2011: 25%).

(iv) Certain subsidiaries of the Group established in the PRC are registered as foreign investment enterprises, and according to the relevant income tax rules and regulations applicable to enterprise with foreign investment in the PRC, these subsidiaries obtained approval from the respective tax bureaux that they are entitled to a 100% relief from PRC Corporate Income Tax in the first and second years and 50% relief for the third to fifth years, commencing from the first profitable year after the offset of deductible losses incurred in prior years, if any, or if the subsidiary is entitled but has not commenced in enjoying the tax holiday, the tax holiday must commence immediately in 2008 under the new tax law mentioned in Note 8(b)(v) below.

(v) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "new tax law") which takes effect on 1 January 2008. According to the new tax law, the applicable income tax rate of the subsidiaries of the Group established in the PRC has changed to 25% with effect 1 January 2008; or gradually increase to 25% over a five-year period if the subsidiary was previously enjoying a preferential tax rate of below 25%.

(vi) One of the subsidiaries of the Group established in the PRC obtained an approval from the tax bureau that it is entitled to tax benefits applicable to entity under the Second Phase of the Western Region Development Plan of the PRC, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% (2011: 15%).

(vii) One of the subsidiaries of the Group established in the PRC obtained an approval from the tax bureau to be taxed as an enterprise with advanced and new technologies in 2011, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the years from 2011 to 2013.

(viii) The Group wrote down previously recognised tax losses of RMB16.3 million in 2012, as these unused tax losses either expired in 2012 or their expected utilisation have decreased due to changes were made to the estimates of the future operating results of certain subsidiaries of the Group.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year ended 31 December 2012 is based on the loss attributable to ordinary equity shareholders of the Company of RMB173.6 million (2011: profit attributable to ordinary equity shareholders of the Company of RMB181.6 million) and the weighted average of 1,533,485,000 ordinary shares (2011: 1,476,817,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2012	2011
	'000	*'000*
Issued ordinary shares at 1 January	**1,536,511**	677,900
Effect of share split in 2011	**–**	677,900
Effect of shares issued on 19 May 2011	**–**	124,384
Effect of shares repurchased in 2011	**–**	(3,042)
Effect of shares purchased and vested under a share award scheme *(Note 13(b))*	**(3,026)**	(325)
Weighted average number of ordinary shares at 31 December	**1,533,485**	1,476,817

(b) Diluted earnings per share

There are no dilutive potential ordinary shares during the year ended 31 December 2012.

The calculation of diluted earnings per share for the year ended 31 December 2011 was based on the profit attributable to ordinary equity shareholders of the Company of RMB181.6 million and the weighted average of 1,489,450,000 ordinary shares in issue during the year ended 31 December 2011, calculated as follows:

	2011
	'000
Weighted average number of ordinary shares at 31 December	1,476,817
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(Note 13(a))*	12,633
Weighted average number of ordinary shares (diluted) at 31 December	1,489,450

10 TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables from:		
– Third parties	**260,651**	292,470
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**19,148**	20,269
– Companies under common significant influence	**7,514**	11,065
Bills receivables	**237,613**	166,021
	524,926	489,825
Less: allowance for doubtful debts	**(24,892)**	(20,316)
	500,034	469,509
Amounts due from related companies:		
– Equity shareholders of the Company and their affiliate	**1,023**	1,812
– An associate of the Group	**4,935**	4,403
– Companies under common significant influence	**8,224**	47,408
	14,182	53,623
Less: allowance for doubtful debts	**(3,051)**	(3,074)
	11,131	50,549
Prepayments, deposits and other receivables	**391,928**	453,563
Less: allowance for doubtful debts	**(7,409)**	(7,410)
	384,519	446,153
	895,684	966,211

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year. Cash before delivery is generally required for all customers. Credit terms of three to six months from the date of billing or separately negotiated repayment schedules may be granted to customers, depending on credit assessment carried out by management on an individual customer basis.

Included in trade and other receivables are trade and bills receivables (net of allowance for doubtful debts) with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**148,495**	204,786
More than 1 month but less than 3 months	**97,225**	116,264
More than 3 months but less than 6 months	**110,487**	114,045
Over 6 months	**143,827**	34,414
	500,034	469,509

11 TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**520,635**	597,012
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**550**	550
– Companies under common significant influence	**3,177**	3,217
Bills payables	**233,225**	147,450
	757,587	748,229
Amounts due to related companies:		
– An equity shareholder of the Company	**3,621**	6,621
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**15,540**	–
– Companies under common significant influence	**16,383**	43,188
	35,544	49,809
Accrued charges and other payables	**780,211**	872,756
Financial liabilities measured at amortised cost	**1,573,342**	1,670,794
Advances received from customers	**102,766**	115,475
	1,676,108	1,786,269

All of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

Included in trade and other payables are trade and bills payables with the following ageing analysis (based on the maturity date) as of the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
Due within 1 month or on demand	**570,067**	633,979
Due after 1 month but within 6 months	**187,520**	114,250
	757,587	748,229

12 UNSECURED NOTES

	2012	2011
	RMB'000	*RMB'000*
Unsecured notes 9.625% due in 2012	**–**	382,851
Unsecured notes 4.95% due in 2013	**148,500**	146,700
	148,500	529,551
Less: current portion of unsecured notes	**(148,500)**	(382,851)
	–	146,700

13 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

The Company has a share option scheme which was adopted on 30 May 2005 whereby the directors of the Company are authorised, at their discretion, to invite (i) any executive director or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive directors (including independent non-executive directors) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to the Company, any member of the Group or any Invested Entity, to take up options at HK$1.00 as consideration to subscribe for shares of the Company. For the options granted, 40% will vest after one year from the date of grant; another 30% will vest after two years from the date of grant; and the remaining 30% will vest after three years from the date of grant. The options will lapse on 29 May 2015. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 29 February 2008	4,280,000	One year from the date of grant	7.25 years
– on 29 February 2008	3,210,000	Two years from the date of grant	7.25 years
– on 29 February 2008	3,210,000	Three years from the date of grant	7.25 years
Options granted to employees:			
– on 29 February 2008	11,720,000	One year from the date of grant	7.25 years
– on 29 February 2008	8,790,000	Two years from the date of grant	7.25 years
– on 29 February 2008	8,790,000	Three years from the date of grant	7.25 years
Total share options granted	40,000,000		

(ii) The number and weighted average exercise price of share options are as follows:

	2012		2011	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
		'000		*'000*
Outstanding at the beginning of the year	**HK$1.75**	**38,600**	HK$3.50	19,300
Effect of share split in 2011		**–**		19,300
Outstanding at the end of the year	**HK$1.75**	**38,600**	HK$1.75	38,600
Exercisable at the end of the year	**HK$1.75**	**38,600**	HK$1.75	38,600

The options outstanding at 31 December 2012 had an exercise price of HK$1.75 (31 December 2011: HK$1.75) and a weighted average remaining contractual life of 2.42 years (31 December 2011: 3.42 years).

(b) Share award scheme

On 12 December 2011 (the "Adoption Date"), the directors of the Company adopted a share award scheme (the "Share Award Scheme") as a mean of rewarding and retaining employees of the Group and to attract suitable personnel for further development with the Group. A trust has been set up for the purpose of administering the Share Award Scheme.

Pursuant to the Share Award Scheme, the trust may purchase shares of the Company from the Stock Exchange with cash contributed by the Group, and to hold such shares until they are vested.

The directors of the Company may, from time to time, at its discretion select any employee of the Group for participation in the Share Award Scheme and grant such number of awarded shares to any selected employee of the Group at nil consideration. The directors of the Company are entitled to impose any conditions (including a period of continued service within the Group after the award) with respect to the vesting of the awarded shares. In addition, the selected employee shall not transfer or dispose of more than 50% of the awarded shares during the period of one year after the date of vesting of such awarded shares.

The Share Award Scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the directors of the Company.

(i) Details of the shares held under the Share Award Scheme are set out below:

	2012			2011		
	Average purchase price *HK$*	**No. of shares held**	**Value** *RMB'000*	Average purchase price *HK$*	No. of shares held	Value *RMB'000*
At 1 January	**1.26**	**13,636,000**	**13,936**	–	–	–
Shares purchased during the year	**1.25**	**4,024,000**	**4,091**	1.26	13,636,000	13,936
Shares vested during the year		**(17,660,000)**	**(18,027)**		–	–
At 31 December		**–**	**–**	1.26	13,636,000	13,936

On 16 February 2012, 17,660,000 ordinary shares held under the Share Award Scheme were awarded to certain directors and employees of the Group with a fair value per share of HK$1.67 (equivalent to approximately RMB1.36 per share). The fair value of the awarded shares is determined by reference to the closing price of the Company's ordinary shares on 16 February 2012. All of the awarded shares have been vested on 12 December 2012.

14 DIVIDENDS/DISTRIBUTIONS

(a) Dividends/distributions payable to equity shareholders of the Company attributable to the year

	2012 *RMB'000*	2011 *RMB'000*
Final dividend/distribution proposed after the end of the reporting period of HK$Nil per ordinary share (2011: HK$0.01 per ordinary share)	**–**	12,567

(b) Distributions/dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the year

	2012 *RMB'000*	2011 *RMB'000*
Final distribution/dividend in respect of the previous financial year, approved and paid during the year, of HK$0.01 per ordinary share (2011: HK$0.015 per ordinary share)	**12,567**	17,305

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2012, the glass industry in China was affected by both the government's continuing control and adjustment of the real estate market and the digestion of the overgrown production capacity inherited from the previous years, thus resulting in fierce market competition and a general fall in prices of the glass products.

Based on the statistics of Glass Information Website, in 2012, the nation had 21 newly added glass production lines, while newly added production capacity increased by 83 million weight cases, representing a year-on-year increase of 10%, and on average 70 glass production lines had suspended production or experienced overhaul during the year. According to the data from National Statistics Bureau, in 2012, the total production volume of flat glass in the country was 714 million weight cases, representing a decrease of 3.2% compared with last year. This was the first negative year-on-year growth since 2000.

Slower growth in the automotive industry also reduced the demand of glass. Although the demand of energy-saving glass surged in the year, products like the low-emission coated ("Low-E") glass did not hit a major growth spurt due to factors such as the property market slump, fewer new property construction projects and nationwide legislation not being widely promoted.

Affected by the market slowdown, the market price of glass products in 2012 stabilized after a fall, which shows a gradual recovery and a bottom out trend. Although there was some fluctuation in the price of glass, the overall price level during the year remained low. In the year 2012, the manufacture cost of glass production was mildly lowered due to the fall in the price of the main raw materials and fuel. Yet, China's policy of energy-saving, emission reduction, and environmental conservation were progressively escalated, the industry began to face significant pressure on its profitability.

BUSINESS REVIEW

Overview

At the end of 2012, the Group had 17 glass production lines, comprising 14 float glass production lines and 3 patterned glass production lines for solar power ultra-clear photovoltaic glass, while the daily melting capacity amounted to 7,630 tonnes. At the end of 2012, the Group had 11 production lines in operation. Operations of the float-glass production line in Beijing, the float glass production line in Suqian, and the 3 patterned glass production lines in Nanjing were suspended for overhaul or technical transformation, while the operation of a float glass production line in Wuhai was suspended for relocation construction. Moreover, the operation of one of the float-glass production lines in Weihai was suspended for half a year for overhaul and technical transformation, but resumed operation in 2012.

In addition, the Group owned one offline Low-E glass production line, with production capacity of 3 million square meters per annum, and one amorphous silicon thin-film battery production line with production capacity of 12MW per annum. Both production lines were in normal production in 2012. At the same time, there was another amorphous silicon thin-film battery production line with production capacity of 15MW per annum under construction.

Prices in raw materials and production costs

As both the local and global economies were experiencing a slowdown, the demand for bulk raw materials remained weak. The price of raw materials and fuel used in glass manufacture remained at low level with minor fluctuation, however the cost of labour generally increased.

In 2012, as the soda ash industry was affected by excess supply and lack of demand from the downstream industry, prices remained low during the year. The price of fuel oil, petroleum coke, and coal used in glass manufacture decreased slightly compared with the prior year.

As the silica raw material used in glass manufacture was negatively affected by the slump of the glass market, demand for the raw material eased, hence resulting in a slight downward adjustment of its price as compared with the prior year.

Furthermore, the Group continued to promote the use of low-cost alternative fuel, and put manufacture cost under control. Hence, the average cost of glass products sold in 2012 decreased by 12% compared with that of the prior year.

Production, Sales, and Selling Price

In 2012, the Group produced an aggregate amount of 35.52 million weight cases of glass, representing a decrease of 9.44% compared with the same period of last year. The main reasons for a decrease in output were the relocation, overhaul, and technical transformation of some production lines, which caused a temporary suspension in production. In 2012, the aggregate sales of all types of glass were 37.55 million weight cases, which equals to an output-to-sales ratio of 105.7%.

Affected by the slowdown in market demand and the increasingly fierce competition, the price of glass declined significantly in 2012. Meanwhile, seizing the opportunity of the market downturn, the Group upgraded the production lines with new technology on an experimental basis, which slightly increase the proportion of the normal glass production in its product mix. In 2012, the average selling price of the Group's products dropped significantly, resulting in a decrease in profitability, which was the main contributor to the Group's loss in the year.

Implementation of the strategic plans

The glass industry continued to slowdown in 2012. Although there was a slight bounce-back in the second half of 2012, the economy remained in the doldrums throughout the year, putting immense pressure on the Group's operation. Facing such adversity, the Group continued its strategic plan of "Two-High-One-Low" and adopted the following measures to actively manage the uncertainties and challenges of the market:

1. To continuously enhance the progress of research and development of new products and industrialization: the successful completion of expert group's authentication of the online transparent conducting oxide coated ("TCO") glass, the stability and sustainable production of Low-E glass and titanium easy-clean coated glass, and the self-researched and self-manufactured offline double-silver Low-E glass. Meanwhile, during the industry's trough, existing production lines were enhanced with production upgrade, product upgrade and relocation construction. At the beginning of 2013, the Group successfully completed projects such as the relocation construction of the 800 tons production line in Wuhai and the production of ultra-thick glass in Dongtai.

2. To increase high quality products production: strengthen production management; improve product quality; reduce cost; increase effectiveness. In 2012, the Group committed itself in implementing standardized production, enhancing the stability and productivity of its production lines to forge a strong foundation for future technologies for achieving the same production efficiency on different production lines.

3. Low-cost strategy: In 2012, the Group continued its three-year strategic plan of using low-cost alternative fuel. At the same time, in consideration of the tightening of regulation on environmental protection and energy conservation by the government, the Group increased its efforts in this aspect and added waste heat power generation systems to its existing production lines. The waste heat power generation systems would fully utilize the heat from the production lines, which would significantly reduce energy loss and production cost. In addition, the Group also increased its efficiency with a lower number of staff through upgrading the production lines and techniques, and increased its overall labour productivity.

Whilst enhancing internal management control, the Group conducted thorough analysis on market demand, competitive products and future trends by integrating with the respective characteristics of each regional location of different production lines, the Group would also produce value-added and differentiated products to meet market demand, increase product competitiveness, and strengthen the Group's leading position in the coated glass market. Using all these as our building blocks, we proactively gave an impetus to integrating our marketing efforts and optimizing our marketing model.

FINANCIAL REVIEW

Turnover

The Group's turnover decreased by approximately 13% from RMB2.946 billion for the year ended 31 December 2011 to RMB2.550 billion for the year ended 31 December 2012. This was mainly attributable to a decrease of 19% in the annual average selling price compared to the last year due to a significant decrease in the market price of glass this year.

Cost of sales

The Group's cost of sales decreased by approximately 7% from RMB2.504 billion for the year ended 31 December 2011 to RMB2.340 billion for the year ended 31 December 2012. This was mainly attributable to the decrease in the prices of major raw materials and fuel such as soda ash and petroleum powder and the Group's strategy in adopting low-cost fuel technology as a substitution.

Gross profit

The Group's gross profit decreased by approximately 52% from RMB442 million for the year ended 31 December 2011 to RMB210 million for the year ended 31 December 2012. This was mainly attributable to the decrease in gross profit margin. Gross profit margin decreased from 15% in 2011 to 8.2% in 2012, which was mainly due to the decrease in the average selling price for reasons as stated above.

Other net (loss)/income

The Group's other net (loss)/income decreased from an income of RMB181 million for the year ended 31 December 2011 to a loss of RMB3 million for the year ended 31 December 2012. The net income in the year 2011 was primarily attributable to the expropriation of the land use right owned by Wuhai Blue Star Glass Co., Ltd., a subsidiary of the Company, by the local government of Wuhai in 2011, which resulted in a gain of approximately RMB168 million. There was no similar income for the year 2012.

Distribution costs

The Group's distribution costs decreased by approximately 8% from RMB98 million for the year ended 31 December 2011 to RMB90 million for the year ended 31 December 2012. This was mainly attributable to the decrease in the Group's export charges resulted from the decrease of export sales volume and unit export charges.

Administrative expenses

The Group's administrative expenses increased by approximately 2% from RMB251 million for the year ended 31 December 2011 to RMB255 million for the year ended 31 December 2012. This was mainly due to the increase of staff costs for administrative functions from RMB99 million in year 2011 to RMB104 million in year 2012.

Finance costs

The Group's finance costs increased from RMB68 million for the year ended 31 December 2011 to RMB107 million for the year ended 31 December 2012. This was mainly attributable to the decrease of exchange gains of the Group resulting from the appreciation of RMB.

Current assets

The Group's current assets decreased by approximately 24% from RMB2.187 billion as at 31 December 2011 to RMB1.671 billion as at 31 December 2012. The decrease was mainly attributable to the decrease in current assets such as inventories and decrease in cash and cash equivalents.

Current liabilities

The Group's current liabilities increased by approximately 3% from RMB3.013 billion as at 31 December 2011 to RMB3.110 billion as at 31 December 2012. The increase was mainly attributable to the increase of short-term bank and other loans by RMB438 million as compared with 2011, as well as unsecured notes of RMB149 million becoming due in 2013 which was transferred to current liabilities this year.

Non-current liabilities

The Group's non-current liabilities decreased by approximately 39% from RMB468 million as at 31 December 2011 to RMB287 million as at 31 December 2012. This was mainly attributable to unsecured notes of RMB149 million becoming due in 2013 which was transferred from non-current liabilities to current liabilities this year.

Capital structure, liquidity, financial resources and assets-liabilities ratio

As at 31 December 2012, the Group's cash and cash equivalents were RMB324 million (31 December 2011: RMB546 million), of which 94% (31 December 2011: 86%) were denominated in RMB, 3% (31 December 2011: 11%) were denominated in United States dollars ("USD") and 3% (31 December 2011: 3%) were denominated in Hong Kong dollars ("HK$"). Outstanding bank and other loans were RMB1.476 billion (31 December 2011: RMB1.064 billion), of which 89% (31 December 2011: 84%) were denominated in RMB and 11% (31 December 2011: 16%) were denominated in USD. Outstanding unsecured notes amounted to RMB149 million (31 December 2011: RMB530 million), all of which were denominated in RMB (31 December 2011: 28% in RMB and 72% in USD).

As at 31 December 2012, the gearing ratio (total interest-bearing debts divided by total assets) was 29% (31 December 2011: 27%). As at 31 December 2012, the Group's current ratio (current assets divided by current liabilities) was 0.54 (31 December 2011: 0.73).The Group recorded net current liabilities amounting to RMB1.439 billion as at 31 December 2012 (31 December 2011: RMB826 million). The assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.59 (31 December 2011: 0.58).

Details of the Group's unsecured notes are set out in Note 12.

Material acquisitions or disposals

On 19 December 2012, the Group acquired 0.42% equity interests in Weihai Blue Star Glass Company Limited ("Weihai Blue Star") for a consideration of RMB2.9 million. Upon completion of the above acquisition, the Group's effective interest in Weihai Blue Star increased from 89.97% to 90.42%.

Save as disclosed above, the Group did not have any material investments or capital assets, or material acquisitions or disposals of subsidiaries and associated companies for the year ended 31 December 2012.

Human resources and employees' remuneration

As at 31 December 2012, the Group had employed approximately a total of 5,963 employees in the PRC and Hong Kong (31 December 2011: about 6,584 employees). According to the relevant market situation, the Group's employees' remuneration level is maintained at a competitive level and is adjusted in accordance with the employees' performance.

The employees of the companies in the Group which were established in the PRC and in Hong Kong participate in defined contribution retirement benefit schemes and Mandatory Provident Fund Scheme, respectively. Details of staff costs and pension schemes are set out in Note 7(b).

Contingent liabilities

As at 31 December 2012, the Group did not have any significant contingent liabilities.

Exchange rate risk and related hedging

The Group's transactions and monetary assets were primarily denominated in RMB, HK$, USD and Euros ("EUR"). Operating expenses and domestic sales of the Group's PRC subsidiaries were primarily denominated in RMB, and certain borrowings of the Group were denominated in USD. The Group was of the opinion that the future fluctuation of RMB will be closely related to the development of the PRC economy. Our assets, profits and dividends may be affected by the fluctuation of the RMB exchange rate. During the year ended 31 December 2012, the Group did not adopt any derivatives for hedging purposes.

Major customers and suppliers

The percentage of purchases and sales for the year ended 31 December 2012 attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	5%
– five largest suppliers combined	22%
Sales	
– the largest customer	9%
– five largest customers combined	16%

During the year ended 31 December 2012, no Director or any associates of a Director or any substantial shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) of the Company has any interest in any of the Group's five largest customers and suppliers.

REDEMPTION OF THE OUTSTANDING US DOLLAR NOTES

On 12 July 2007, the Group issued unsecured notes of 9.625% per annum with total principal amount of USD100,000,000. On 31 July 2009, the Group redeemed the notes with total principal amount of USD39,110,000. The outstanding unsecured notes in a principal amount of USD60,890,000 matured on 12 July 2012, and the Group redeemed all outstanding notes on the same day according to their terms and conditions.

OUTLOOK AND TRADE PROSPECTS

The effects of the adjustment in the structure of the property market will gradually surface as the nation makes progress in its urbanization process, and as the construction of the security housing projects continued its progress. To this end, we expect that the demand of glass is poised to gradually recover in 2013. At the same time, some of the new and overhauled production lines are expected to be entered into production, thereby leading to an increase of supply. As a whole, it is anticipated that the glass industry in 2013 shall step out of the trough experienced in 2012 and achieve an equilibrium in supply and demand.

In addition, since glass futures were approved by The China Securities Regulatory Commission for trading, the trading of glass futures has been active in year 2012. Although the number of manufacturing enterprises in the glass industry participating in such activity is limited, the traded glass futures have obviously affected the prices of glass, especially that of the normal white glass. It is expected that the glass futures would effectively play an important role in determining the market price; gradually iron out glass products' business cycles; alleviate the severity of the price fluctuation of normal white glass product. And all these factors would contribute to the stable development of the glass market in 2013.

The impacts of international and domestic macroeconomic development

In 2013, we expect the global economy will remain in its post-crisis adjustment period: economic growth will be relatively weak but signs of the recovering trend will become apparent. It is therefore anticipated that China's economy will begin to stabilize with more positive factors, the drive to grow will be stronger, manifesting positive signs of a resurging trend.

Related national policies and property policies

The Central Economic Work Conference of China proposed to actively and steadily promote urbanization, and strived to improve the quality of urbanization. Urbanization has the potential to expand domestic demand, which will effectively stimulate the demand for glass. At the same time, the country has also clearly stated the necessities of changing the urban and rural construction model and the pattern of development of the construction industry, raising the efficiency of resource usage, achieving the goals of energy saving and emission reduction, and building a resource-saving and environmental-friendly society. The most effective way of enery-saving construction is the use of energy-saving glass, which means the markets for Low-E glass, sunlight easy clean coated ("Sun-E") glass, as well as all kinds of hollow, laminated, ultra-white glass that feature safe, energy-saving, and envrionmental-friendly glass will have very bright prospects. In addition, new-energy products, especially energy-saving products that integrate with construction, will become increasingly important, thus providing a safety net for the development policy of solar products such as TCO glass.

Furthermore, the PRC's government begin to actively support the glass industry with a focus on nurturing sizeable enterprise groups in order to expedite industry consolidation. In this respect, the Group has been formally included in the first batch of the industry association's recommended list of sizeable enterprise groups qualified for such scheme.

The Group has all along endeavored to become China's leading manufacturer of high value-added glass that features energy-saving, new-energy, etc., which is consistent with China's guided direction of macroeconomic policies and economic development, and thus suggesting wide spectrum of future development opportunities for the Group.

Glass market demand forecast

In 2013, as urbanization continues to develop and the social security housing projects continued with their construction, we anticipate that the overall performance of the property industry will be better than 2012.

The automotive industry in 2013 will be better than that in 2012, and the demand for automobiles is expected to reach 20.8 million for the whole of the year 2013, with a growth rate of around 7%.

Export markets will not have apparent adjustment or stimulation effects on the glass industry in 2013.

Moreover, we expect that there will be growth in the demand for energy-saving and new-energy products as requirements on energy-saving and environment conservation are being strengthened.

Supply of raw materials and fuel forecast

In 2013, we will continue to face uncertainties in the global and local economies. Nevertheless, starting from the end of 2012, the world economy showed signs of bottoming out and recovering. In 2012, as industries of raw materials and fuel that were used in glass manufacturing such as soda ash and steel indicated continued losses, their primary goals were to stop or cover those losses. Taking the above factors into consideration and the expected domestic inflation, we expect the prices of the major raw materials and fuel will show a gradual increase in 2013.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 30 May 2005 in order to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares.

On 29 February 2008, the Directors and certain employees of the Company were granted share options under the share option scheme. No options were granted by the Group and no options granted were lapsed or cancelled for the year ended 31 December 2012. Details of the outstanding options as at 31 December 2012 are set out in Note 13(a).

SHARE AWARD SCHEME

The Board has approved the adoption of the share award scheme of the Company on 12 December 2011 (the "Adoption Date"). The share award scheme will operate in parallel with the Company's share option scheme adopted on 30 May 2005.

From the Adoption Date up to 31 December 2012, based on the Company's instructions, the trustee of the scheme purchased 17,660,000 shares on the market pursuant to the share award scheme for a total consideration of HK$22,231,066, representing approximately 1.14% of the issued share capital of the Company as at 31 December 2012. All of the 17,660,000 shares held under the share award scheme were awarded to the selected employees at nil consideration on 16 February 2012, and vested to the selected employees of the Group on 12 December 2012.

Details of the share award scheme are set out in Note 13(b).

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules was amended and revised as the Corporate Governance Code (the "Revised Code") which became effective on 1 April 2012. For the year under review, the Company has complied with the applicable code provisions of the CG Code and the Revised Code as and when they were/are in force, except for the deviations set out below:

(i) The Revised Code A.2.7 requires the chairman of the board to at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors' presence. During the year 2012, all major decisions of the Company were made by the entire Board with attendance of all Directors, and there were no special circumstances requiring independent discussions with non-executive Directors in the absence of the executive Directors. Therefore, no such meeting with the non-executive Directors was held. Notwithstanding that, the Company has internal policies and arrangements to allow all Directors (including the non-executive Directors) to express their views and raise their concerns in relation to the business of the Company with the Chairman.

(ii) The Revise Code A.6.3 requires that every director should ensure that he can give sufficient time and attention to the issuer's affairs and should not accept the appointment if he cannot do so. The Revised Code A.6.7 further requires that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the year 2012, Mr. Zhao John Huan, a non-executive director, has not attended the board meetings and annual general meeting of the Company, due to personal reasons and work commitments. Despite his absence, Mr. Zhao has designated his alternate Director, Mr. Chen Shuai to attend each of the board meeting and the annual general meeting on his behalf, for the purpose of expressing his view and casting his vote in board meetings. In each instance, Mr. Chen has discussed with Mr. Zhao any matters arising from the meetings. Meanwhile, Mr. Zhao also spent considerable time on performing his duties as a committee member and/or the chairman of various board committees, including actively participating in and giving professional advice in various board committee meetings. In the light of the arrangement in place, the Board considers that Mr Zhao has given sufficient time and attention to the affairs of the Company despite his absence from the meetings.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted the Model Code For Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiry of all the Directors, the Company confirms that all the Directors have complied with the required standard set out in the Model Code during the financial year ended 31 December 2012.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company comprises four non-executive Directors, three of whom are independent non-executive Directors. The current committee members are Mr. Chen Huachen (Chairman), Mr. Zhao Lihua, Mr. Zhang Baiheng and Mr. Zhao John Huan. The audit committee has reviewed with the Company's management and the external auditors the accounting principles and practices adopted by the Group, and has discussed auditing, internal control and financial reporting matters, including the review of the annual results for the year ended 31 December 2012.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") will be held on 15 May 2013. The notice of Annual General Meeting will be published and sent to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote in the Annual General Meeting, the register of members of the Company will be closed from 13 May 2013 to 15 May 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 10 May 2013.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Company's and the Stock Exchange's websites. The Company's annual report for the year ended 31 December 2012 in accordance with the relevant requirements of the Listing Rules will be dispatched to shareholders and published on the Company's and the Stock Exchange's websites in due course.

By Order of the Board
China Glass Holdings Limited
Zhou Cheng
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the Board comprises Mr. Zhang Zhaoheng, Mr. Li Ping and Mr. Cui Xiangdong as executive directors, Mr. Zhou Cheng, Mr. Zhao John Huan, Mr. Chen Shuai and Mr. Ning Min as non-executive directors and Mr. Zhang Baiheng, Mr. Zhao Lihua, Mr. Ni Wei and Mr. Chen Huachen as independent non-executive directors.

* *For identification purpose only*