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CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "Board") of China Glass Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016 together with the comparative figures for the corresponding year in 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

(Expressed in Renminbi ("RMB"))

	Note	**2016**	2015
		RMB'000	*RMB'000*
Revenue	5	**2,139,650**	1,968,857
Cost of sales		**(1,812,394)**	(1,890,567)
Gross profit	5	**327,256**	78,290
Other income	6	**163,389**	29,063
Distribution costs		**(75,599)**	(73,218)
Administrative expenses		**(214,123)**	(397,117)
Other expenses	7(c)	**(39,260)**	(62,563)
Profit/(loss) from operations		**161,663**	(425,545)
Share of losses of an associate		**(69)**	(43)
Finance costs	7(a)	**(134,476)**	(130,386)
Profit/(loss) before taxation	7	**27,118**	(555,974)
Income tax	8	**(6,384)**	75,876
Profit/(loss) for the year		**20,734**	(480,098)
Attributable to:			
Equity shareholders of the Company		**21,055**	(426,389)
Non-controlling interests		**(321)**	(53,709)
Profit/(loss) for the year		**20,734**	(480,098)
Earnings/(loss) per share (RMB cent)			
Basic	9(a)	**1.16**	(23.56)
Diluted	9(b)	**1.05**	(23.56)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Expressed in RMB)

	2016	2015
	RMB'000	*RMB'000*
Profit/(loss) for the year	**20,734**	(480,098)
Other comprehensive income for the year (before and after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of the Company and certain subsidiaries into presentation currency	**18,919**	15,781
Total comprehensive income for the year	**39,653**	(464,317)
Attributable to:		
Equity shareholders of the Company	**39,974**	(410,608)
Non-controlling interests	**(321)**	(53,709)
Total comprehensive income for the year	**39,653**	(464,317)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

(Expressed in RMB)

	Note	**2016** **RMB'000**	2015 RMB'000
Non-current assets			
Property, plant and equipment		**3,773,797**	3,407,633
Lease prepayments		**267,570**	248,767
Intangible assets		**–**	–
Interest in an associate		**424**	493
Available-for-sale investments		**1,991**	1,495
Deferred tax assets		**218,510**	200,348
		4,262,292	3,858,736
Current assets			
Inventories		**429,062**	385,701
Trade and other receivables	10	**563,249**	607,022
Assets held-for-sale		**22,829**	–
Prepaid income tax		**12,561**	18,926
Cash and cash equivalents		**491,644**	775,217
		1,519,345	1,786,866
Current liabilities			
Trade and other payables	11	**1,808,734**	1,647,105
Bank and other loans		**1,485,050**	1,132,943
Obligations under finance leases		**19,874**	26,567
Income tax payable		**67,252**	65,006
		3,380,910	2,871,621
Net current liabilities		**(1,861,565)**	(1,084,755)
Total assets less current liabilities		**2,400,727**	2,773,981

	Note	**2016**	2015
		RMB'000	*RMB'000*
Non-current liabilities			
Bank and other loans		**28,311**	506,736
Convertible bonds	12	**62,318**	–
Obligations under finance leases		**96,268**	106,142
Deferred tax liabilities		**33,718**	30,502
Other non-current liabilities		**3,798**	–
		224,413	643,380
NET ASSETS		**2,176,314**	2,130,601
CAPITAL AND RESERVES			
Share capital		**84,867**	84,867
Reserves		**1,886,853**	1,840,819
Total equity attributable to equity shareholders of the Company		**1,971,720**	1,925,686
Non-controlling interests		**204,594**	204,915
TOTAL EQUITY		**2,176,314**	2,130,601

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 2016 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

These 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"), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 measurement basis used in the preparation of the financial statements is the historical cost basis except for derivative financial instruments which are stated at their fair values.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

As at 31 December 2016, the Group had net current liabilities of RMB1,861,565,000 (31 December 2015: RMB1,084,755,000). Notwithstanding the net current liabilities as at 31 December 2016, the directors of the Company do not consider that material uncertainties related to events or conditions exist which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. This is because based on a cash flow forecast of the Group prepared by the management and financial support committed by the Company's largest shareholder, the directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern 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 a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2016 (2015: one). For the year ended 31 December 2016, revenue from sales of glass products to this customer amounted to approximately RMB227.9 million (2015: RMB240.1 million).

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 is 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 reportable 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 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. Inter-segment sales are priced with reference to prices charged to external parties for similar products. 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 2016 and 2015 is set out below.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**686,559**	788,606	**461,906**	414,817	**643,803**	616,563	**347,382**	148,871	**2,139,650**	1,968,857
Inter-segment revenue	**31,591**	–	**5,372**	–	**–**	–	**–**	–	**36,963**	–
Reportable segment revenue	**718,150**	788,606	**467,278**	414,817	**643,803**	616,563	**347,382**	148,871	**2,176,613**	1,968,857
Reportable segment gross profit/(loss)	**77,858**	(53,941)	**86,869**	39,534	**123,139**	84,797	**39,390**	7,900	**327,256**	78,290

(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 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 the location of operations, in the case of interest in an associate.

	Revenue from external customers		Specified non-current assets	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The People's Republic of China (the "PRC") (including Hong Kong) (place of domicile)	**1,503,046**	1,397,079	**3,813,817**	3,646,698
Middle East	**181,335**	156,211	**–**	–
Nigeria	**101,730**	75,821	**177,874**	10,195
South Korea	**87,641**	120,085	**–**	–
Bangladesh	**30,145**	28,197	**–**	–
Philippines	**22,211**	7,513	**–**	–
Columbia	**21,559**	13,197	**–**	–
Cambodia	**15,718**	4,435	**–**	–
Kenya	**15,481**	7,714	**–**	–
Ghana	**15,248**	5,459	**–**	–
India	**13,425**	6,572	**–**	–
Other countries	**132,111**	146,574	**–**	–
	636,604	571,778	**177,874**	10,195
	2,139,650	1,968,857	**3,991,691**	3,656,893

6 OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Net gain on debt restructuring (Note (i))	**29,636**	–
Net gain on relocation of a production plant (Note (ii))	**35,000**	–
Net gain/(loss) on disposal of property, plant and equipment	**63,872**	(263)
Government grants	**14,089**	8,886
Interest income	**7,314**	11,301
Net gain from sale of raw and scrap materials	**3,330**	3,137
Others	**10,148**	6,002
	163,389	29,063

Notes:

(i) The amount represents the net gain arising from restructuring of a payable due to a former supplier of the Group. The amount is the difference between the carrying amount of the payable of RMB60.7 million and the fair value of the consideration paid, including non-cash assets transferred and new liabilities assumed.

(ii) The amount represents additional compensation of RMB35.0 million in relation to the expropriation of the land use rights of the Group by the local government in year 2014 in accordance with a supplementary agreement entered into between the Group and the local government.

7 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2016	2015
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings	**112,896**	112,271
Finance charges on convertible bonds (Note 12)	**8,219**	–
Finance charges on obligations under finance leases	**11,710**	17,922
Bank charges and other finance costs	**31,765**	32,401
Total borrowing costs	**164,590**	162,594
Less: amounts capitalised into property, plant and equipment*	**(42,492)**	(17,319)
Net borrowing costs	**122,098**	145,275
Changes in fair value on the derivative components of convertible bonds (Note 12)	**(9,712)**	–
Net foreign exchange loss/(gain)	**22,090**	(14,889)
	134,476	130,386

* The borrowing costs have been capitalised at 9.00% per annum for the year ended 31 December 2016 (2015: 6.65% per annum).

(b) Staff costs[#]:

	2016	2015
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**219,016**	232,674
Contributions to defined contribution retirement plans	**29,983**	30,311
Equity-settled share-based payment expenses in respect of share option scheme (Note 13(a))	**6,060**	6,159
	255,059	269,144

(c) Other expenses

	2016	2015
	RMB'000	*RMB'000*
Impairment losses on property, plant and equipment	**39,260**	52,531
Impairment losses on intangible assets	**–**	10,032
	39,260	62,563

(d) Other items:

	2016	2015
	RMB'000	*RMB'000*
Cost of inventories[#]	**1,810,572**	1,890,896
Auditors' remuneration – audit services	**5,880**	5,900
Depreciation and amortisation[#]	**254,802**	274,858
Impairment losses on trade and other receivables	**1,015**	65,703
Operating lease charges in respect of		
– land	**153**	196
– plant and buildings	**4,139**	5,986
– motor vehicles	**2,495**	2,868
Research and development costs (other than capitalised costs and related amortisation)	**323**	1,193

[#] Cost of inventories includes RMB361.1 million (2015: RMB343.2 million) for the year ended 31 December 2016, 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 STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2016	2015
	RMB'000	*RMB'000*
Current taxation		
– Provision for the year	**21,002**	7,601
– Under-provision in respect of prior years	**328**	460
	21,330	8,061
Deferred taxation		
– Origination and reversal of temporary differences	**(24,424)**	(102,953)
– Write-down of deferred tax assets	**9,478**	19,016
	(14,946)	(83,937)
	6,384	(75,876)

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

	2016	2015
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**27,118**	(555,974)
Expected tax on profit/(loss) before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Note (i), (ii), (iii) and (iv))	**8,521**	(136,051)
Tax effect of non-deductible expenses	**3,556**	8,713
Tax effect of unused tax losses and temporary differences not recognised	**8,055**	33,531
Tax concessions (Note (v), (vi) and (vii))	**(3,160)**	(1,545)
Tax effect of recognition and utilisation of prior years' unused tax losses previously not recognised (Note (viii))	**(20,394)**	–
Tax effect of write-down of deferred tax assets (Note (viii))	**9,478**	19,016
Under-provision in respect of prior years	**328**	460
Income tax	**6,384**	(75,876)

Notes:

(i) The Company and subsidiaries of the Group incorporated in Hong Kong are subject to the Hong Kong Profits Tax rate of 16.5% (2015: 16.5%).

(ii) The subsidiaries of the Group incorporated in Cayman Islands and British Virgin Islands 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% (2015: 25%).

(iv) The subsidiaries of the Group established in Nigeria are subject to Nigeria Corporate Income Tax rate of 30% (2015: 30%).

(v) A subsidiary of the Group established in Nigeria is established in one of Nigerian Export Processing Zones and exempted from all Federal, State and Local Government taxes and levies.

(vi) A subsidiary 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% (2015: 15%).

(vii) A subsidiary of the Group established in the PRC obtained an approval from the tax bureau to be taxed as enterprise with advanced and new technologies, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for a period of three years, commencing from year of which the approval is obtained (2015: 25%).

(viii) The Group recognised and used previously unrecognised deferred tax assets of RMB20.4 million (2015: RMBNil) regarding tax losses and wrote down previously recognised deferred tax assets of RMB9.5 million (2015: RMB19.0 million) regarding tax losses, as the utilisation of these unused tax losses have changed due to the changes of actual operating results during the year ended 31 December 2016 and changes in estimates of future operating results of certain subsidiaries of the Group.

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the year ended 31 December 2016 is based on the profit attributable to ordinary equity shareholders of the Company of RMB21,055,000 (2015: loss attributable to ordinary equity shareholders of the Company of RMB426,389,000) and the weighted average of 1,810,147,000 ordinary shares (2015: 1,810,147,000 ordinary shares) in issue during the year ended 31 December 2016.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2016 is based on the profit attributable to ordinary equity shareholders of the Company (diluted) of RMB19,562,000 and the weighted average of 1,865,063,000 ordinary shares (diluted), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2016 *RMB'000*
Profit attributable to ordinary equity shareholders	21,055
After tax effect of effective interest on the liability component of convertible bonds	8,219
After tax effect of changes in fair value recognised on the derivative components of convertible bonds	(9,712)
Profit attributable to ordinary equity shareholders (diluted)	19,562

(ii) Weighted average number of ordinary shares (diluted)

	2016 *'000*
Weighted average number of ordinary shares at 31 December	1,810,147
Effect of conversion of convertible bonds (Note 12)	54,916
Weighted average number of ordinary shares (diluted) at 31 December	1,865,063

There were no dilutive potential ordinary shares during the year ended 31 December 2015.

10 TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables from:		
– Third parties	**183,815**	218,207
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**15,880**	16,280
– Companies under common significant influence	**2,736**	12,961
Bills receivables	**95,735**	116,454
	298,166	363,902
Less: allowance for doubtful debts	**(66,933)**	(74,760)
	231,233	289,142
Amounts due from related companies:		
– Equity shareholders of the Company and their affiliate	**318**	298
– Non-controlling equity holders of a subsidiary of the Group	**15,002**	–
– Companies under common significant influence	**1,979**	8,603
	17,299	8,901
Less: allowance for doubtful debts	**(1,784)**	(1,784)
	15,515	7,117
Prepayments, deposits and other receivables:		
– Prepayments for the purchase of inventories	**65,582**	46,650
– Prepayments for the purchase of property, plant and equipment and land use rights	**20,613**	48,307
– Value added tax refundable	**27,466**	54,047
– Advances to third parties	**126,382**	93,530
– Receivable for disposal of land use rights	**3,129**	5,129
– Receivable for disposal of property, plant and equipment	**79,200**	–
– Receivable for relocation of a production plant	**19,251**	77,435
– Others	**35,485**	37,430
	377,108	362,528
Less: allowance for doubtful debts	**(60,607)**	(51,765)
	316,501	310,763
	563,249	607,022

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 and debtors 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:

	2016	2015
	RMB'000	*RMB'000*
Within 1 month	**95,682**	110,437
More than 1 month but less than 3 months	**31,656**	29,698
More than 3 months but less than 6 months	**26,976**	33,510
Over 6 months	**76,919**	115,497
	231,233	289,142

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**98,700**	121,776
Less than 1 month past due	**42,766**	20,002
More than 1 month but less than 3 months past due	**4,657**	17,011
More than 3 months but less than 6 months past due	**8,191**	14,856
More than 6 months past due	**76,919**	115,497
	132,533	167,366
	231,233	289,142

Receivables that were neither past due nor impaired relate to bills receivables from the issuing banks and customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11 TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**516,059**	580,002
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	**599**	599
– Companies under common significant influence	**9,416**	3,375
Bills payables	**238,217**	381,640
	764,291	965,616
Amounts due to related companies:		
– An equity shareholder of the Company	**73**	73
– Companies under common significant influence	**218,930**	166,427
	219,003	166,500
Accrued charges and other payables:		
– Payables for construction and purchase of property, plant and equipment and land use rights	**423,845**	231,992
– Payables for staff related costs	**92,945**	95,845
– Payables for acquisitions of non-controlling interests in subsidiaries of the Group	**5,906**	5,120
– Payables for miscellaneous taxes	**53,499**	30,381
– Payables for transportation expenses	**7,948**	7,296
– Advances from third parties	**41,639**	26,893
– Others	**41,971**	49,613
	667,753	447,140
Financial liabilities measured at amortised cost	**1,651,047**	1,579,256
Advances received from customers	**157,687**	67,849
	1,808,734	1,647,105

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:

	2016	2015
	RMB'000	*RMB'000*
Due within 1 month or on demand	**461,894**	643,976
Due after 1 month but within 6 months	**302,397**	321,640
	764,291	965,616

12 CONVERTIBLE BONDS

	Liability component	**Derivative components**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
At 1 January 2016	–	–	–
Convertible bonds issued	33,294	30,509	63,803
Accrued finance charges for the year (Note 7(a))	8,219	–	8,219
Interest paid	(3,831)	–	(3,831)
Fair value changes on the derivative components (Note 7(a))	–	(9,712)	(9,712)
Exchange differences	2,169	1,670	3,839
At 31 December 2016	39,851	22,467	62,318

On 4 February 2016, the Company issued unsecured convertible bonds with an aggregate face value of US$10,000,000 (equivalent to approximately RMB65,419,000), interest bearing at 7.5% per annum and maturing on 4 February 2021 to China-Africa Manufacturing Investment Co., Limited (the "Bondholder").

Upon issuance, the Bondholder could, at any time till 25 January 2021, convert the bonds into the Company's shares at HK$1.28 per share (i.e. the conversion option). The Bondholder shall have the right to require the Company to redeem the convertible bonds by depositing a notice of redemption at its face value at any time from 4 February 2019 to 4 February 2021, (i.e. the put option). If at any time till 25 January 2021, the closing price per share for each trading day of any 15 consecutive trading day period equals to or exceeds HK$2.56, the Bondholder shall be obliged to convert the bonds into the Company's shares (i.e. the forced conversion option). The conversion, put and forced conversion options are all classified as derivative financial instruments and have been included in the balance of convertible bonds in the consolidated statement of financial position.

13 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

The Company has a share option scheme (the "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 share options at HK$1.00 as consideration to subscribe for shares in the Company.

The Company granted share options to certain directors and employees on 29 February 2008 with contractual life of 7.25 years under the Share Option Scheme. The share options granted in 2008 have lapsed on 29 May 2015 and no one has exercised the share options during its contractual life.

On 13 May 2015, the Company granted new share options to a director and certain employees of the Group under the Share Option Scheme. Each share option gives the holder the right to subscribe for one ordinary share in the Company.

The Share Option Scheme was expired on 22 June 2015, and a new share option scheme (the "New Share Option Scheme") has been approved by a special general meeting of shareholders of the Company on 19 February 2016. No share options were granted to the directors and employees of the Group under the New Share Option Scheme during the year ended 31 December 2016.

(i) The terms and conditions of the share options granted in 2015 are as follows:

	Exercise price	Number of options	Vesting conditions	Contractual life of options
Options granted to a director:				
– on 13 May 2015	HK$1.25	1,920,000	One year from the date of grant	7 years
– on 13 May 2015	HK$1.25	1,440,000	Two years from the date of grant	7 years
– on 13 May 2015	HK$1.25	1,440,000	Three years from the date of grant	7 years
Options granted to employees:				
– on 13 May 2015	HK$1.25	11,428,000	One year from the date of grant	7 years
– on 13 May 2015	HK$1.25	8,571,000	Two years from the date of grant	7 years
– on 13 May 2015	HK$1.25	8,571,000	Three years from the date of grant	7 years
Total share options granted		33,370,000		

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

	2016		2015	
	Weighted average exercise price	**number of options** ***'000***	Weighted average exercise price	number of options *'000*
Outstanding at the beginning of the year	**HK$1.25**	**33,370**	HK$1.75	38,600
Lapsed during the year	**–**	**–**	HK$1.75	(38,600)
Granted during the year	**–**	**–**	HK$1.25	33,370
Forfeited during the year	**HK$1.25**	**(360)**	–	–
Outstanding at the end of the year	**HK$1.25**	**33,010**	HK$1.25	33,370
Exercisable at the end of the year	**HK$1.25**	**13,204**	–	–

The share options outstanding at 31 December 2016 had an exercise price of HK$1.25 (31 December 2015: HK$1.25) and a weighted average remaining contractual life of 5.36 years (31 December 2015: 6.36 years).

(iii) The fair value and assumptions of the share options issued in 2015:

Fair value of share options and assumptions	**Share options granted on 13 May 2015**
Fair value at measurement date	HK$0.5100 to HK$0.7102
Share price	HK$1.25
Exercise price	HK$1.25
Expected volatility	65.19%
Option life	7 years
Expected dividends	0.32%
Risk-free interest rate (based on Exchange Fund Notes of Hong Kong)	1.24%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Model. The expected life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Model.

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share options granted.

(b) Share award scheme

On 12 December 2011, 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.

No shares were awarded to directors and employees of the Group during the year ended 31 December 2016 under the Share Award Scheme (2015: Nil).

14 DIVIDENDS

(a) The directors of the Company do not propose final dividends after 31 December 2016 (2015: HK$Nil).

(b) No final dividend in respect of the previous financial year has been approved during the year (2015: HK$Nil).

15 CONTINGENT LIABILITIES

In May 2016, Linyi CNG Glass Company Limited ("Linyi CNG"), a PRC subsidiary of the Group, received a notice that it is being sued by a former supplier in respect of loss and additional costs incurred from the gas supply agreement entered into between Linyi CNG and this supplier. As at the date of this annual results announcement, the above lawsuit is under review before the Intermediate People's Court of Linyi. If Linyi CNG is found to be liable, the total expected monetary compensation may amount to approximately RMB49.1 million plus interest. Linyi CNG continues to deny any liability in respect of the claim and, based on legal advice, the directors of the Group do not believe it is probable that Linyi CNG is liable to the claim. No provision has therefore been made in respect of this claim.

16 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

Finance lease arrangements

On 28 February 2017, the Company announced that certain subsidiaries of the Company have entered into finance lease arrangements pursuant to which the Group is subject to an aggregate lease payment of approximately RMB128.1 million for the lease assets during a period of three years.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2016, the China's economy had stabilized and showed positive development despite the slowdown. Structural reforms on the supply side became the main focus of the economy.

The rate of growth of new property projects in the real estate market in 2016 has turned from negative to positive, with the area of new construction reaching 1,669,280,000m^2, representing an increase of 8.1% as compared to last year. The real estate market in China hit new records in 2016 in terms of sales area and sales volume since 2013.

Along with the recovery of the downstream real estate market in 2016, the number of float glass production lines increased by 15 on a year-on-year basis. As at the end of 2016, there were 236 float glass production lines in China, with the annual total output of sheet glass reaching 774 million weight cases, representing a year-on-year increase of 4.8%, also representing a growth in capacity utilization rate in general.

In 2016, the overall performance of glass market was better than expected. The price was trending down initially before it is started to pick up during the year. The market was slow in the first quarter, which continued the trend in the previous two years. In the second quarter, there was a slight improvement in the market. In the third quarter, the price in the glass market was rising gradually with the traditional peak season and increase in downstream demands. In the fourth quarter, the price in the glass market in most regions remained at a high level due to the rising prices of raw materials and low level of stock.

BUSINESS REVIEW

Overview

The Group currently has 14 glass production lines, with a daily melting capacity of 7,050 tonnes per day. As at 31 December 2016, the Group had 9 float glass production lines in operation, while those production lines not in operation were temporarily suspended for technical upgrades such as cold repair. In addition, the Group had an offline low-emission coated ("Low-E") glass production line and one amorphous silicon thin-film battery production line.

The Group's business covered four segments, namely clear glass products, painted glass products, coated glass products, as well as energy saving and new energy glass products. The overall revenue from the above segments recorded growth during the period under review. The performance of each of those segments is as follows: the revenue of clear glass products decreased by 13% as compared to last year, mainly resulting from the decrease of sales volume of clear glass products due to product structure adjustment; the revenue of painted glass products increased by 11% as compared to last year, mainly due to the increase in selling price and sales volume of this category; the revenue of coated glass products increased by 4% as compared to last year, which was mainly benefited from the increase in unit selling price of product in this category; and the revenue from energy saving and new energy glass products increased by 133% as compared to last year, mainly attributable to the increase in both selling price and sales volume of ultraviolet-proof high transmittance glass and other energy saving and new energy glass products.

Raw material and fuel prices, and production costs

Raw material and fuel prices showed different trends in 2016. Prices of silica sand, limestone and dolomite remained stable. Due to the combined effects of decrease in supply and increase in downstream demand, the overall price for soda ash showed an upward trend, particularly in the fourth quarter in which the price rose rapidly being affected by the shortage caused by maintenance of certain manufacturers. The Group ensured the raw material supply through strategic procurement. The purchase price slightly rose as compared to the previous year but the rise was relatively less than market price volatility.

In terms of fuels, coal tar and petroleum coke prices fell initially before they began to rise. Coal prices in China had a rising trend in 2016 due to the policies to eliminate overcapacities started to show effect. However, due to the Group's geographical advantages and accurate purchasing timing, the Group's overall purchase price of coal fell slightly in 2016.

Production, sales and selling price

In 2016, the Group produced an aggregate amount of 34.25 million weight cases of glass, representing an increase of 4% whereas sales volume decreased slightly as compared to last year while export sales increased by 4% as compared to the last year. The average selling price of the Group's glass products increased to RMB64 per weight case or 12% in 2016 as compared with the to last year.

Profitability analysis

In 2016, the Group recorded revenue of RMB2.140 billion, representing an increase of 9% compared to last year. The increase in revenue was mainly attributable to the improvement of unit selling price benefiting from market recovery and effective cost control. The Group achieved turnaround evidenced by the facts that gross profit increased significantly by RMB249 million and gross margin increased by 11 percentage points while the net profit increased sharply by RMB501 million as compared to the last year.

MAJOR ACHIEVEMENTS IN 2016

In 2016, glass market faced a recovery trend of rising prices and increasing sales volume, which closely related to the adjustment policies on the national supply-side reform. The reform, which promoted demand-side improvement and aimed at cutting overcapacity on the supply-side, caused a noticeable rebound in the glass prices. The Group took the opportunity of industrial recovery and increase in product price, and implements a number of market strategic, industry reduction of purchase cost through strategic procurement, diversification of product portfolio, improvements on efficiency and costs saving measures to increase profit margin of the Group and with expectation of further return to normal level of profitability.

1. **Continuing to strengthen the product quality system and stabilizing production**

   Each base actively carried out quality standard upgrading activities, further raised product quality and improved the production management quality of the Group.

2. **Promoting the deployment of high and new technologies and strengthening the R&D of new products**

   One of the priorities for the Group is to carry out renovative technological studies and industrialize new technologies. In 2016, achievements have been made in terms of technology research and development and expansion, such as the creation of a market demand-oriented multi-product "customization" production system and the creation of new methods of switch for float online coating of multifunctional film. Several new products like Online Sun-EⓉ Reflective glass and ultraviolet-proof high transmittance glass product is also filling the gap of float glass technology both at home and abroad.

3. **Steadily implementing the major projects**

   The projects in Nigeria were still under construction and progressing steadily. The Nigerian trading company actively expanded its local sales channels and made preliminary market preparation before the commencement of operation of the production lines.

   The construction of the First CNG Electronic Glass production line was fundamentally completed and is expected to begin operation soon. The operation of the production line will enhance the diversity of the Group's product portfolio and increase the overall competitiveness of the Group, further optimizing the product structure and laying a solid foundation for further development of the Group in the electronic glass field in the future.

4. **Strengthening marketing and focusing on the promotion and market structure of new products**

   The Group timely guided the product positioning of products and formulated the production plan for each production based on the available market information and the status of production lines. It also devoted efforts on strengthening the logistic management to reduce the cost of logistics.

5. **Improving the development of procurement system process and maximizing the strategic procurement efficiency**

The Group increased the variety of strategic procurement of mass raw materials and fuel in 2016. While meeting the service demand, the Group also conducted the optimization and integration of supply chains, effectively integrated suppliers, manufacturers, warehouses and users, further improved and standardized the supplier review procedure, and expanded its procurement channels. The Group successfully utilized its scale advantage as the Group's procurement cost realized a slight decline in 2016 despite the increasing prices of fuel and raw materials in the market.

THE GLASS MARKET OUTLOOK

The market price of glass had been showing an increasing trend for an extended period in 2016, which speeded up the release of some potential production capacity. Considering the restraining effect of government policies on the growth of production capacity, it is expected that there will be a limited increase in capacity under construction. Overall, the glass price is likely to fluctuate within a narrow range in 2017.

Forecast of prices of raw and fuel materials, and production costs

The production costs of the glass industry in 2017 is expected to rise in a certain degree, with a trend of rising at first and declining afterwards.

MAJOR WORK PLANS FOR 2017

Glass market began to recover in the second half of 2016, which brought additional variables to the policies of cutting down capacity in the glass industry. As some glass enterprises resumed production after cold repair and increased capacity being put into operation, the glass industry will continue to face difficulties such as "fierce market competition, rising manufacturing costs, limited operating capital and more environmental pressures" in 2017.

By taking an overall look at the internal and external situation, the Company will focus on "realizing normalization of profitability, promoting upgrade of product and management and achieving breakthroughs in the three key projects" in 2017.

1. **Continue to optimize and stabilize production and operation management and cultivate new profit growth points**

   The Company will strive to accelerate transformation and upgrade to improve its financial performance with new projects and products; further refine its production process, strengthen management and control of the whole process and key points to reduce production cost; strengthen our quality control through the launch of a glass information control center which will supervise the information on glass quality test in a timely manner and standardize the product quality, packaging and loading and unloading throughout all manufacturing facilities; and continue to seek advice in respect of revenue enhance and cost reduction from across the Company.

2. **Deepening benchmarking management and realizing management upgrade**

   Based on "benchmarking management" carried out in 2016, the Company will promote the overall upgrade of its procurement, sales and production system.

3. **Deepening the strategic procurement, lowering procurement cost to reflect scale advantages**

   The Group will carry out strategic procurement of bulk raw materials as the next step, and strengthen the strategic cooperation with strategic partners, and share resources to obtain mutual benefits. The Group will improve its procurement system and process to ensure the effective implementation of strategic procurement, and optimize strategic procurement information platform and procurement logistic management to reduce procurement cost.

4. **Steady implementation of key projects**

In 2017, the Group will begin operation of two major projects, namely the Nigerian Float Production Line Project and Suqian CNG Electronic Glass Project and achieve its targets. At the same time, the Group will push forward other applied research projects including the continuous research on products such as ultraviolet-proof glass and Low-E glass, to achieve further breakthrough.

5. **Strengthen our efforts on energy saving and environment protection**

In 2017, building on the ability of all of its production lines to meet the waste gas emission standards, the Group will continue to strengthen its efforts on energy saving and environment protection, including studies on recycling of solid waste and reducing costs of environment protection; and further reduce its energy consumption to ensure energy efficiency of each of its production lines exceeding industry standards.

6. **Upgrade marketing model to enable the "price realization" of the products**

In 2017, the Group will continue to optimize and upgrade its existing marketing model, strengthen efforts on receivables management, upgrade its sales and logistic platform to lower logistic cost, and integrate upstream and downstream resources through tightening strategic partnerships with relevant companies, to enable the "price realization" of the products.

7. **Optimize internal control and performance appraisal system**

In line with the requirements of "management upgrade" of the Company, the Group will optimize its internal control system by establishing key control points and a comprehensive management and control system that cover every dimension of our operations; and enhance and deepen our HR management and performance appraisal system to further boost morale through the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 9% from RMB1.969 billion for the year ended 31 December 2015 to RMB2.140 billion for the year ended 31 December 2016. The increase in revenue was mainly attributable to an increase of 12% in the annual average selling price compared to last year due to an increase in the market price of glass this year, and a decrease of sales volume of 2% compared to last year.

Cost of sales

The Group's cost of sales decreased by approximately 4% from RMB1.891 billion for the year ended 31 December 2015 to RMB1.812 billion for the year ended 31 December 2016. This was mainly attributable to the combined effect of the decrease in sales volume and unit production cost.

Gross profit

The Group's gross profit increased by approximately 319% from RMB78 million for the year ended 31 December 2015 to RMB327 million for the year ended 31 December 2016. This was mainly attributable to an increase in gross profit margin. Gross profit margin increased from 4% in 2015 to 15% in 2016, which was mainly due to the combined effect of the increased average selling price and decreased unit production costs.

Other income

The Group's other income increased from RMB29 million for the year ended 31 December 2015 to RMB163 million for the year ended 31 December 2016. This was mainly due to additional compensation received in accordance with a supplementary agreement regarding expropriation of the land use rights of the Group by the local government, net gain arising from debt restructuring of the Group and the net gain arising from the disposal of certain equipments.

Administrative expenses

The Group's administrative expenses decreased by approximately 46% from RMB397 million for the year ended 31 December 2015 to RMB214 million for the year ended 31 December 2016. The decrease was mainly attributable to a decrease in provision for doubtful debts for trade and other receivables.

Other expenses

The Group's other expenses decreased from RMB63 million for the year ended 31 December 2015 to RMB39 million for the year ended 31 December 2016. The decrease was mainly attributable to a decrease in impairment losses on property, plant and equipment and intangible assets.

Current assets

The Group's current assets decreased by approximately 15% from RMB1.787 billion as at 31 December 2015 to RMB1.519 billion as at 31 December 2016. The decrease was mainly attributable to a decrease in cash and cash equivalents.

Current liabilities

The Group's current liabilities increased by approximately 18% from RMB2.872 billion as at 31 December 2015 to RMB3.381 billion as at 31 December 2016. The increase was mainly due to the combined effect of increased trade and other payables and the transfer of long-term bank and other loans falling due within one year to current liabilities.

Non-current liabilities

The Group's non-current liabilities decreased by approximately 65% from RMB643 million as at 31 December 2015 to RMB224 million as at 31 December 2016. This was attributable to the transfer of long-term bank and other loans falling due within one year to current liabilities.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND ASSETS-LIABILITIES RATIO

As at 31 December 2016, the Group's cash and cash equivalents were RMB492 million (31 December 2015: RMB775 million), of which 95% (31 December 2015: 93%) were denominated in RMB, 3% (31 December 2015: 6%) were denominated in United States Dollars ("USD"), and 2% (31 December 2015: 1%) were denominated in Hong Kong dollars ("HK$"). Outstanding bank and other loans were RMB1.513 billion (31 December 2015: RMB1.640 billion), of which 99% (31 December 2015: 96%) were denominated in RMB, and 1% (31 December 2015: 4%) were denominated in USD.

As at 31 December 2016, the gearing ratio (total interest-bearing debts divided by total assets) was 29% (31 December 2015: 31%). As at 31 December 2016, the Group's current ratio (current assets divided by current liabilities) was 0.45 (31 December 2015: 0.62). The Group recorded net current liabilities amounting to RMB1.862 billion as at 31 December 2016 (31 December 2015: RMB1.085 billion). The assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.62 as at 31 December 2016 (31 December 2015: 0.62).

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not have any material investments or capital assets, or material acquisitions or disposals of subsidiaries and associated companies or significant investments during the year of 2016.

The Company issued convertible bonds in the principal amount of US$10 million to China-Africa Manufacturing Investment Co., Limited on 4 February 2016. Further details of the convertible bonds are disclosed in Note 12.

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

As at 31 December 2016, the Group employed approximately a total of 4,007 employees in the PRC and Hong Kong (31 December 2015: about 4,078 employees). The decrease in staff number of the Group as at 31 December 2016 as compared to 31 December 2015 was mainly attributable to higher workplace efficiency of the Group and reduced headcount as production lines of several production bases were moved and stopped. According to the relevant market situation, the Group's employees' remuneration level is maintained at a competitive level and is adjusted in accordance with 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).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (31 December 2015: Nil).

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 December 2016 are set out in Note 15.

EXCHANGE RATE RISK AND RELATED HEDGING

The Group's transactions and monetary assets were primarily denominated in RMB, HK$ and USD. 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. The Group's net assets, profits and dividends may be affected by the fluctuation of the RMB exchange rate. During the year ended 31 December 2016, 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 2016 attributed to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	7%
– five largest suppliers combined	26%
Sales	
– the largest customer	11%
– five largest customers combined	20%

During the year ended 31 December 2016, no director of the Company (the"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.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Old 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 13 May 2015, the Company granted new share options to a director and certain employees of the Group under the Old Share Option Scheme. Further details of the share options are disclosed in Note 13(a).

On 22 June 2015, the Old Share Option Scheme was expired and a new share option scheme (the "New Share Option Scheme") was approved by a special general meeting of shareholders of the Company on 19 February 2016.

No options were exercised during the year ended 31 December 2016.

SHARE AWARD SCHEME

The Board approved the adoption of the share award scheme of the Company on 12 December 2011. The share award scheme would operate in parallel with the Old Share Option Scheme adopted on 30 May 2005 and the New Share Option Scheme adopted on 19 February 2016.

No shares were awarded to directors and employees of the Group during the year ended 31 December 2016 under the share award scheme. Further details of the awards granted under the share award scheme are disclosed in Note 13(b).

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

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE CAPITAL

During the year ended 31 December 2016, there were no changes to the total number of shares or the share capital structure of the Company.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, during the year ended 31 December 2016, the Company has maintained a public float of not less than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDIT COMMITTEE

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 of the Group for the year ended 31 December 2016.

The figures in respect of the annual results announcement of the Group for the year ended 31 December 2016, have been agreed by the auditor of the Company, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the results announcement.

INVESTOR RELATIONS AND COMMUNICATIONS

The Company adopts a proactive policy in promoting investor relations and communications. Regular meetings are held with institutional investors and financial analysts to ensure two-way communications on the Company's performance and development.

EVENT AFTER THE REPORTING PERIOD

On 28 February 2017, the Company announced that certain of its subsidiaries have entered into finance lease arrangements pursuant to which the Group is subject to an aggregate lease payment of approximately RMB128.1 million for the lease assets during a period of three years. Details of the finance lease arrangements are set out in the Company's announcement dated 28 February 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For the year under review, the Company has complied with the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviations set out below:

(i) The CG 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 2016, save as certain Directors abstained from voting on the connected transactions entered into by the Company for better corporate governance practice, 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 CG Code A.6.7 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. Mr. Guo Wen, as a non-executive Director, did not attend the annual general meeting of the Company held on 19 May 2016 due to other work commitments. Despite his absence, Mr. Guo designated his alternate Director, Mr. Cui Xiangdong, to attend the annual general meeting on his behalf.

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

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 in respect of transactions in securities of the Company by the Directors. Having made specific enquiries with all the Directors, the Company confirms that all the Directors have complied with the required standard as set out in the Model Code during the financial year ended 31 December 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaglassholdings.com) respectively. The annual report of the Company for the year ended 31 December 2016 in accordance with the relevant requirements of the Listing Rules will be dispatched to the shareholders of the Company on the same websites in due course.

By Order of the Board
China Glass Holdings Limited
Cui Xiangdong
Chief Executive Officer

Hong Kong, 28 March 2017

As at the date of this announcement, the directors of the Company are as follows:

Executive Director:
Mr. Cui Xiangdong *(Chief Executive Officer)*

Non-Executive Directors:
Mr. Peng Shou *(Chairman),* Mr. Zhao John Huan; Mr. Zhou Cheng *(Honorary Chairman)*; and Mr. Tang Liwei

Independent Non-Executive Directors:
Mr. Zhang Baiheng; Mr. Zhao Lihua; and Mr. Chen Huachen

* *For identification purpose only*