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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**") of China Glass Holdings Limited (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018 – unaudited

*(Expressed in Renminbi (“**RMB**”))*

		Six months ended 30 June	
		2018	2017
			(Note)
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**1,193,487**	1,101,656
Cost of sales		**(974,584)**	(960,717)
Gross profit	*3*	**218,903**	140,939
Other income	*4*	**27,948**	72,736
Distribution costs		**(32,163)**	(38,823)
Administrative expenses		**(89,166)**	(93,888)
Profit from operations		**125,522**	80,964
Finance costs	*5(a)*	**(65,152)**	(52,009)
Share of profits/(losses) of an associate		**13**	(7)
Profit before taxation	*5*	**60,383**	28,948
Income tax	*6*	**(10,267)**	(8,917)
Profit for the period		**50,116**	20,031
Attributable to:			
Equity shareholders of the Company		**46,191**	22,885
Non-controlling interests		**3,925**	(2,854)
Profit for the period		**50,116**	20,031
Earnings per share (RMB cent)	*7*		
Basic		**2.68**	1.26
Diluted		**2.64**	1.08

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018 – unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2018	2017 (Note)
	RMB'000	*RMB'000*
Profit for the period	**50,116**	20,031
Other comprehensive income for the period (before and after tax):		
Item 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	**528**	(11,126)
Total comprehensive income for the period	**50,644**	8,905
Attributable to:		
Equity shareholders of the Company	**46,719**	11,759
Non-controlling interests	**3,925**	(2,854)
Total comprehensive income for the period	**50,644**	8,905

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018
(Expressed in RMB)

	Notes	(unaudited) At 30 June 2018 RMB'000	(audited) At 31 December 2017 (Note) RMB'000
Non-current assets			
Property, plant and equipment		**4,073,785**	4,159,131
Lease prepayments		**260,532**	267,108
Intangible assets		**–**	–
Interest in an associate		**425**	412
Interest in joint ventures		**5,963**	846
Equity securities		**3,202**	–
Available-for-sale investments		**–**	1,991
Deferred tax assets		**245,831**	224,023
		4,589,738	4,653,511
Current assets			
Inventories		**531,270**	387,151
Trade and other receivables	*8*	**638,773**	646,984
Prepaid income tax		**21,050**	23,808
Cash and cash equivalents		**573,950**	561,514
		1,765,043	1,619,457
Current liabilities			
Trade and other payables	*9*	**1,506,913**	1,460,185
Bank and other loans		**1,625,722**	1,687,456
Obligations under finance leases		**27,998**	25,092
Income tax payable		**91,622**	94,602
		3,252,255	3,267,335
Net current liabilities		**(1,487,212)**	(1,647,878)
Total assets less current liabilities		**3,102,526**	3,005,633

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2018
(Expressed in RMB)

	Notes	**(unaudited) At 30 June 2018 *RMB'000***	(audited) At 31 December 2017 (Note) *RMB'000*
Non-current liabilities			
Bank and other loans		**756,719**	664,802
Convertible bonds	*10*	**57,502**	58,311
Obligations under finance leases		**69,059**	80,192
Deferred tax liabilities		**29,602**	34,948
Other non-current liabilities		**2,204**	2,930
		915,086	841,183
NET ASSETS		**2,187,440**	2,164,450
CAPITAL AND RESERVES	*11*		
Share capital		**84,867**	84,867
Reserves		**1,923,998**	1,888,603
Total equity attributable to equity shareholders of the Company		**2,008,865**	1,973,470
Non-controlling interests		**178,575**	190,980
TOTAL EQUITY		**2,187,440**	2,164,450

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018 – unaudited

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

The interim financial information set out below is derived from the unaudited interim financial report, which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). It was authorised for issue on 28 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2017 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2018.

As at 30 June 2018, the Group had net current liabilities of RMB1,487,212,000 (31 December 2017: RMB1,647,878,000). Notwithstanding the net current liabilities as at 30 June 2018, 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 for the next twelve months ending 30 June 2019 prepared by the management, which take into account of unutilised bank facilities RMB279,036,000 as at 30 June 2018, the Group's newly financed bank and other loans of RMB404,745,200 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.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- *HKFRS 9, Financial instruments*
- *HKFRS 15, Revenue from contracts with customers*
- *HK(IFRIC) 22, Foreign currency transactions and advance consideration*

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

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. Details of the changes in accounting policies are discussed in Note 2(b).

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9.

	At 31 December 2017 *RMB'000*	**Impact on initial application of HKFRS 9** *(Note 2(b))* *RMB'000*	**At 1 January 2018** *RMB'000*
Trade and other receivables	646,984	(18,824)	628,160
Total current assets	1,619,457	(18,824)	1,600,633
Equity securities	–	3,202	3,202
Available-for-sale investments	1,991	(1,991)	–
Deferred tax assets	224,023	4,757	228,780
Total non-current assets	4,653,511	5,968	4,659,479
Deferred tax liabilities	(34,948)	(303)	(35,251)
Total non-current liabilities	(841,183)	(303)	(841,486)
Net assets	2,164,450	(13,159)	2,151,291
Reserves	(1,888,603)	11,916	(1,876,687)
Total equity attributable to equity shareholders of the Company	(1,973,470)	11,916	(1,961,554)
Non-controlling interests	(190,980)	1,243	(189,737)
Total equity	(2,164,450)	13,159	(2,151,291)

Further details of these changes are set out in sub-section (b) of this note.

(b) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments*: *recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

	RMB'000
Retained earnings	
Recognition of additional expected credit losses on financial assets measured at amortised cost	(17,097)
Related tax	4,325
Net decrease in retained earnings at 1 January 2018	(12,772)
Fair value reserve (non-recycling)	
Remeasurement of equity securities	1,142
Related tax	(286)
Net increase in fair value reserve (non-recycling) at 1 January 2018	856
Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost	(1,295)
Remeasurement of equity securities	52
Net decrease in non-controlling interests at 1 January 2018	(1,243)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017	**Re-classification**	**Re-measurement**	**HKFRS 9 carrying amount at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets carried at amortised cost				
Trade and other receivables	646,984	–	(18,824)	628,160
Financial assets measured at FVOCI (non-recyclable)				
Equity securities (Note)	–	1,991	1,211	3,202
Available-for-sale investments under HKAS 39 (Note)	1,991	(1,991)	–	–

Note: Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the Group designated all its equity securities at FVOCI (non-recycling), as these investments are held for strategic purposes.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables).

Equity securities designated at FVOCI (non-recycling) are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof for trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to RMB18,824,000, which decreased retained earnings by RMB12,772,000 and non-controlling interests by RMB1,295,000 and increased gross deferred tax assets by RMB4,757,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance at 31 December 2017 under HKAS 39	139,113
Additional credit loss recognised at 1 January 2018	
– trade receivables	9,018
– other receivables	9,806
Loss allowance at 1 January 2018 under HKFRS 9	157,937

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3 REVENUE AND 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.

(a) Disaggregation of revenue

All of the Group's revenue is arising from sales of glass products, Disaggregation of revenue from contracts with customers by geographical location of customers is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Disaggregated by geographical location of customers		
Mainland China (place of domicile)	**907,979**	764,135
Middle East	**92,464**	96,158
South Korea	**31,876**	72,185
Columbia	**18,008**	7,532
Peru	**14,247**	1,343
Bangladesh	**13,336**	21,353
Ecuador	**13,259**	8,952
Tanzania	**11,482**	6,085
Kenya	**11,087**	7,115
Philippines	**11,001**	4,046
Other countries	**68,748**	112,752
	285,508	337,521
	1,193,487	1,101,656

(b) 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 are 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 six months ended 30 June 2018 and 2017 is set out below.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Total	
	Six months ended 30 June 2018	Six months ended 30 June 2017	**Six months ended 30 June 2018**	Six months ended 30 June 2017	**Six months ended 30 June 2018**	Six months ended 30 June 2017	**Six months ended 30 June 2018**	Six months ended 30 June 2017	**Six months ended 30 June 2018**	Six months ended 30 June 2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers										
– point in time	**476,744**	417,744	**159,284**	208,750	**302,965**	280,120	**254,494**	195,042	**1,193,487**	1,101,656
Inter-segment revenue	**33,759**	21,468	**488**	598	**–**	–	**–**	–	**34,247**	22,066
Reportable segment revenue	**510,503**	439,212	**159,772**	209,348	**302,965**	280,120	**254,494**	195,042	**1,227,734**	1,123,722
Reportable segment gross profit	**79,746**	55,365	**28,334**	23,135	**66,079**	42,344	**44,744**	20,095	**218,903**	140,939

4 OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Net gain on relocation of production plants (Note)	**20,000**	–
Interest income	**3,791**	2,057
Government grants	**397**	61,327
Net (loss)/gain on disposal of property, plant and equipment	**(673)**	361
Net gain on debt restructuring	**–**	3,936
Others	**4,433**	5,055
	27,948	72,736

Note: The amount for the six months ended 30 June 2018 represents compensation for the incurred losses in accordance with an agreement entered into between the Group and the local government in relation to the expropriation of the land use rights of a subsidiary of the Group by the respective local government.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other loans	**74,851**	59,106
Finance charges on convertible bonds (Note 10)	**5,216**	4,827
Finance charges on obligations under finance leases	**5,539**	5,756
Bank charges and other finance costs	**14,511**	16,586
Total borrowing costs	**100,117**	86,275
Less: amounts capitalised into property, plant and equipment (Note)	**(27,581)**	(28,120)
Net borrowing costs	**72,536**	58,155
Changes in fair value on the derivative component of convertible bonds (Note 10)	**(4,229)**	(7,493)
Net foreign exchange (gain)/loss	**(3,155)**	1,347
	65,152	52,009

Note: The borrowing costs have been capitalized at 7.99% per annum for the six months ended 30 June 2018 (9.12% per annum for the six months ended 30 June 2017).

(b) Other items

	Six months ended 30 June	
	2018	2017 (Note)
	RMB'000	*RMB'000*
Cost of inventories	**974,584**	960,717
Depreciation and amortisation	**131,668**	130,527
Impairment losses reversed on trade and other receivables	**(6,078)**	(650)
Operating lease charges in respect of		
– land	**79**	83
– plant and buildings	**1,475**	2,511
– motor vehicles	**1,185**	1,289
Research and development costs (other than capitalised costs and related amortisation)	**373**	–

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2(b)).

6 INCOME TAX

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current taxation:		
– provision for Corporate Income Tax on the estimated taxable profits for the period	**32,923**	23,186
– under-provision of Income Tax in respect of prior years	**44**	237
	32,967	23,423
Deferred taxation	**(22,700)**	(14,506)
	10,267	8,917

The Hong Kong Profits Tax rate for the six months ended 30 June 2018 is 16.5% (2017: 16.5%).

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.

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2018 (2017: 25%).

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% for the six months ended 30 June 2018 (2017: 15%).

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 2016, in which year the approval is obtained.

The subsidiaries of the Group established in Nigeria are subject to Nigeria Corporate Income Tax rate of 30% for the six months ended 30 June 2018 (2017: 30%).

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.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on the profit attributable to ordinary equity shareholders of the Company of RMB46,191,000 (six months ended 30 June 2017: RMB22,885,000) and the weighted average of 1,724,147,058 ordinary shares, taking into the effect of shares purchased under a share award scheme set out in Note 11(b)(ii) (six months ended 30 June 2017: 1,810,147,000 shares) in issue during the six months ended 30 June 2018.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the period ended 30 June 2018 is based on the profit attributable to ordinary equity shareholders of the Company (diluted) of RMB47,178,000 and the weighted average of 1,785,338,000 ordinary shares (diluted), calculated as follows:

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders	**46,191**	22,885
After tax effect of effective interest on the liability component of convertible bonds (Note 10)	**5,216**	4,827
After tax effect of changes in fair value recognised on the derivative component of convertible bonds (Note 10)	**(4,229)**	(7,493)
Profit attributable to ordinary equity shareholders (diluted)	**47,178**	20,219

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

	Six months ended 30 June	
	2018	2017
	'000	*'000*
Weighted average number of ordinary shares at 30 June	**1,724,147**	1,810,147
Effect of conversion of convertible bonds	**61,191**	60,981
Weighted average number of ordinary shares (diluted) at 30 June	**1,785,338**	1,871,128

8 TRADE AND OTHER RECEIVABLES

	At 30 June 2018	At 31 December 2017 *(Note)*
	RMB'000	*RMB'000*
Trade receivables from:		
– third parties	**176,516**	152,253
– affiliates of a non-controlling equity holders of subsidiaries	**15,688**	15,773
– a joint venture	**1,878**	–
Bills receivables	**168,019**	166,502
	362,101	334,528
Less: loss allowance	**(93,656)**	(83,676)
	268,445	250,852
Amounts due from related companies:		
– equity shareholders of the Company and their fellow subsidiaries	**2,874**	2,965
– non-controlling equity holders of a subsidiary	**150**	15,002
	3,024	17,967
Less: loss allowance	**(91)**	–
	2,933	17,967
Other debtors	**329,701**	328,628
Less: loss allowance	**(51,591)**	(48,916)
	278,110	279,712
Prepayments	**95,806**	104,974
Less: loss allowance	**(6,521)**	(6,521)
	89,285	98,453
	638,773	646,984

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 new customers. Credit terms of three to six months from the date of billing 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 loss allowance) with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	At 30 June 2018	At 31 December 2017 (Note)
	RMB'000	*RMB'000*
Within 1 month	**129,223**	105,510
More than 1 month but less than 3 months	**61,631**	79,019
More than 3 months but less than 6 months	**24,752**	11,306
Over 6 months	**52,839**	55,017
	268,445	250,852

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 2(b)).

9 TRADE AND OTHER PAYABLES

	At 30 June 2018	At 31 December 2017
	RMB'000	*RMB'000*
Trade payables to:		
– third parties	**479,854**	469,148
– an affiliate of an equity shareholder of the Company	**–**	87
– an affiliate of a non-controlling equity holder of a subsidiary	**1,412**	2,708
Bills payables	**328,636**	253,887
	809,902	725,830

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Amounts due to related parties:		
– the equity shareholders of the Company and their related parties	**44,770**	74,529
– companies under common significant influence	**64**	64
	44,834	74,593
Accrued charges and other payables	**557,636**	583,910
Financial liabilities measured at amortised cost	**1,412,372**	1,384,333
Advances received from customers	**94,541**	75,852
	1,506,913	1,460,185

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:

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Due within 1 month or on demand	**565,320**	443,670
Due after 1 month but within 6 months	**244,582**	282,160
	809,902	725,830

10 CONVERTIBLE BONDS

	Liability component *RMB'000*	Derivative component *RMB'000*	Total *RMB'000*
At 1 January 2017	39,851	22,967	62,318
Accrued finance charges for the period	9,853	–	9,853
Interest paid	(4,678)	–	(4,678)
Fair value changes on the derivative component	–	(5,031)	(5,031)
Exchange adjustments	(2,849)	(1,302)	(4,151)
At 31 December 2017 and 1 January 2018	42,177	16,134	58,311
Accrued finance charges for the period (Note 5(a))	5,216	–	5,216
Interest paid	(2,589)	–	(2,589)
Fair value changes on the derivative component (Note 5(a))	–	(4,229)	(4,229)
Exchange adjustments	672	121	793
At 30 June 2018	45,476	12,026	57,502

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.

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period.

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.

No final dividend in respect of the previous financial year has been approved during the interim period (six months ended 30 June 2017: HK$Nil).

(b) Equity-settled share-based transactions

(i) Share option scheme

The Company has a share option scheme (the "**Share Option Scheme**") which was adopted on 30 May 2005 and expired on 22 June 2015. Before its expiry, the Company granted 33,370,000 share options to a director of the Company and certain employees of the Group on 13 May 2015 with a contractual life of seven years.

A new share option scheme (the "**Share Option Scheme 2016**") 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 Share Option Scheme 2016 during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

No share options issued under the Share Option Scheme were exercised during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

(ii) Share award scheme

On 12 December 2011, 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 of the Group. A trust has been set up for the purpose of administering the Share Award Scheme.

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

	Average purchase price	No. of shares held	Value
	HK$	*'000*	*RMB'000*
At 1 January 2017		–	–
Shares purchased during the year	0.663	86,000	47,888
At 31 December 2017 and 30 June 2018		86,000	47,888

On 27 December 2017, 86,000,000 ordinary shares were purchased for the Share Award Scheme with an average purchase price of HK$0.663 per share (equivalent to approximately RMB0.555 per share). No shares have been awarded to any selected employee as at the date of these financial statements.

(iii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period.

12 REDUCTION OF PAID IN CAPITAL OF A SUBSIDIARY OF THE GROUP

During the six months ended 30 June 2018, a subsidiary of the Group, namely Nanjing Yuanhong Special Glass Co. Ltd. ("**Nanjing Yuanhong**"), reduced its share capital from RMB80 million to RMB0.8 million. The Group's immediate interest in Nanjing Yuanhong remains 80.95% before and after the reduction. Consequently, the Group recognised a decrease in non-controlling interests of RMB15.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2018, the world economy picked up significantly despite the escalating international trade friction, and the commodity prices also saw rises. "The Belt and Road" initiative of China achieved remarkable results and the macroeconomy at home grew at a slow but steady pace; structural reforms on the supply side progressed steadily and the investment structure was adjusted and optimized. According to the National Bureau of Statistics, in the first half of this year, the nationwide real estate development investments enjoyed a year-on-year nominal growth of 9.7%, and the new housing construction area in China increased by 11.8%, up by 1% as compared to that of last year.

In the first half of this year, the domestic float glass market had been fluctuating as a whole. The sales in the first quarter which previously considered as traditional off-seasons, were booming and the prices in all the regions had been high. However, the market demand gradually rallied since March, and the costs had been elevated as a result of surges in the price of soda ash. Due to these combined effects, the raw glass companies began to resort to raising the prices of their products. Nevertheless, due to some factors such as lag in demand and high inventory levels, float glass prices began to adjust slightly from mid-to-late April. In the first half of this year, the export market recorded a good and stable performance with a relatively balanced supply-and-demand relationship, and the prices maintained an upward trend.

BUSINESS REVIEW

The Group currently has 14 float glass production lines, carrying a daily melting capacity of 7,050 tonnes. As at 30 June 2018, the Group had 10 float glass production lines in operation, while those production lines not in operation were suspended due to debugging, technological renovation or other reasons. In addition, the Group has an offline low-emission coated ("Low-E") glass production line and one amorphous silicon thin-film battery production line.

With respect to the segment revenue of the Group as of 30 June 2018, revenue from the sales of clear glass products was RMB477 million, revenue from the sales of coated glass products was RMB303 million and revenue from the sales of energy saving and new energy glass products was RMB254 million, representing an increase of 14.12%, 8.16% and 30.48% respectively as compared to the same period of 2017, while revenue from the sales of painted glass products recorded RMB159 million, representing a decrease of 23.70% as compared to the same period of 2017. The results were mainly due to the combined effect of factors such as the rising prices of various glass products driven by a significant growth in the overall prices of the glass market, as well as the production suspension for cold repair of one production line that produced painted glass products in the first half of the year, and the turning from producing painted glass products to producing coated glass products and energy saving and new energy glass products of some production lines due to the product structure adjustment by the Group based on the market demand.

In the first half of 2018, the Group strictly implemented the Emission Standard of Air Pollutants for Flat Glass Industry（《平板玻璃工業大氣污染物排放標準》）as well as local emission standards of air pollutants in the places where its production bases were located, and also continuously strengthened the management in the environmentally-friendly processes and equipment, ensuring furnace kilns met the emission standards.

Raw material and fuel prices

In the first half of 2018, the soda ash price in the domestic market initially declined and then picked up gradually. Many soda ash manufacturers suspended their production activities for overhauls as required by the environmental protection policies, and all the prices recorded significant increases year-on-year.

In terms of fuels, the market price of petroleum coke increased stepwise mainly attributable to the decreased output and the increased domestic demand; and the prices of both natural gas and coal tar increased year-on-year. As for fossil fuels, prices of silica sand, limestone and dolomite surged.

Production, sales and selling price

In the first half of 2018, the Group sold 15.34 million weight cases of major float glass products, and the integrated average selling price of the Group’s products was approximately RMB78 per weight case, representing an increase of 13% as compared to the same period of last year.

In the first half of 2018, the Group recorded a revenue of approximately RMB1,193 million, representing an increase of 8% as compared to the same period of last year, as well as a net profit of approximately RMB50.12 million. The increase in revenue in the first half was mainly attributable to the significant increase in the market price of clear glass products as well as the resulting increases in the market prices of painted glass products, coated glass products and Low-E glass products.

MAJOR WORKS IN THE FIRST HALF OF 2018

1. **Quality and product upgrades**

   On the basis of the original "Corporate Standard of China Glass Holdings", a new standard was formulated, and dual management was applied to the quality control personnel in the production base with strengthened unified control of the process from the original fuel entering the factory to the product delivery and of the quality of the entire after-sales service industry chain; the remote monitoring platform of online detection was playing a role, the production indicators were decomposed and implemented, and the process management system was better regulated.

2. **Full promotion of the informationization process and facilitation of comprehensive corporate management upgrade**

   The operation of various modules of informationization system was tracked and promoted, and the establishment of the informationization system, centering on financial management and covering management of supply chain and human resource, had started, so as to improve work efficiency and management level, and reduce management costs.

3. **The "Go Global" Strategy**

   The construction of two overseas projects in Nigeria and Kazakhstan was steadily progressing. The Nigerian project will be put off as compared to the original schedule due to the factors such as the delayed delivery by steel structure suppliers and the complex environment of construction there, and it is expected to be put into operation within this year.

4. **Establishment of a rating system and improvement of the performance appraisal system**

   A rating system plan was drawn up to grade and evaluate the subsidiaries of the Group, and a reform plan of the distribution regulations relating to the systems of production, marketing, procurement, finance, and technological innovation was initially formulated.

5. **Technology R&D: openness improved and contribution pursued**
   Internally, the activities for rationalization proposals were carried out to optimize production processes, and solve production technical problems; externally, technology openness was improved, and the projects of new and old kinetic energy conversion were connected.

THE GLASS MARKET OUTLOOK

In the second half of 2018, China's economic growth will face downward pressure, and the impact of trade friction will continue to emerge; and it will encounter intensified pressure when stabilizing the growth rate, facilitating the reforms and making structural adjustments as the tightening effect of deleveraging will continue to release. It is expected that glass prices will still have some room for growth in the second half of the year and are expected to remain at a high level. On the one hand, the production cuts in supply side and environmental protection pressure will remain as the main driving factors of glass price changes, and coupled with the impact of traditional demand peak seasons, the supply and demand pattern of glass products will be continuously optimized; on the other hand, the glass prices will also be driven by rising prices of raw materials in the upstream.

FORECAST OF THE PRICES OF RAW AND FUELS MATERIALS

In the second half of 2018, it is expected that the domestic prices of soda ash will decline at the third quarter as a result of the increase of the capacity utilisation rate. However, the prices may recover driven by the stock preparation for the coming Chinese New Year at the end of the fourth quarter.

The prices of mineral raw materials such as silica sand and limestone may increase due to the deepen implementation of environmental protection.

In terms of fuel, the coal tar processing companies will be affected by the environmental policies, resulting in capacity reduction and rising price. It is expected that the prices of the natural gas will further go up driven by its increasing demand. The price of import petroleum coke is anticipated to rise to an extent because of the expected factors such as capacity reduction and tariff increases.

WORK PLANS FOR THE SECOND HALF OF 2018

1. The Group will continue to improve product and quality upgrades, and complete the task of informationization;

2. The Group will finalise the timetable for the commencement of the operation of the Nigeria and Kazakhstan projects and determine their progress plans and key milestones;

3. The Group will strengthen the management of inventory and accounts receivable;

4. The Group will continue to improve technology openness and increase technical contribution;

5. The Group will, through labor diversion, increase labor productivity and promote the reform of the distribution regulations;

6. The Group will accelerate the work including redundant asset disposal and unprofitable enterprise reduction;

7. The Group will closely integrate the development strategy for the next three years to do a good job in the market planning and layout of the products of the subsidiaries within the Group, focusing on the promotion of the key projects in the key bases and building new profit growth points for the Group.

FINANCIAL REVIEW

Revenue

For the first six months of 2018, the revenue of the Group from its principal business increased by approximately 8% to approximately RMB1,193 million as compared to approximately RMB1,101 million in the first six months of 2017. The increase in revenue from its principal business was mainly due to the combined effect of decrease in sales volume and increase in product price, effected by the industry conditions.

Cost of sales

The Group's cost of sales increased by approximately 1% from approximately RMB961 million for the first six months of 2017 to approximately RMB975 million for the first six months of 2018. The increase in cost of sales was mainly attributable to increase of unit production cost due to the rising raw material and fuel prices.

Gross profit

The Group's gross profit increased by approximately 55% from approximately RMB141 million for the first six months of 2017 to approximately RMB219 million for the first six months of 2018. The increase in gross profit was mainly attributable to the combined effect of the increase of average selling price and the unit production cost, in line with the market trend.

Other income

The Group's other income decreased from approximately RMB73 million for the first six months of 2017 to approximately RMB28 million for the first six months of 2018. Other income is mainly government grant for the six months ended 30 June 2018.

Administrative expenses

For the first six months of 2018, the administrative expenses of the Group decreased by 5% to RMB89 million as compared to RMB94 million for the first six months of 2017. The decrease in administrative expenses was mainly attributable to the decrease in provision for doubtful debts for trade and other receivables.

Finance costs

For the first six months of 2018, the finance costs of the Group increased by 25% to approximately RMB65 million as compared to approximately RMB52 million in the first six months of 2017. The increase in finance costs was mainly due to the increase of the average balance of borrowings.

Profit for the period

The Group's profit for the first six months of 2018 amounted to approximately RMB50 million, representing an increase of approximately RMB30 million as compared to profit of approximately RMB20 million for the first six months of 2017.

Profit attributable to equity shareholders for the period

The Group's profit attributable to equity shareholders of the Company for the first six months of 2018 amounted to approximately RMB46 million, representing an increase of approximately RMB23 million as compared to a profit attributable to shareholders of approximately RMB23 million for the first six months of 2017.

Current assets

The Group's current assets increased by approximately 9% from approximately RMB1,619 million as at 31 December 2017 to approximately RMB1,765 million as at 30 June 2018.

Non-current liabilities

The Group's non-current liabilities increased by approximately 9% from approximately RMB841 million as at 31 December 2017 to approximately RMB915 million as at 30 June 2018. This was attributable to a number of finance lease arrangements conducted by certain subsidiaries of the Group.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND ASSETS LIABILITIES RATIO

As at 30 June 2018, the Group's cash and cash equivalents amounted to approximately RMB574 million (31 December 2017: RMB562 million), of which 82% (31 December 2017: 91%) were denominated in Renminbi ("RMB"), 16% (31 December 2017: 8%) in United States Dollars ("USD"), 1% (31 December 2017: 1%) in Hong Kong dollars ("HK$") and 1% (31 December 2017: 0%) in Nigerian Naira ("NGN"). Outstanding bank and other loans and convertible bonds amounted to approximately RMB2.428 billion (31 December 2017: RMB2.352 billion), of which 81% (31 December 2017: 87%) were denominated in RMB and 19% (31 December 2017: 13%) were denominated in USD. As at 30 June 2018, the gearing ratio (total interest-bearing debts divided by total assets) of the Group was 40% (31 December 2017: 40%). As at 30 June 2018, the Group's current ratio (current assets divided by current liabilities) was 0.54 (31 December 2017: 0.50). In addition, the Group recorded net current liabilities amounted to approximately RMB1.487 billion as at 30 June 2018 (31 December 2017: RMB1.648 billion). As at 30 June 2018, assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.66 (31 December 2017: 0.65).

As at 30 June 2018, the Group's short-term bank and other loans were approximately RMB1.625 billion (31 December 2017: RMB1.687 billion), and the Group's long-term bank and other loans were approximately RMB757 million (31 December 2017: RMB665 million), among which approximately RMB555 million (31 December 2017: RMB505 million) will be due after one year but within two years, and approximately RMB202 million (31 December 2017: RMB160 million) will be due after two years but within five years. In the first six months of 2018, the weighted average interest rate of the Group's bank loans was approximately 6.52%.

EXCHANGE RATE RISK AND RELATED HEDGING

The Group's transactions and monetary assets were primarily denominated in RMB, HKD, USD and NGN. Operating expenses and domestic sales of the Group's PRC subsidiaries were primarily denominated in RMB, and export sales and certain borrowings of the Group were denominated in USD. The Group was of the opinion that the future appreciation or depreciation of RMB would be closely associated with 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 six months ended 30 June 2018, the Group did not purchase any derivatives for hedging purposes.

MATERIAL ACQUISITIONS AND DISPOSALS, SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

The Group did not have any significant investments or acquisition of capital assets, or material acquisitions or disposals of subsidiaries and associated companies or significant investments during the six months ended 30 June 2018.

As at the date of this report, the Group has no plan to make any material investments or acquisition of capital assets.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There have been no important events affecting the Group that have occurred since the end of the reporting period.

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

As at 30 June 2018, the Group employed approximately a total of 3,579 employees in the PRC and Hong Kong (31 December 2017: about 3,774 employees). The decrease in staff number of the Group as at 30 June 2018 as compared to 31 December 2017 was mainly attributable to continuously higher workplace efficiency of the Group and reduced headcount as production lines of several production bases were moved and halted. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Company has conditionally adopted the share option schemes for the qualified participants and the share award scheme for certain employees.

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. No contribution to the above schemes were forfeited for the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

SHARE OPTION SCHEMES

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 for the benefit of its shareholders, and to maintain or attract business relationship with the qualified participants whose contributions are or may be beneficial to the growth of the Group.

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 11(b)(i).

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.

During the six months ended 30 June 2018, save for a total of 860,000 share options that have lapsed during this period, no share options were exercised, cancelled or lapsed under the Old Share Option Scheme; and no share options were granted, exercised, cancelled or lapsed under the New Share Option Scheme.

SHARE AWARD SCHEME

The Board approved the adoption of the share award scheme of the Company (the "**Share Award Scheme**") on 12 December 2011 in order to recognise the contributions made by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Share Award Scheme would operate in parallel with the Old Share Option Scheme and the New Share Option Scheme.

During the six months ended 30 June 2018, no shares were awarded or vested to directors and employees of the Group under the Share Award Scheme. Further details of the awards granted under the Share Award Scheme are disclosed in Note 11(b)(ii).

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company (the "**Directors**"), the Company has maintained a public float of not less than 25% of the issued share capital of the Company as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") as at the latest practicable date prior to the issue of this announcement.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Chen Huachen as chairman as well as Mr. Peng Shou, Mr. Zhao Lihua and Mr. Zhang Baiheng as members, has reviewed, together with the participation of the Company's management and the external auditors, KPMG, the accounting principles and practices adopted by the Group, and has discussed auditing, risk management and internal control, and financial reporting matters, including the review of the unaudited interim results of the Group for the six months ended 30 June 2018.

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 Group's performance and development.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2018, the Company applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Confirmation has been received from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2018.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaglassholdings.com). The interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above-mentioned websites in due course.

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

Hong Kong, 28 August 2018

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. Zhang Jinshu

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

* *For identification purpose only*