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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 2020

The board of directors (the "**Directors**" and the "**Board**", respectively) 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 2020 together with the comparative figures for the corresponding period in 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020 – unaudited

*(Expressed in Renminbi ("**RMB**"))*

		Six months ended 30 June	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	4	**1,173,300**	970,572
Cost of sales		**(986,342)**	(894,715)
Gross profit	4	**186,958**	75,857
Other income	5	**9,661**	205,577
Distribution costs		**(37,286)**	(32,388)
Administrative expenses		**(131,377)**	(119,381)
Impairment losses on receivables and contract assets		**(118,391)**	(3,498)
Other expenses	6(b)	**(11,673)**	–
(Loss)/profit from operations		**(102,108)**	126,167
Finance costs	6(a)	**(136,976)**	(85,677)
Share of profits less losses of joint ventures		**(171)**	(407)
(Loss)/profit before taxation	6	**(239,255)**	40,083
Income tax	7	**(38,052)**	10,060
(Loss)/profit for the period		**(277,307)**	50,143
Attributable to:			
Equity shareholders of the Company		**(247,518)**	57,991
Non-controlling interests		**(29,789)**	(7,848)
(Loss)/profit for the period		**(277,307)**	50,143
(Loss)/earnings per share (RMB cent)	8		
Basic		**(14.70)**	3.42
Diluted		**(14.70)**	3.42

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 – unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(277,307)**	50,143
Other comprehensive income for the period (after tax and reclassification adjustments):		
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	**(6,950)**	(4,511)
Total comprehensive income for the period	**(284,257)**	45,632
Attributable to:		
Equity shareholders of the Company	**(254,468)**	53,480
Non-controlling interests	**(29,789)**	(7,848)
Total comprehensive income for the period	**(284,257)**	45,632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020
(Expressed in RMB)

	Note	**(unaudited) At 30 June 2020** *RMB'000*	(audited) At 31 December 2019 *RMB'000*
Non-current assets			
Property, plant and equipment		**4,245,714**	4,180,455
Investment property		**21,501**	22,079
Right-of-use assets		**327,448**	309,783
Intangible assets		**102,755**	109,734
Goodwill		**99,549**	97,730
Interest in joint ventures		**7,369**	7,074
Equity securities		**2,994**	2,994
Deferred tax assets		**249,381**	281,472
		5,056,711	5,011,321
Current assets			
Inventories and other contract costs		**710,099**	549,830
Contract assets		**47,681**	30,861
Trade and other receivables	9	**921,585**	1,004,960
Prepaid income tax		**15,082**	7,100
Cash on hand and in bank		**814,463**	584,039
		2,508,910	2,176,790
Current liabilities			
Trade and other payables	10	**1,599,737**	1,307,955
Contract liabilities		**114,868**	96,291
Bank and other loans		**2,500,043**	1,898,383
Leases liabilities		**25,181**	31,650
Convertible bonds	11	**34,441**	35,317
Income tax payable		**148,946**	152,230
		4,423,216	3,521,826
Net current liabilities		**(1,914,306)**	(1,345,036)
Total assets less current liabilities		**3,142,405**	3,666,285

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2020
(Expressed in RMB)

	Note	**(unaudited) At 30 June 2020** *RMB'000*	(audited) At 31 December 2019 *RMB'000*
Non-current liabilities			
Bank and other loans		**1,105,273**	1,313,543
Convertible bonds	11	**–**	13,018
Leases liabilities		**23,243**	30,131
Deferred tax liabilities		**42,579**	45,300
Other non-current liabilities		**14,402**	14,574
		1,185,497	1,416,566
NET ASSETS		**1,956,908**	2,249,719
CAPITAL AND RESERVES	12		
Share capital		**84,867**	84,867
Reserves		**1,726,746**	1,992,256
Total equity attributable to equity shareholders of the Company		**1,811,613**	2,077,123
Non-controlling interests		**145,295**	172,596
TOTAL EQUITY		**1,956,908**	2,249,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020 – unaudited

(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 condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2020 comprise the Group and the Group's interest in joint ventures. The Group is principally involved in the production, marketing and distribution of glass and glass products, designing and installation of production lines of pharmaceutical glass, and the development of glass production technology.

2 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, 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 27 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

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 2019 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 2019 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. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2020.

As at 30 June 2020, the Group had net current liabilities of RMB1,914,306,000 (31 December 2019: RMB1,345,036,000). Notwithstanding the net current liabilities as at 30 June 2020, the Directors of the Company consider that there are no material uncertainties related to events or conditions 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 2021 prepared by the management, which has taken into account unutilised bank facilities of RMB142.2 million, the Group's newly financed and refinanced bank and other loans of RMB901.6 million, and financial support committed by the Company's largest shareholder, namely Triumph Science Technology Group Co., Ltd.* ("**凱盛科技集團有限公司**", the "**Triumph Group**"), a wholly-owned subsidiary of China National Building Material Group Co., Ltd., which is a central state-owned enterprise, 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 for 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.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*
- Amendments to HKAS 1 and HKAS 8, *Definition of Material*

None of these developments 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 in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

* *The official name of the entity is in Chinese. The English name is for identification purpose only.*

4 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by products and services. 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 five 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.
- Design and installation service: this segment provides design, purchasing parts and installation services of pharmaceutical glass production lines.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– sales of glass products	**1,131,691**	910,303
– revenue from service contracts	**41,609**	60,269
	1,173,300	970,572

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Disaggregated by geographical location of customers		
– Mainland China (place of domicile)	**845,172**	759,071
– Nigeria	**83,049**	3,946
– Middle East	**79,591**	66,097
– Colombia	**17,806**	8,396
– Philippines	**14,803**	9,262
– Bangladesh	**14,792**	18,358
– Italy	**11,358**	11,027
– Cambodia	**11,121**	8,257
– Other countries	**95,608**	86,158
	328,128	211,501
	1,173,300	970,572

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 4(b).

(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 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 six months ended 30 June 2020 and 2019 is set out below.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Design and installation service		Total	
	Six months ended 30 June 2020	Six months ended 30 June 2019	**Six months ended 30 June 2020**	Six months ended 30 June 2019	**Six months ended 30 June 2020**	Six months ended 30 June 2019	**Six months ended 30 June 2020**	Six months ended 30 June 2019	**Six months ended 30 June 2020**	Six months ended 30 June 2019	**Six months ended 30 June 2020**	Six months ended 30 June 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition												
– point in time	**478,004**	330,757	**150,249**	136,226	**359,259**	250,888	**144,179**	192,432	**9,967**	–	**1,141,658**	910,303
– over time	**–**	–	**–**	–	**–**	–	**–**	–	**31,642**	60,269	**31,642**	60,269
Revenue from external customers	**478,004**	330,757	**150,249**	136,226	**359,259**	250,888	**144,179**	192,432	**41,609**	60,269	**1,173,300**	970,572
Inter-segment revenue	**26,296**	31,326	**786**	2,114	**2,281**	4,323	**–**	–	**–**	–	**29,363**	37,763
Reportable segment revenue	**504,300**	362,083	**151,035**	138,340	**361,540**	255,211	**144,179**	192,432	**41,609**	60,269	**1,202,663**	1,008,335
Reportable segment gross profit	**57,880**	6,867	**25,552**	5,164	**79,497**	32,688	**20,403**	25,343	**3,626**	5,795	**186,958**	75,857

5 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Interest income on financial assets measured at amortised cost	**2,770**	1,561
Government grants	**2,170**	1,243
Rental income from investment property	**917**	–
Net gain on relocation of production plants (Note)	**–**	194,667
Net gain on disposal of property, plant and equipment	**203**	2,421
Others	**3,601**	5,685
	9,661	205,577

Note: The amount for the six months ended 30 June 2019 represents a gain arising from the expropriation of the land use rights of a subsidiary of the Group located in People's Republic of China (the "**PRC**") by the local government due to the change of the local city development plan, after netting off disposal losses of production plants, land use rights and inventories.

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Interest on bank and other loans	**109,994**	93,782
Interest on lease liabilities	**2,972**	3,670
Finance charges on convertible bonds (Note 11)	**3,810**	6,223
Bank charges and other finance costs	**33,088**	13,284
Total borrowing costs	**149,864**	116,959
Less: amounts capitalised into property, plant and equipment (Note)	**(9,043)**	(23,928)
Net borrowing costs	**140,821**	93,031
Changes in fair value on the derivative component of convertible bonds (Note 11)	**(999)**	(4,061)
Net foreign exchange gain	**(2,846)**	(3,293)
	136,976	85,677

Note: The borrowing costs have been capitalised at 5.53% per annum for the six months ended 30 June 2020 (7.88% per annum for the six months ended 30 June 2019).

(b) Other expenses

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Impairment losses on property, plant and equipment	**11,673**	–

(c) Other items

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Cost of inventories	**986,342**	868,492
Depreciation and amortisation charge		
– property, plant and equipment and intangible assets	**125,051**	106,160
– investment property	**578**	–
– right-of-use assets	**12,750**	10,264
Short-term lease charges	**1,364**	2,332
Research and development costs (other than capitalised costs and related amortisation)	**448**	270

7 INCOME TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Current taxation:		
– provision for Corporate Income Tax on the estimated taxable profits for the period	**8,971**	18,851
– PRC Withholding Tax	**–**	4,750
– under/(over)-provision of Income Tax in respect of prior years	**22**	(15)
	8,993	23,586
Deferred taxation	**29,059**	(33,646)
	38,052	(10,060)

The Hong Kong Profits Tax rate for the six months ended 30 June 2020 is 16.5% (2019: 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 2020 (2019: 25%).

A subsidiary of the Group established in the PRC enjoyed a preferential PRC Corporate Income Tax rate of 15% before 2019 as it obtained the approval from the tax bureau that applicated to entity under the Second Phase of Western Region Development Plan of the PRC. The subsidiary does not satisfy related criteria to apply for preferential tax rate as it is upgrading and is subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2020.

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 2020 (2019: 30%).

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

A subsidiary of the Group established in Italy is subject to Italy Corporate Income Tax rate of 27.9% (2019: 27.9%).

A subsidiary of the Group established in Turkey is subject to Turkey Corporate Income Tax rate of 20% (2019: 20%).

A subsidiary of the Group established in the Republic of the Union of Myanmar is subject to Myanmar Corporate Income Tax rate of 25% (2019: 25%).

Pursuant to the PRC Corporate Income Tax Law, non-resident which have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business in the PRC, are subject to PRC income tax at the rate of 10% on various types of passive income including dividends derived from sources in the PRC (the "**PRC Withholding Tax**"). The dividends distributed by subsidiaries of the Group established in the PRC to their immediate holding company in Hong Kong are subject to the PRC Withholding Tax.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the six months ended 30 June 2020 is based on the loss attributable to ordinary equity shareholders of the Company of RMB247,518,000 (six months ended 30 June 2019: profit attributable to ordinary equity shareholders of the Company of RMB57,991,000) and the weighted average of 1,683,807,000 ordinary shares, taking into the effect of shares purchased under a share award scheme set out in Note 12(b)(ii) (six months ended 30 June 2019: 1,694,527,000 shares) in issue during the six months ended 30 June 2020.

(b) Diluted (loss)/earnings per share

There are no dilutive potential ordinary shares for the six months ended 30 June 2020 and 2019. The Group's convertible bonds (see Note 11) were not included in the calculation of dilutive earnings per share because they are anti-dilutive for the six months ended 30 June 2020 and 2019.

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
Trade receivables from:		
– third parties	**201,463**	195,533
– affiliates of non-controlling equity holders of subsidiaries	**15,668**	15,677
– a joint venture	**2,391**	2,267
	219,522	213,477
Less: loss allowance	**(136,527)**	(110,031)
	82,995	103,446
Amounts due from related companies:		
– Triumph Group's related parties	**10,433**	11,687
– an equity shareholder of the Company	**14**	319
– non-controlling equity holders of a subsidiary	**150**	150
	10,597	12,156
Other debtors	**544,337**	600,537
Less: loss allowance	**(154,162)**	(62,171)
	390,175	538,366
Financial assets measured at amortised cost	**483,767**	653,968
Bills receivable	**323,059**	105,478
Prepayments and value added tax refundable	**114,759**	245,514
	921,585	1,004,960

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 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 loss allowance) with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
Within 1 month	**251,258**	81,646
More than 1 month but less than 3 months	**116,157**	16,785
More than 3 months but less than 6 months	**8,640**	67,190
More than 6 months but less than 1 year	**8,035**	2,136
Over 1 year	**21,964**	41,167
	406,054	208,924

10 TRADE AND OTHER PAYABLES

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
Trade payables to:		
– third parties	**388,458**	420,725
– Triumph Group's related parties	**200,515**	70
– affiliates of non-controlling equity holders of subsidiaries	**599**	599
Bills payables	**215,003**	240,581
	804,575	661,975

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Amounts due to related companies:		
Triumph Group and its related parties		
– non-interesting bearing	**103,178**	87,878
– interest-bearing	**155,470**	–
An equity shareholder of the Company	**–**	73
Companies under common significant influence	**11**	11
	258,659	87,932
Accrued charges and other payables	**536,503**	558,048
Financial liabilities measured at amortised cost	**1,599,737**	1,307,955

All of the trade and other payables are expected to be settled 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 2020 RMB'000	At 31 December 2019 RMB'000
Due within 1 month or on demand	**371,843**	408,694
Due after 1 month but within 6 months	**232,323**	253,281
Due after 6 months but within 1 year	**200,409**	–
	804,575	661,975

11 CONVERTIBLE BONDS

	Liability component *RMB'000*	Derivative component *RMB'000*	Total *RMB'000*
At 1 January 2019	50,504	12,377	62,881
Accrued finance charges for the year	11,457	–	11,457
Interest paid	(5,026)	–	(5,026)
Fair value changes on the derivative component	–	(6,621)	(6,621)
Partial redemption of convertible bonds	(13,390)	(2,089)	(15,479)
Exchange adjustments	958	165	1,123
At 31 December 2019 and 1 January 2020	44,503	3,832	48,335
Accrued finance charges for the period (Note 6(a))	3,810	–	3,810
Interest paid	(1,825)	–	(1,825)
Fair value changes on the derivative component (Note 6(a))	–	(999)	(999)
Partial redemption of convertible bonds	(14,671)	(958)	(15,629)
Exchange adjustments	703	46	749
At 30 June 2020	32,520	1,921	34,441

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.

Pursuant to the redemption term of the convertible bonds, the Bondholder deposited notices to redeem the first, the second and the third 25% of total outstanding principal of the convertible bonds on 1 July 2019, 3 January 2020 and 1 July 2020 separately. Up to date of this interim results announcement, the above redemptions have been completed. The remaining convertible bonds are still convertible, and there are no such remaining convertible bond converted into the Company's shares up to date of this interim results announcement.

12 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(a) Dividends/distributions

(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 2020 (six months ended 30 June 2019: 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 2019: HK$Nil).

(iii) Distributions approved and paid after the interim period.

	2020	2019
	RMB'000	*RMB'000*
Distributions approved and paid after the interim period of HK$Nil per ordinary share (2019: HK$0.02 per ordinary share)	**–**	32,634

(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 2020 (six months ended 30 June 2019: Nil).

No share options issued under the Share Option Scheme were exercised during the six months ended 30 June 2020 (six months ended 30 June 2019: 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 2019 and 31 December 2019		115,620	64,253
Shares purchased during the period	0.401	36,380	11,436
At 30 June 2020		152,000	75,689

During the six months ended 30 June 2020, 36,380,000 ordinary shares were purchased for the Share Award Scheme with an average purchase price of HK$0.401 per share. No shares have been awarded to any selected employee as at the date of this interim result announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

With the worldwide Novel Coronavirus Pneumonia outbreak (the "**NCP Outbreak**") during the first half of 2020, the global economy is set to enter into a deep recession, with the World Bank predicting that the global economy would shrink by 5.2% in 2020. Specifically, the major developed economies would shrink rapidly, the developing economies would turn from positive to negative, and the regional economic recovery would show a divergent trend. In the first half of the year, China's various macroeconomic indicators showed an improving trend from the previous period. In the second quarter, economic growth turned from negative to positive, reversing the initial down turn. China could become one of the few economies with positive growth. In order to realize the recovery of the national economy, a macro-controlled pattern characterized by infrastructure as the leading force, with the support of real estate development, structural optimization, and investment as the driving force is taking shape.

During the first half of 2020, the flat glass industry continued its supply-side structural reform. The imbalance of overcapacity was effectively alleviated, the industry structure was further optimized, and the economic operation of the industry gradually stabilized and improved. Contraction was seen in the supply side under the impact of environmental policies and constrains on cold repair; while the demand side rose from the initial declining along with the achievements made in domestic epidemic prevention work. In terms of pharmaceutical glass, driven by the policy of consistency evaluation and the increasingly rapid process of development and production of Novel Coronavirus vaccine, the progress of substituting of neutral borosilicate glass as required by the vaccine glass bottle has been accelerated, and the market demand has picked up.

BUSINESS REVIEW

The Group currently have 13 float glass production lines, with a daily melting capacity of 6,650 tonnes per day. As at 30 June 2020, the Group had 10 float glass production lines in operation, while those production lines not in operation were temporarily halted for technical upgrades due to cold repair and relocation. The Group also had 1 offline low-emission coated ("**Low-E**") glass production line, 1 amorphous silicon thin-film battery production line, and a company specialized in pharmaceutical glass production line technologies and services.

Raw material and fuel prices and production costs

In terms of raw materials, domestic market prices of soda ash showed an L-shaped trend in the first half of 2020. In the first quarter, affected by the epidemic, the inventory remained high and the downstream demand was sluggish with a lack of demand in the market, causing the prices to stabilize and then decline. In the second quarter, the industry concentrated on overhauls and digested the inventory, and the prices stabilized after falling. In terms of mineral raw materials, domestic prices of silica sand, limestone and dolomite were relatively stable in the first half of 2020.

In terms of fuel, for the imported low-sulfur shot petroleum coke market in the first half of 2020, despite the output declined due to the epidemic, the prices remained stable at a low level due to factors such as import tariff exemptions and declining foreign demand. The increase of the extraction and supply of natural gas resulted in significant decrease in the prices compared to the same period last year. Also, affected by the epidemic and the low prices of crude oil, the prices of fuel oil decreased compared to the same period last year.

Production, sales and selling price

In the first half of 2020, the Group sold 14.87 million weight cases of major float glass products, and the consolidated average selling price of the Group's products was approximately RMB76 per weight case, representing an increase of 1% as compared to the same period of last year.

In the first half of 2020, the Group recorded a revenue of approximately RMB1,173 million, representing an increase of 21% as compared to the same period of last year, as well as a net loss of approximately RMB277 million. The increase in revenue in the first half of the year was mainly attributable to the increase in the selling price and sales volume of glass products.

MAJOR WORKS IN THE FIRST HALF OF 2020

1. Implementing and deepening major works in relation to the three major strategies

In terms of "organic growth", we enhanced product quality and ensured safe production; reduced production costs and optimized product mix; and adhered to product differentiation and enhanced product added value. In terms of "M&A and restructuring", as per strategic deployment of the Group, we explored potential quality projects and accelerated the layout of new projects. In terms of "Go Out", projects in Nigeria commenced normal production and achieved profits in the first half of the year, becoming a new point of profit growth of the Company; the orders for pharmaceutical glass production lines equipment of the Italian company Olivotto recorded a steady growth; while the original 2020 ignition plan for the Kazakhstan project was delayed in construction due to the NCP Outbreak.

2. Improving information system to reinforce the system construction

We facilitated the optimization and upgrade on ERP management system and reinforced the management and tracing on the implementation of the "Four Standards and One System" in bases; revamped departmental management system and standardized the management of the Company; actively promoted the overseas companies to develop systems applicable to their own actual situations and improved the operation capability of the overseas companies.

3. Improving the openness in technology research and development and endeavoring to make more contribution

By relying on its internal and external technology development platform, the Group promoted the differentiation of featured products and facilitated the new and old production capacity transformation. In Weihai Base, online Low-E products with a radiation rate of 0.13 have come into stable mass production, and their energy-saving performance reached the leading position around the world. In addition, the Group has successfully obtained a patent for invention, i.e. "A multi-color low-radiation sunlight control coated glass and its manufacturing technology"(《一種多彩色低輻射陽光控制鍍膜玻璃及其製備方法》).

4. **Marketing**

The Group prepared sales response plans in response to the unexpected epidemic; conducted market research to collect latest information in the market; identified new customers to expand marketing channels; utilized the ERP system to impose pricing management in line with the market condition, thereby realizing the synergies of sales strategies among bases.

5. **Prevention and control of the NCP Outbreak**

The Group set up an epidemic prevention leading group, formulated and implemented the emergency response plan for NCP Outbreak prevention and control, strengthened epidemic prevention and control, and coordinated the production and operation of all base companies. In the first half of the year, there were no suspected or confirmed cases of NCP Outbreak reported from the Company's domestic base companies.

THE GLASS MARKET OUTLOOK

During the second half of 2020, it is expected that China's economy will gradually recover, and the industry structural adjustment will further intensify. In the first half of the year, the price of flat glass is bound to rise, and due to the effects of strengthening in environmental governance, resumption of production lines and dynamic balance of cold repair production lines, the flat glass supply is expected to maintain a contractionary trend while the glass demands may improve with the recovery of the real estate market and the pickup in the growth rate of completed real estate area. In terms of pharmaceutical glass, driven by the policy to upgrade, the unit price of pharmaceutical glass product will significantly increase, while the spread of NCP Outbreak over the world has prompted many domestic and overseas vaccine enterprises to speed up the research and development of the vaccine, which may bring new potential growth points for the industry. However, the second epidemic crisis in the post-epidemic era, trade disputes and the trend of anti-globalization still bring uncertainties to the development of the entire glass industry.

FORECAST OF PRICES OF RAW AND FUEL MATERIAL, AND PRODUCTION COSTS

In terms of raw materials, during the second half of 2020, it is expected that the domestic soda ash price may rebound gradually in the third quarter as affected by the continuous digestion of inventory. In the fourth quarter, the soda ash price may gradually fall back as the soda ash production capacity recovers. The general price levels during the second half of 2020 might be slightly higher as compared to the first half of the year.

Prices of mineral raw materials including silica sand and limestone are expected to slightly rise due to the intensified efforts in environmental protection during the second half of the year.

In terms of fuel, it is expected that the prices of coal tar and fuel oil may be stable due to effect of the crude oil price, the price of natural gas may slightly increase driven by its increasing demand, and the price of imported low-sulfur shot petroleum coke may rise due to reducing overseas production capacity caused by the epidemic.

WORK PLANS FOR THE SECOND HALF OF 2020

1. To focus on the principle business of float glass, we will put emphasis on performance growth of all work in the second half of the year by leveraging on the incentive function and conducting performance appraisal.

2. In accordance with the management requirements of "Five areas of unification", we will optimize and integrate the Company's existing organizational structure through implementing unified management in aspects such as production, sales, finance, procurement and investment, so as to give full play to the synergy effect of scale. At the same time, we will implement the approaches of "streamlining organization, management and operation" to streamline non-profit companies and reduce operating costs, thereby improving the management level of base companies.

3. In terms of overseas business expansion, we will ensure that the Nigerian project could fulfill its annual production and operation goal. We will actively cooperate with "the Belt and Road Integration Fund of Glass Industry" to stably promote the construction progress of the project in Kazakhstan, and leverage on the world-leading pharmaceutical glass technologies and equipment of the Italian company Olivotto to facilitate the strategic layout of the Company in the China pharmaceutical glass market for fully utilizing the Company's advanced technology and service in pharmaceutical glass products.

4. We will improve our risk control capabilities, strengthen legal and contract management, and effectively prevent and control risks in the Company's operation.

5. We will properly conduct the work of the Company's brand planning and management, and establish a cultural value system with "CNG" as the core.

FINANCIAL REVIEW

Revenue

For the first six months of 2020, the revenue of the Group from its principal business increased by approximately 21% to approximately RMB1,173 million as compared to approximately RMB971 million in the first six months of 2019. The increase in revenue was mainly due to the combined effects of the increase in average unit selling price and the increase of sales volume.

Cost of sales

The Group's cost of sales increased by approximately 10% from approximately RMB895 million for the first six months of 2019 to approximately RMB986 million for the first six months of 2020. The increase in cost of sales was mainly attributable to the combined effects of the increase in sales volume and the decrease in unit cost of raw materials and fuels.

Gross profit

The Group's gross profit increased by approximately 146% from approximately RMB76 million for the first six months of 2019 to approximately RMB187 million for the first six months of 2020. The increase in gross profit was mainly attributable to the combined effects of the increase in market prices of glass products and the decrease in unit cost of raw materials and fuels in line with market.

Other income

The Group's other income decreased from approximately RMB206 million for the first six months of 2019 to approximately RMB10 million for the first six months of 2020. Other income decreased significantly over the same period last year, mainly due to a net gain amounting to approximately RMB194 million was recorded during the first six months of 2019 from the government compensation for relocation of production plants and no such event happened during the six months ended 30 June 2020.

Other expenses

For the first six months of 2020, the Group's other expenses were impairment losses on properties, plants and equipment and construction in progress, amounting to RMB11.67 million.

Administrative expenses

For the first six months of 2020, the administrative expenses of the Group increased by approximately 10% to RMB131 million as compared to RMB119 million for the first six months of 2019. The increase in administrative expenses was mainly due to that the official commencement of operation of an oversea subsidiary during the period.

Impairment losses on the receivables

For the first six months of 2020, the impairment losses on the receivables of the Group increased to approximately RMB118 million as compared to approximately RMB3.5 million for the first six months of 2019, which was mainly due to the NCP Outbreak that affected the repayment abilities of the Group's debtors.

Finance costs

For the first six months of 2020, the finance costs of the Group increased by approximately 59% to approximately RMB137 million as compared to RMB86 million in the first six months of 2019. The increase in finance costs was mainly due to the increase of the Group's borrowings as the Group actively expanded the financing channels.

Income tax

For the first six months of 2020, the Group's income tax turned into income tax expenses amounted to RMB38 million from net income for the first six months of 2019, which was mainly due to the deferred taxation resulting from unused tax losses turns to debited effect to the consolidated profit based on Group's latest estimation of the period these unused tax losses to be used.

Loss for the period

For the first six months of 2020, the Group recorded a loss of approximately RMB277 million, as compared to the profit of approximately RMB50 million for the first six months of 2019.

Loss attributable to equity shareholders for the current period

For the first six months of 2020, the Group recorded loss attributable to equity shareholders of the Company of approximately RMB248 million from profit attributable to equity shareholders of approximately RMB58 million for the first six months of 2019.

Current assets

The Group's current assets increased by approximately 15% from approximately RMB2.177 billion as at 31 December 2019 to approximately RMB2.509 billion as at 30 June 2020, which was mainly due to the increase in cash and inventories.

Current liabilities

The Group's current liabilities increased by approximately 26% from RMB3.522 billion as at 31 December 2019 to RMB4.423 billion as at 30 June 2020, which was mainly due to the increase in short-term bank and other loans.

Non-current liabilities

The Group's non-current liabilities decreased by approximately 16% from approximately RMB1.417 billion as at 31 December 2019 to approximately RMB1.185 billion as at 30 June 2020.

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

As at 30 June 2020, the Group's cash and cash equivalents were RMB814 million (31 December 2019: RMB584 million), of which 90% (31 December 2019: 91%) were denominated in RMB, 4% (31 December 2019: 6%) were denominated in United States Dollars ("**USD**"), 3% (31 December 2019: 0%) were denominated in Nigeria Naira, 1% (31 December 2019: 1%) were denominated in Hong Kong dollars ("**HKD**"), and 2% (31 December 2019: 2%) were denominated in Euro ("**EUR**"). Outstanding bank and other loans were RMB3.605 billion (31 December 2019: RMB3.212 billion), of which 61.8% (31 December 2019: 60.2%) were denominated in RMB, 34.2% (31 December 2019: 35.3%) were denominated in USD, 3.9% (31 December 2019: 4.3%) were denominated in HKD and 0.1% (31 December 2019: 0.2%) were denominated in EUR.

As at 30 June 2020, the gearing ratio (total interest-bearing debts divided by total assets) was 0.49 (31 December 2019: 0.46). As at 30 June 2020, the Group's current ratio (current assets divided by current liabilities) was 0.57 (31 December 2019: 0.62). The Group recorded net current liabilities amounted to approximately RMB1.914 billion million as at 30 June 2020 (31 December 2019: RMB1.345 billion). As at 30 June 2020, assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.74 (31 December 2019: 0.69). As at 30 June 2020, 48% (31 December 2019: 42%) of the outstanding bank and other loans bear interest at fixed rates while approximately 52% (31 December 2019: 58%) bear interest at variable rates. As at 30 June 2020, 69% (31 December 2019: 59%) of the outstanding bank and other loans will mature within one year while 31% (31 December 2019: 41%) will mature after one year.

EXCHANGE RATE RISK AND RELATED HEDGING

The Group's transactions and monetary assets were primarily denominated in RMB, HKD, EUR, USD and Naira. 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 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 2020, the Group did not purchase any derivatives for hedging purposes.

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

During the six months ended 30 June 2020, the Group did not have any material investments or acquisitions of capital assets, or material acquisitions or disposals of subsidiaries and associated companies, or significant investments.

As at the date of this announcement, the Group has no plan to make any material investments or acquisitions 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 2020, the Group employed approximately a total of 3,497 employees within and outside the PRC (31 December 2019: about 3,419 employees). The increase in staff number of the Group as at 30 June 2020 as compared to 31 December 2019 was a combined effect due to the official commencement of operation of an oversea subsidiary and continuously higher workplace efficiency of domestic subsidiaries. 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 abroad participate in the benefit schemes meeting requirements of local labour laws and regulations, respectively. No contribution to the above schemes were forfeited for the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 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 12(b)(i) to the condensed consolidated financial statements.

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 2020, 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 2020, based on the Company's instruction for the purpose of the Share Award Scheme, Bank of Communications Trustee Limited, being the trustee of the Share Award Scheme, purchased 36,380,000 ordinary shares of par value HK$0.05 each in the issued share capital of the Company on the market, representing approximately 2.01% of the issued share capital of the Company, for a total purchase price of HK$14,592,850 (the "**Purchase of Shares for the Share Award Scheme**").

During the six months ended 30 June 2020, 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 12(b)(ii) to the condensed consolidated financial statements.

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

During the six months ended 30 June 2020, save for the Purchase of Shares for the Share Award Scheme, neither the Company nor any of its subsidiaries had 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, 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 "**Listing Rules**") during the six months ended 30 June 2020 and up to 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 operational, risk management and internal control, and financial reporting matters and systems of the Group, including the review of the unaudited interim results of the Group for the six months ended 30 June 2020.

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 2020, 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 2020.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.chinaglassholdings.com). The interim report of the Company for the six months ended 30 June 2020 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
Executive Director

Hong Kong, 27 August 2020

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

Executive Director:
Mr. Cui Xiangdong

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*