



CHINA GLASS HOLDINGS LIMITED
中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 3300

**INTERIM
REPORT
2015**

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cui Xiangdong (*Chief Executive Officer*)
Mr. Li Ping (resigned on 13 February 2015)

Non-Executive Directors

Mr. Zhao John Huan (*Chairman*)
(appointed as Chairman on 13 February 2015)
Mr. Zhou Cheng (*Honorary Chairman*)
(appointed as Honorary Chairman
on 13 February 2015)
Mr. Peng Shou (*Deputy Chairman*)
(appointed as Deputy Chairman and
Non-Executive Director on 13 February 2015)
Mr. Ning Min (resigned on 13 February 2015)
Mr. Guo Wen

Independent Non-Executive Directors

Mr. Zhang Baiheng
Mr. Zhao Lihua
Mr. Ni Wei (resigned on 13 February 2015)
Mr. Chen Huachen

SENIOR MANAGEMENT

Mr. Li Ping
Mr. Lu Guo
Mr. Ge Yankai
Mr. Yang Hongfu
Mr. Cheng Xin
Mr. Wang Jianxun

COMPANY SECRETARY

Ms. Pan Jianli

AUDIT COMMITTEE

Mr. Chen Huachen (*Chairman of audit committee*)
Mr. Zhao John Huan
Mr. Zhao Lihua
Mr. Zhang Baiheng

REMUNERATION COMMITTEE

Mr. Zhao Lihua (*Chairman of remuneration committee*)
Mr. Zhao John Huan
Mr. Zhang Baiheng

NOMINATION COMMITTEE

Mr. Zhang Baiheng (*Chairman of nomination committee*)
Mr. Zhou Cheng
Mr. Zhao Lihua

STRATEGY COMMITTEE

Mr. Zhao John Huan (*Chairman of strategy committee*)
Mr. Cui Xiangdong
Mr. Zhou Cheng

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2608, 26/F, West Tower
Shun Tak Centre
168-200 Connaught Road
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Hong Kong

WEBSITE

www.chinaglassholdings.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
Norton Rose Fulbright Hong Kong

As to the People's Republic of China (the "PRC") Law
Commerce & Finance

As to Bermuda and British Virgin Islands Laws
Appleby

As to Cayman Islands Law
Walkers

PRINCIPAL BANKERS

Standard Chartered Bank
Bank of China
Bank of Hankou
China Merchants Bank
Chang Hwa Bank
Xiamen International Bank
Hua Xia Bank
Bank of Jiangsu
China Citic Bank
Bank of Taiwan

AUDITOR

KPMG
Certified Public Accountants

INVESTOR RELATIONS CONSULTANT

Brunswick Group Ltd.

STOCK CODE

Hong Kong Stock Exchange: 3300

Management Discussion and Analysis

MARKET REVIEW

In the first half of 2015, Chinese economy was still in its transitional period, with considerable downward pressure. The global economy recovered at a lower-than-expected pace, while the prices of commodities suffered significant decline.

The domestic glass market was generally weak during the first half of 2015, as evidenced by reduced demand, lower prices, more pressure on environmental protection and slow progress in de-capacity. According to the statistics from the Glass Information Website, as of the end of June 2015, there were a total of 345 float glass production lines in the PRC of which 118 were suspended or under maintenance and 227 were in normal operation. According to the data from the National Bureau of Statistics, in the first half of the year, the production volume of sheet glass was 397.78 million weight cases, representing a decline of 4.2% as compared with the same period of last year.

The major market for the glass industry is the property market. The first half of 2015 recorded a decrease in new construction area and completed area and a much slower growth of construction area as compared with the same period of last year. Furthermore, the demand of the auto industry in the PRC was also reduced. All the above factors contributed to the decrease in demand for glass in the first half of 2015. On the contrary, the de-capacity progress in the glass industry was slow, with the problem of oversupply yet to be resolved.

BUSINESS OVERVIEW

The Group currently has 17 glass production lines with a daily melting capacity amounted to 7,630 tonnes, of which 14 were float glass production lines and three were patterned glass production lines for solar power ultra-clear photovoltaic glass. In addition, the Group has one offline low-emission coated ("Low-E") glass production line and one amorphous silicon thin-film battery production line. As at 30 June 2015, the Group had eight float glass production lines in operation. The three pattern glass production lines in Nanjing, PRC were suspended pending relocation as a result of the local government's expropriation of the land use rights. The remaining production lines were suspended for reasons such as maintenance or technical upgrade.

RAW MATERIAL AND FUEL PRICE AND PRODUCTION COST

In the first half of 2015, the domestic economic restructuring led to the low prices of the major raw materials and fuels for glass production. In respect of soda ash, the price remained stable in the beginning of 2015, and then experienced rises and falls in different regions after the Chinese Spring Festival, with a slowly downward trend across the soda ash market in the first half of 2015. The prices of raw materials such as silican sand, dolomite and limestone were stable, with no significant fluctuation. In respect of fuels, the prices of major fuels, such as fuel oil, coal, petroleum coke and coal tar, fluctuated downward due to a lack of downstream demand.

Since its implementation from 1 January 2015, the new Environmental Protection Law in China has imposed stricter requirements for environmental protection on the glass industry. To implement the standards on environmental protection and energy conservation, enterprises (especially those along the eastern coastal regions) have generally increased their investment in energy-saving and environmental-friendly equipment for desulfurization, denitration and fume treatment, which has resulted in a significant increase in environmental-protection cost and thus further raised the operating cost.

PRODUCTION, SALES AND SELLING PRICE

In the first half of 2015, the Group produced an aggregate amount of approximately 17.66 million weight cases of various glass. The production volume decreased by 8% as compared to the same period last year, mainly due to the maintenance of two major production lines in Linyi, PRC during the review period.

In the first half of 2015, the integrated average selling price of the Group's products was approximately RMB60 per weight case, representing a decrease of approximately 11% as compared to the same period of last year, whereas the selling price recorded a drop of approximately 12% on average in the market.

In the first half of 2015, the Group recorded a revenue of approximately RMB948 million, representing a decrease of approximately 16.9% as compared to the same period of last year. The decrease was mainly caused by the decrease in production and sales volume and the average selling price. The Group recorded a net loss of approximately RMB150 million in the first half of the year.

The production-sale ratio of the Company's products was approximately 89% during the first half of 2015. Affected by the sluggish economy and the late Spring Festival, the first half of the year featured a prolonged off season as compared with previous years. Consequently, the traditional peak season has been delayed, with a substantial increase of inventory which is expected to return to its normal level in the second half of 2015.

Given the complex economic situation cycle and severe industry situation and taking into consideration of the continuous sluggish industry with careful analysis, the Group centered on its core strategic objectives to positively adjust operating methods, including restructuring the internal structure. Furthermore, the Group continued to boost its input into the research and development of new products during the period of market recession, and increase the cycle and frequency of large-scale mass-production test in main production lines, laying the foundation for a quick improvement of corporate performance when the industry recovers. The main achievements of the Group in the first half of 2015 include:

1. Maintaining R&D input and the strategy of leading with a high-tech advantage

The Group was firm in implementing its strategy of leading with a high-tech advantage, with more input into the R&D and industrialization of new technology during the period of market recession. In the first half of 2015, the Group conducted successive industrialized mass-production tests on its two main production lines, i.e., the line for which produces the series of coated energy-saving products using traditional leading technology and the line for producing ultra-clear glass products, which is the new focus of our technology research and development in new energy field. So far, the Group has achieved breakthroughs in new coated energy-saving products and ultra-clear products, thus accumulating technical reserves and new-product resources for the Company's future development.

2. Strengthening technical transformation for energy conservation and environmental protection

With the implementation of the new Environmental Protection Law in China and the growing environmental awareness across the Chinese society, environmental protection has become a top priority for business policies. In the first half of 2015, the Group continued to deepen its efforts on fume desulfurization, denitration and dust removal in all its bases, and increased funding on the construction of the environmental-protection facilities of fume treatment to improve the denitration standard of our production lines. Currently, most of our production bases have met or even exceeded the national requirements on all environmental-protection indicators such as desulfurization, denitration and dust removal.

Management Discussion and Analysis (CONTINUED)

3. Strictly executing corporate standards and controlling product quality

To carry out its high quality strategy, in the first half of 2015, the Group regularly conducted large-scale spot checks on product quality, in accordance with the Group's "Provisional Regulation of Executing Corporate Standards on Product Quality", "Implementing Regulations for Spot Checks on Product Quality" and other regulations and measures. The enhanced quality standards allowed steady improvement of product quality.

4. Continuing to push forward brand building and creative marketing

The Group continued to take the initiative in pushing forward the innovation and development of marketing models and channels, taking steps to extend the marketing coverage and customer services to county areas. Meanwhile, in order to boost market promotion and influence, the Group formulated different marketing tactics and conducted priority promotion based on the characteristics and market merits and demerits of such varieties as online Low-E, online solar-control Low-E coated glass (online Sun-E[®], which was multi-color coated glass product last year), online easy-to-clean sunlight coated glass and ultra-clear glass. To cope with the severe competition in the domestic market during the first half of 2015, the Group leveraged on its export channels to raise the proportion of export sales, which increased from 18% in the same period of last year to 28% in the current period.

5. Steadily promoting the "go abroad" strategy

Faced with the fierce competition of the domestic glass industry, the Group continued to positively implement its "go abroad" strategy. In the first half of 2015, two overseas trading companies for direct sales were established successively and commenced operation, which are expected to divert the domestic sales pressure of our products. In respect of overseas capacity layout, the Group has finished selecting the location for its production project in Nigeria and has entered into the phase of exploration, planning and design.

OUTLOOK

Although no significant effect of de-capacity has been seen in the glass industry, the second half of a year is the traditional peak season for the glass market. In terms of the statistics of the property industry, there has been an evident rebound in property investment, market sales and new construction area since the start of the second quarter of 2015. Nevertheless, there will be a process to convert all these into real investment and glass demands, which are expected to be released continuously during the second half of 2015 and the next year. Therefore, the Company is cautiously optimistic about the market demand of the second half of 2015.

FORECAST OF MARKET DEMAND FOR GLASS PRODUCTS

The relentless competition of the industry has also driven industrial upgrade. Currently, energy-saving glass has been emerging as the mainstream products amidst market development gradually. The products have high visible light transmittance, low shading coefficient and low emission, which will enable them to play a huge role in green buildings. In the second half of 2015, following the implementation of Evaluation Standards for Green Buildings, more provinces and cities will release their local Energy-saving Design Standards for Residential Buildings successively, to provide more detailed regulations on energy conservation and energy-saving efficiency improvement for buildings, and put forward higher requirements on the energy-saving performance for glass. The Group's self-developed ultra-clear glass, online Low-E and online Sun-E[®], featured with multifunctional energy conservation, will become dominant products amidst new market demand. By far, the initial models of the product series have become a market highlight with their good performance in building energy efficiency. After well-planned preparation and promotion, these products are expected to yield remarkable operating results in the second half of 2015 and future periods.

FORECAST OF PRICE MOVEMENT OF RAW MATERIALS AND FUELS

In view of the impact of the overall economic structure, the prices of major raw materials and fuels are predicted to be in the low range during the second half of 2015. Among them, the price of soda ash is expected to remain low in the second half of the year, due to factors such as the uneven of supply and demand and the new capacity going into operation. In respect of fuels, the prices of major fuels such as fuel oil, coal, petroleum coke and coal tar will stay at a low level during the second half of 2015.

With the implementation of the new Environmental Protection Law in China, raw-material suppliers are faced with the pressure of higher environmental protection cost. Some of the additional costs are expected to be transferred to downstream businesses, which will be mainly reflected in the prices of mineral raw materials during the second half of 2015.

Based on the changes to the market prices of raw materials and fuels, the Group will take active measures for centralised purchase in order to maintain the stable cost of the Group's raw materials and fuels.

MAJOR WORK PLANS OF THE GROUP FOR THE SECOND HALF OF 2015

The Group will adhere to its established development strategies, maintain its advantages and proactively respond to market changes by achieving the following major work during the second half of 2015:

1. **Maintaining advanced technology and continuing to work for breakthrough of new products, so as to develop new growth drivers of profitability**

The Group will continue to extend its commitment in technologies improvement, in particular focusing on achieving further technical breakthroughs in new products such as ultra-clear glass, and form mass production and mass selling in the second half of 2015.

Besides, after years of efforts and the large-scale industrialized pilot production in the first half of 2015, the production processes for producing online coated energy-saving products, mainly online Low-E, online Sun-E[®] and online easy-to-clean sunlight coated glass is becoming mature. Such products enjoy substantial market potential and high profitability. In the second half of 2015, the Group will plan to expand capacity, lower the cost and enhance product promotion so as to launch the above products into market to a large extent and seize more market shares.

2. **Maintaining stable and high-quality production and furthering the work on environmental protection and energy conservation**

Stable and high-quality production remains as the basic criteria and foundation for all the other work of the Company in the second half of the year. Based on the sound operation of its current environmental protection facilities, the Company will accelerate the construction of new environmental protection facilities to improve the overall level of environmental protection efforts. At the same time, the Company will actively explore new fuels and combustion techniques to minimize the fuel expenses, seeking to further reduce costs on the conditions that stable production quality is maintained and the environmental protection standard is complied with.

Management Discussion and Analysis (CONTINUED)

3. Continuing brand promotion, focusing on the innovation of marketing models and flexibly responding to the changes of market competition

In the second half of 2015, the Company will continue to intensify the promotion of core brands and core products, proactively facilitate the innovation of marketing models, and improve the sales-output ratio and gross profit margin during the peak season over the second half of 2015.

Meanwhile, to cope with the changes of market competition, the Company aims to adopt innovative approaches to reduce the processes of intermediate trade and increase the investment in overseas direct-sales companies to expand the overseas market. By doing so, the Company can both reduce the pressure on domestic inventory and lay the foundation for the sales of overseas production bases in the future.

4. Continuing with the “go abroad” strategy

In the second half of 2015, the Group will promote its “go abroad” strategy, in ways such as attracting strategic partners to jointly accomplish relevant work. The major work of the second half year includes completing the design for the factory area, starting the construction of production lines, installing equipments and training local employees for the Nigerian project.

In addition, in the second half of 2015, the Group’s overseas trading companies will further broaden sales channels and expand business scope. In the meantime, the Group will also pay attention to other overseas markets and search for regions and countries that are suitable for constructing production plants, so as to expand the “go abroad” scale and optimize the Company’s industrial and geographical layouts.

FINANCIAL REVIEW

Revenue

For the first six months of 2015, the revenue of the Group from its principal business decreased by approximately 17% to approximately RMB948 million as compared to approximately RMB1.14 billion in the first six months of 2014. The decrease in revenue from its principal business was mainly due to the combination of the weakness of the domestic glass market and the maintenance of certain production lines of the Company, leading to a fall of approximately 6% in the overall sales volume and a decrease of approximately 11% in the average selling price.

Cost of sales

The Group’s cost of sales decreased by approximately 6% from approximately RMB934 million for the first six months of 2014 to approximately RMB878 million for the first six months of 2015. This was mainly attributable to a decrease in the overall sales volume.

Gross profit

The Group’s gross profit decreased by approximately 66% from approximately RMB206 million for the first six months of 2014 to approximately RMB69 million for the first six months of 2015. This was mainly attributable to a decrease in gross profit margin and a decrease in the overall sales volume.

Management Discussion and Analysis (CONTINUED)

Other revenue and other net income

The Group's other revenue and other net income decreased by approximately 81% from approximately RMB72 million for the first six months of 2014 to approximately RMB14 million for the first six months of 2015. The other net income in the first six months of 2014 mainly represents a net gain of approximately RMB69 million arising from the compensation received from the local government by a PRC subsidiary of the Group due to the relocation of its production plant, which did not happen in the first six months of 2015.

(Loss)/profit for the period

The Group's loss for the first six months of 2015 amounted to approximately RMB150 million, representing a decrease of profit by approximately RMB200 million as compared to a profit of approximately RMB50 million for the first six months of 2014.

(Loss)/profit attributable to equity shareholders for the period

The Group's loss attributable to equity shareholders of the Company for the first six months of 2015 amounted to approximately RMB131 million, representing a decrease of approximately RMB171 million as compared to a profit attributable to shareholders of approximately RMB40 million for the first six months of 2014.

Current assets

The Group's current assets decreased by approximately 2% from approximately RMB2.268 billion as at 31 December 2014 to approximately RMB2.216 billion as at 30 June 2015. The decrease was mainly attributable to a decrease in cash and cash equivalents.

Current liabilities

The Group's current liabilities increased by approximately 1% from approximately RMB2.795 billion as at 31 December 2014 to approximately RMB2.833 billion as at 30 June 2015. The increase was mainly attributable to a slight increase in trade and other payables.

Non-current liabilities

The Group's non-current liabilities decreased by approximately 1% from approximately RMB780 million as at 31 December 2014 to approximately RMB770 million as at 30 June 2015. This was attributable to a slight decrease in bank and other loans.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND ASSETS LIABILITIES RATIO

As at 30 June 2015, the Group's cash and cash equivalents amounted to approximately RMB655 million (31 December 2014: RMB802 million), of which 86% (31 December 2014: 78%) were denominated in Renminbi ("RMB"), 4% (31 December 2014: 6%) in United States Dollars ("USD") and 10% (31 December 2014: 16%) in Hong Kong dollars ("HK\$"). Outstanding bank and other loans amounted to approximately RMB1.703 billion (31 December 2014: RMB1.725 billion), of which 95% (31 December 2014: 94%) were denominated in RMB and 5% (31 December 2014: 6%) were denominated in USD. As at 30 June 2015, the gearing ratio (total interest-bearing debts divided by total assets) of the Group was 30% (31 December 2014: 30%). As at 30 June 2015, the Group's current ratio (current assets divided by current liabilities) was 0.78 (31 December 2014: 0.81). In addition, the Group recorded net current liabilities amounted to approximately RMB616 million as at 30 June 2015 (31 December 2014: RMB527 million). As at 30 June 2015, assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.60 (31 December 2014: 0.58).

As at 30 June 2015, the Group's short-term bank and other loans were approximately RMB1.080 billion (31 December 2014: RMB1.095 billion), and the Group's long-term bank and other loans were approximately RMB623 million (31 December 2014: RMB630 million), among which approximately RMB323 million (31 December 2014: RMB151 million) will be due after one year but within two years, and approximately RMB300 million (31 December 2014: RMB479 million) will be due after two years but within five years.

EXCHANGE RATE RISK AND RELATED HEDGING

The Group's sales transactions and monetary assets were primarily denominated in RMB, HK\$, USD and Euros. 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 2015, the Group had not adopted any derivatives for hedging purposes.

The Board of Directors is pleased to submit the interim report together with the unaudited interim financial report of the Group for the six months ended 30 June 2015.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$Nil).

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) otherwise notified to the Company or the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) were as follows:

Name of Director	Company/name of associated corporation	Capacity	Total number of ordinary shares ^{(1) (3) (4)}	Percentage of interest in such corporation ⁽⁵⁾
Mr. Cui Xiangdong	The Company	Beneficial owner/ Interest of a controlled corporation	19,532,000 (L) ⁽²⁾	1.08%

Notes:

- (1) The letter “L” denotes the Director’s long position in such securities.
- (2) It included Mr. Cui Xiangdong’s interests in 12,000,000 Shares, share options to subscribe for 4,800,000 Shares, and 2,732,000 Shares acquired by Twinkle Fame Limited, which Mr. Cui has 100% direct interest, under the share award scheme.
- (3) For further details of the share options granted to the Directors pursuant to the share option scheme adopted by the Company, please refer to the section headed “Share Option Scheme” below.
- (4) For further details of the share award scheme adopted by the Company, please refer to the section headed “Share Award Scheme” below.
- (5) As at 30 June 2015, the total number of issued shares of the Company is 1,810,147,058.

Save as disclosed above, as at 30 June 2015, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code.

Other Information (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2015, the interest and/or a short position of the persons, other than Directors and chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Total number of ordinary shares ⁽¹⁾	Approximate percentage of shareholding ⁽¹²⁾
First Fortune Enterprises Limited	Beneficial owner	272,926,000 (L)	15.08%
Hony International Limited	Interest of a controlled corporation ⁽²⁾	272,926,000 (L)	15.08%
Mei Long Developments Limited	Beneficial owner	104,750,740 (L)	5.79%
Easylead Management Limited	Interest of a controlled corporation ⁽³⁾	377,676,740 (L)	20.86%
Right Lane Limited	Interest of a controlled corporation ^{(3) (4)}	412,676,740 (L)	22.80%
Mr. Cao Zhijiang	Interest of a controlled corporation ⁽⁵⁾	377,676,740 (L)	20.86%
Mr. Liu Jinduo	Interest of a controlled corporation ⁽⁵⁾	377,676,740 (L)	20.86%
Mr. Zhang Zuxiang	Interest of a controlled corporation ⁽⁵⁾	377,676,740 (L)	20.86%
Legend Holdings Corporation (formerly known as Legend Holdings Limited) ⁽⁶⁾	Interest of a controlled corporation ⁽⁷⁾	412,676,740 (L)	22.80%
Pilkington Group Limited	Beneficial owner	390,156,318 (L)	21.55%
NSG UK Enterprises, Limited	Interest of a controlled corporation ⁽⁸⁾	390,156,318 (L)	21.55%
NSG Holding (Europe) Limited	Interest of a controlled corporation ⁽⁹⁾	390,156,318 (L)	21.55%

Other Information (CONTINUED)

Name of shareholder	Capacity	Total number of ordinary shares ⁽¹⁾	Approximate percentage of shareholding ⁽¹²⁾
Nippon Sheet Glass Co., Ltd.	Interest of a controlled corporation ⁽¹⁰⁾	390,156,318 (L)	21.55%
Triumph Technology Group Company	Beneficial owner	260,000,000 (L)	14.36%
China National Building Material Group Corporation	Interest of a controlled corporation ⁽¹¹⁾	260,000,000 (L)	14.36%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) First Fortune Enterprises Limited is a wholly-owned subsidiary of Hony International Limited. Hony International Limited is taken to be interested in these shares by virtue of Part XV of the SFO.
- (3) Hony International Limited is owned as to 60% by Easylead Management Limited and 40% by Right Lane Limited. Mei Long Developments Limited is owned as to 60% by Easylead Management Limited and 40% by Right Lane Limited. Easylead Management Limited and Right Lane Limited are taken to be interested in the shares held by Hony International Limited and Mei Long Developments Limited by virtue of Part XV of the SFO.
- (4) Elite World Investments Limited holds 35,000,000 Shares. Elite World Investments Limited is wholly-owned by Cheer Elite Holdings Limited. Cheer Elite Holdings Limited is wholly-owned by Right Lane Limited. Right Lane Limited is taken to be interested in the shares held by Elite World Investments Limited by virtue of Part XV of SFO.
- (5) Easylead Management Limited is owned as to one-third by each of Messrs. Cao Zhijiang, Zhang Zuxiang and Liu Jinduo. Each of them is taken to be interested in the shares held by Easylead Management Limited by virtue of Part XV of the SFO.
- (6) The English company name "Legend Holdings Corporation" is a direct transliteration of its Chinese company name "聯想控股股份有限公司".
- (7) Right Lane Limited is a direct wholly-owned subsidiary of Legend Holdings Corporation. Legend Holdings Corporation is taken to be interested in the shares held by Right Lane Limited by virtue of Part XV of SFO.
- (8) Pilkington Group Limited is a direct wholly-owned subsidiary of NSG UK Enterprises, Limited. NSG UK Enterprises, Limited is taken to be interested in the shares held by Pilkington Group Limited by virtue of Part XV of SFO.
- (9) NSG UK Enterprises, Limited is a direct wholly-owned subsidiary of NSG Holding (Europe) Limited. NSG Holding (Europe) Limited is taken to be interested in the shares held by NSG UK Enterprises, Limited by virtue of Part XV of SFO.
- (10) Nippon Sheet Glass Co., Ltd is a Japan listed company. NSG Holding (Europe) Limited is a direct wholly-owned subsidiary of Nippon Sheet Glass Co., Ltd. Nippon Sheet Glass Co., Ltd. is taken to be interested in the shares held by NSG Holding (Europe) Limited by virtue of Part XV of SFO.
- (11) Triumph Technology Group Company is a wholly-owned subsidiary of China National Building Material Group Corporation. China National Building Material Group Corporation is taken to be interested in these shares by virtue of Part XV of the SFO.
- (12) As at 30 June 2015, the total number of issued shares of the Company is 1,810,147,058.

Save as disclosed above, so far as the Directors are aware, as at 30 June 2015, no other person (other than a Director or the chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Other Information (CONTINUED)

CHARGE ON ASSETS

Details of the Group's charge on assets were set out in Note 13 to the unaudited interim financial report.

CAPITAL COMMITMENTS

Details of the Group's capital commitments as at 30 June 2015 were set out in Note 18(a) to the unaudited interim financial report.

CONTINGENT LIABILITIES

There were no significant contingent liabilities for the Group as at 30 June 2015.

SHARE OPTION SCHEME

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

On 29 February 2008, the Directors and certain employees of the Company were granted 38,600,000 share options (the "Old Share Options") in aggregate under the share option scheme. All of the Old Share Options have been lapsed on 29 May 2015 in accordance with the terms of the share option scheme.

On 13 May 2015, one of the Directors and certain employees of the Company were granted 33,370,000 share options in aggregate under the share option scheme. Further details of the share options scheme are disclosed in Note 15(b)(i) to the unaudited interim financial report.

No options were exercised during the six months ended 30 June 2015.

Movements of share options granted under the share option scheme during the six months ended 30 June 2015 are as follow:

Participant	Date of grant ⁽¹⁾	Exercise price per share ⁽²⁾	Exercise period		Held as at 1/1/2015	Granting during the period	No. of Share		Approximate percentage interest in the Company's issued Shares
			from	until			Lapsed during the period	Held as at 30/6/2015	
Zhou Cheng	29/2/2008	1.75	28/2/2009	29/5/2015	1,500,000	-	1,500,000	-	0.08%
	29/2/2008	1.75	28/2/2010	29/5/2015	1,125,000	-	1,125,000	-	0.06%
	29/2/2008	1.75	28/2/2011	29/5/2015	1,125,000	-	1,125,000	-	0.06%
Li Ping ⁽³⁾	29/2/2008	1.75	28/2/2009	29/5/2015	640,000	-	640,000	-	0.04%
	29/2/2008	1.75	28/2/2010	29/5/2015	480,000	-	480,000	-	0.03%
	29/2/2008	1.75	28/2/2011	29/5/2015	480,000	-	480,000	-	0.03%

Other Information (CONTINUED)

Participant	Date of grant ⁽¹⁾	Exercise price per share ⁽²⁾	Exercise period		No. of Share			Held as at 30/6/2015	Approximate percentage interest in the Company's issued Shares
			from	until	Held as at 1/1/2015	Granting during the period	Lapsed during the period		
Cui Xiangdong	29/2/2008	1.75	28/2/2009	29/5/2015	640,000	-	640,000	-	0.04%
	29/2/2008	1.75	28/2/2010	29/5/2015	480,000	-	480,000	-	0.03%
	29/2/2008	1.75	28/2/2011	29/5/2015	480,000	-	480,000	-	0.03%
	13/5/2015	1.25	13/5/2016	12/5/2022	-	1,920,000	-	1,920,000	0.11%
	13/5/2015	1.25	13/5/2017	12/5/2022	-	1,440,000	-	1,440,000	0.08%
	13/5/2015	1.25	13/5/2018	12/5/2022	-	1,440,000	-	1,440,000	0.08%
Employees	29/2/2008	1.75	28/2/2009	29/5/2015	12,660,000	-	12,660,000	-	0.70%
	29/2/2008	1.75	28/2/2010	29/5/2015	9,495,000	-	9,495,000	-	0.52%
	29/2/2008	1.75	28/2/2011	29/5/2015	9,495,000	-	9,495,000	-	0.52%
	13/5/2015	1.25	13/5/2016	12/5/2022	-	11,428,000	-	11,428,000	0.63%
	13/5/2015	1.25	13/5/2017	12/5/2022	-	8,571,000	-	8,571,000	0.47%
	13/5/2015	1.25	13/5/2018	12/5/2022	-	8,571,000	-	8,571,000	0.47%
Total					38,600,000	33,370,000	38,600,000	33,370,000	

Notes:

- The fair value of the share options granted during the six months ended 30 June 2015 was estimated to be approximately from HK\$0.5100 to HK\$0.7102 as at 13 May 2015, being the date of grant, using the Binomial Model. The accounting policy adopted in relation to share options is in accordance with the same accounting policy adopted in the 2014 annual financial statements.

Other Information (CONTINUED)

The fair value of the share options granted during the six months ended 30 June 2015 was estimated as at 13 May 2015, being the grant date, using the Binomial Model, taking into account the terms and conditions upon which the share options were granted and the related measurement, inputs and assumptions were as follows:

Date of grant	13/5/2015
Share price at grant date	HK\$1.25
Exercise price per share	HK\$1.25
Expected volatility (expressed as weighted average volatility used in the modelling under the binomial model)	65.19%
Option life (expressed as weighted average life used in the modelling under the binomial model)	7 years
Expected dividends	0.32%
Risk-free interest rate (based on Exchange Fund Notes of Hong Kong)	1.24%

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

- 2 The Company undergone a subdivision of Shares in April 2011 where each of the existing issued and unissued Shares of par value of HK\$0.10 in the share capital of the Company has been subdivided into two subdivided Shares of par value of HK\$0.05 each. As a result of the subdivision, the exercise price per Share for the options granted on 29 February 2008 has been adjusted to HK\$1.75.
- 3 Mr. Li Ping resigned as a Director with immediate effect on 13 February 2015.

SHARE AWARD SCHEME

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

(a) Who may join

Employee(s) are selected by the Board pursuant to the scheme rules for participation in the share award scheme (the "Selected Employee(s)"). Selected Employees can be any employee of the Group or Directors of the Company. If any grant of awarded shares is proposed to be made to Director (including an independent non-executive Director) of the Company, such grant must first be approved by all the members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee. In addition, where any grant of awarded shares is proposed to be made to any Director or any other person who is a connected person within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

(b) The purpose of the share award scheme

The purposes of the share award scheme are to recognise the contributions by Selected 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.

(c) Operation of the share award scheme

Bank of Communications Trustee Limited has been appointed as the trustee of the share award scheme (the "Trustee"). Pursuant to the scheme rules and the trust deed entered into with the Trustee, existing shares of the Company will be purchased by the Trustee on the market out of cash contributed by the Group and be held in trust for the employees of the Group until such shares are vested with the relevant Selected Employees in accordance with the scheme rules.

(d) Life of the share award scheme

The share award scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth (10) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board.

From the Adoption Date up to 30 June 2015, based on the Company's instruction, 28,830,000 shares were purchased by the Trustee on the market for the purpose of the share award scheme, representing approximately 1.59% of the issued share capital of the Company as at 30 June 2015 and the aggregate price paid by the Company were HK\$37,804,917. During the six months ended 30 June 2015, no shares are awarded or vested to directors and employees of the Group. 11,170,000 shares were vested on 8 January 2014 and transferred to the Selected Employees on 10 January 2014.

Further details of the awards granted under the share award scheme are disclosed in note 15(b)(ii) to the unaudited interim financial report.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as at the date of this report, the Company maintained the prescribed public float of no less than 25% under the Listing Rules.

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

As at 30 June 2015, the Group had employed a total of approximately 4,700 employees in the PRC and Hong Kong (31 December 2014: about 4,936 employees). According to the relevant market situation, the Group's employees' remuneration level remains at a competitive level and is adjusted in accordance with the employees' performance.

The employees of the companies in the Group which were established in the PRC and in Hong Kong participate in defined contribution retirement benefit schemes and Mandatory Provident Fund Scheme, respectively. No contributions to the above schemes were forfeited for the six months ended 30 June 2015.

MATERIAL ACQUISITIONS AND DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group did not have any material investments or capital assets, or material acquisitions or disposals of subsidiaries and associated companies, or significant investments for the six months ended 30 June 2015. As at the date of this report, the Group has no plan to make any material investment in or acquisition of capital assets.

EVENT AFTER THE REPORTING PERIOD

There were no material events after the reporting period as at the date of this report.

BOARD COMMITTEES

The Board currently has four committees, namely the audit committee, nomination committee, remuneration committee and strategy committee. Details of these committees are detailed as follows:

Audit committee

The audit committee of the Company comprised of one non-executive Director, namely Mr. Zhao John Huan and three independent non-executive Directors, namely Mr. Chen Huachen, Mr. Zhao Lihua and Mr. Zhang Baiheng. The chairman of the audit committee is Mr. Chen Huachen. During the six months ended 30 June 2015, the audit committee has reviewed the accounting principles and practices adopted by the Group with the Company's management and the external auditors, and has discussed auditing, internal control and financial reporting matters, including the review of the unaudited interim financial report for the six months ended 30 June 2015.

Nomination committee

The nomination committee of the Company comprised of one non-executive Director, namely Mr. Zhou Cheng and two independent non-executive Directors, namely Mr. Zhang Baiheng and Mr. Zhao Lihua. The chairman of the nomination committee is Mr. Zhang Baiheng. The principal responsibilities of nomination committee include examining the structure, size and composition of the Board, identifying suitable individual qualified to become board members and give advice to the Board, and making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors. The Board shall consider the recommendations made by nomination committee and consent to any appointment of its members and recommend appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing Directors. During the six months ended 30 June 2015, the nomination committee has considered the re-election of retiring Directors.

Remuneration committee

The remuneration committee of the Company comprised of one non-executive Director, namely Mr. Zhao John Huan, and two independent non-executive Directors, namely Mr. Zhao Lihua and Mr. Zhang Baiheng. The chairman of the remuneration committee is Mr. Zhao Lihua. The principal responsibilities of remuneration committee include making recommendations for approval by the Board with respect to matters relating to the remuneration of Directors and senior management, and establishment of a formal and transparent procedure for developing remuneration policy. During the six months ended 30 June 2015, the remuneration committee has reviewed and approved the terms as set out in the new directors' service contracts and letters of appointment entered into by the relevant Directors and the Company.

Strategy committee

The strategy committee of the Company comprised of one executive Director, namely Mr. Cui Xiangdong and two non-executive Directors, namely Mr. Zhao John Huan and Mr. Zhou Cheng. The chairman of the strategy committee is Mr. Zhao John Huan. The strategy committee is mainly responsible for reviewing the mid-term and long-term strategies of the Company pursuant to its defined terms of reference.

INVESTOR RELATIONS AND COMMUNICATIONS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2015, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except deviation for the CG Code A.6.7 which requires that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Peng Shou, was unable to attend the annual general meeting of the Company held on 22 May 2015 due to other work commitments at the relevant time.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiries with all the Directors, the Company confirms that all the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2015.

By order of the Board
Zhao John Huan
Chairman

Hong Kong, 26 August 2015

Review Report to the Board of Directors of China Glass Holdings Limited

(Incorporated in Bermuda with limited liability)



INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 48 which comprises the consolidated statement of financial position of China Glass Holdings Limited as of 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2015

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
	Note		
Revenue	4	947,801	1,140,690
Cost of sales		(878,613)	(933,983)
Gross profit	4	69,188	206,707
Other revenue		13,316	20,715
Other net income		316	51,298
Distribution costs		(35,962)	(35,606)
Administrative expenses		(177,628)	(114,283)
(Loss)/profit from operations		(130,770)	128,831
Share of losses of an associate		(11)	(50)
Finance costs	5(a)	(55,451)	(41,281)
(Loss)/profit before taxation	5	(186,232)	87,500
Income tax	6	36,314	(37,302)
(Loss)/profit for the period		(149,918)	50,198
Attributable to:			
Equity shareholders of the Company		(130,913)	39,912
Non-controlling interests		(19,005)	10,286
(Loss)/profit for the period		(149,918)	50,198
(Loss)/earnings per share (RMB cent)			
Basic	7(a)	(7.232)	2.557
Diluted	7(b)	(7.232)	2.556

The notes on pages 28 to 48 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015 – unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
(Loss)/profit for the period	(149,918)	50,198
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	(328)	(3,167)
Total comprehensive income for the period	(150,246)	47,031
Attributable to:		
Equity shareholders of the Company	(131,241)	36,745
Non-controlling interests	(19,005)	10,286
Total comprehensive income for the period	(150,246)	47,031

The notes on pages 28 to 48 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2015 – unaudited

(Expressed in RMB)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	8	3,408,363	3,504,510
Lease prepayments		245,734	249,512
Intangible assets		16,212	23,669
Interests in an associate		525	536
Available-for-sale investment		1,000	1,000
Deferred tax assets	14	155,275	117,282
		3,827,109	3,896,509
Current assets			
Inventories	9	549,565	481,937
Trade and other receivables	10	991,702	968,242
Prepaid income tax		20,128	16,012
Cash and cash equivalents	11	655,351	802,234
		2,216,746	2,268,425
Current liabilities			
Trade and other payables	12	1,665,321	1,609,257
Bank and other loans	13(a)	1,079,682	1,095,114
Obligations under finance leases		23,220	24,993
Income tax payable		64,921	65,741
		2,833,144	2,795,105
Net current liabilities		(616,398)	(526,680)
Total assets less current liabilities		3,210,711	3,369,829
Non-current liabilities			
Bank and other loans	13(b)	623,407	629,586
Obligations under finance leases		116,195	119,211
Deferred tax liabilities	14	30,401	31,373
		770,003	780,170
NET ASSETS		2,440,708	2,589,659

The notes on pages 28 to 48 form part of this interim financial report.

Consolidated Statement of Financial Position (CONTINUED)

At 30 June 2015 – unaudited
(Expressed in RMB)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
CAPITAL AND RESERVES			
Share capital	15	84,867	84,867
Reserves		2,115,322	2,245,268
Total equity attributable to equity shareholders of the Company		2,200,189	2,330,135
Non-controlling interests		240,519	259,524
TOTAL EQUITY		2,440,708	2,589,659

The notes on pages 28 to 48 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 – unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held under share award scheme RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	74,553	2,019,042	(12,604)	29,973	40,785	(447,114)	(32,529)	474,778	2,146,884	248,413	2,395,297
Changes in equity for the six months ended 30 June 2014:											
Profit for the period	-	-	-	-	-	-	-	39,912	39,912	10,286	50,198
Other comprehensive income	-	-	-	-	-	-	(3,167)	-	(3,167)	-	(3,167)
Total comprehensive income	-	-	-	-	-	-	(3,167)	39,912	36,745	10,286	47,031
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(12,187)	(12,187)	-	(12,187)
Shares granted under the share award scheme	-	-	-	278	-	-	-	-	278	-	278
Shares vested under the share award scheme	-	-	12,604	(12,331)	-	-	-	(273)	-	-	-
Transfer between share premium accounts and accumulated loss accounts of the Company	-	(120,720)	-	-	-	-	-	120,720	-	-	-
	-	(120,720)	12,604	(12,053)	-	-	-	108,260	(11,909)	-	(11,909)
Balance at 30 June 2014	74,553	1,898,322	-	17,920	40,785	(447,114)	(35,696)	622,950	2,171,720	258,699	2,430,419

The notes on pages 28 to 48 form part of this interim financial report.

Consolidated Statement of Changes in Equity (CONTINUED)

For the six months ended 30 June 2015 – unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held under share award scheme RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2014	74,553	1,898,322	-	17,920	40,785	(447,114)	(35,696)	622,950	2,171,720	258,699	2,430,419
Changes in equity for the six months ended 31 December 2014:											
(Loss)/profit for the period	-	-	-	-	-	-	-	(38,105)	(38,105)	1,066	(37,039)
Other comprehensive income	-	-	-	-	-	-	2,616	-	2,616	-	2,616
Total comprehensive income	-	-	-	-	-	-	2,616	(38,105)	(35,489)	1,066	(34,423)
Issuance of shares	10,314	183,590	-	-	-	-	-	-	193,904	-	193,904
Effect on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(241)	(241)
	10,314	183,590	-	-	-	-	-	-	193,904	(241)	193,663
Balance at 31 December 2014	84,867	2,081,912	-	17,920	40,785	(447,114)	(33,080)	584,845	2,330,135	259,524	2,589,659

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held under share award scheme RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	84,867	2,081,912	-	17,920	40,785	(447,114)	(33,080)	584,845	2,330,135	259,524	2,589,659
Changes in equity for the six months ended 30 June 2015:											
Loss for the period	-	-	-	-	-	-	-	(130,913)	(130,913)	(19,005)	(149,918)
Other comprehensive income	-	-	-	-	-	-	(328)	-	(328)	-	(328)
Total comprehensive income	-	-	-	-	-	-	(328)	(130,913)	(131,241)	(19,005)	(150,246)
Equity settled share-based transactions (Note 15(b)(i))	-	-	-	1,295	-	-	-	-	1,295	-	1,295
Balance at 30 June 2015	84,867	2,081,912	-	19,215	40,785	(447,114)	(33,408)	453,932	2,200,189	240,519	2,440,708

The notes on pages 28 to 48 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015 – unaudited

(Expressed in RMB)

		Six months ended 30 June	
Note	2015	2014	
	RMB'000	RMB'000	
Operating activities			
Cash generated from operations	22,882	446,846	
The People's Republic of China (the "PRC") income tax paid	(7,587)	(17,868)	
Net cash generated from operating activities	15,295	428,978	
Investing activities			
Payment for the purchase of property, plant and equipment and land use rights	(74,489)	(195,716)	
Other cash flows arising from investing activities	24,906	(42,054)	
Net cash used in investing activities	(49,583)	(237,770)	
Financing activities			
Proceeds from new bank and other loans	727,311	664,745	
Repayment of bank and other loans	(758,419)	(766,550)	
Other cash flows arising from financing activities	(81,440)	(57,353)	
Net cash used in financing activities	(112,548)	(159,158)	
Net (decrease)/increase in cash and cash equivalents	(146,836)	32,050	
Cash and cash equivalents at 1 January	762,234	421,818	
Effect of foreign exchange rate changes	(47)	182	
Cash and cash equivalents at 30 June	615,351	454,050	

The notes on pages 28 to 48 form part of this interim financial report

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

China Glass Holdings Limited (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 2015 comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in an associate. The Group is principally involved in the production, marketing and distribution of glass and glass products, and the development of glass production technology.

2 BASIS OF PREPARATION

This interim financial report 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 26 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 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 2014 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. KPMG’s independent review report to the board of directors (the “Directors”) of the Company is included on page 20.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2015.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

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 and the Company.

- Amendments to HKAS 19, *Employee benefits “Defined benefit plans: Employee contributions”*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

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.

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

4 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.

Segment results

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2015 and 2014. 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.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

4 SEGMENT REPORTING (continued)

Segment results (continued)

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 2015 and 2014 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 2015 RMB'000	Six months ended 30 June 2014 RMB'000	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000
Revenue from external customers and reportable segment revenue	337,465	423,252	197,272	308,070	347,303	329,297	65,761	80,071	947,801	1,140,690
Reportable segment gross (loss)/profit	(12,065)	52,708	23,165	59,544	52,751	81,018	5,337	13,437	69,188	206,707

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

Interest on bank advances and other borrowings wholly repayable within five years
 Finance charges on obligations under finance leases
 Bank charges and other finance costs

Total borrowing costs
 Less: amounts capitalised into property, plant and equipment

Net borrowing costs
 Net foreign exchange (gain)/loss

Six months ended 30 June

2015 RMB'000	2014 RMB'000
49,389	47,014
6,905	5,670
16,937	9,436
73,231	62,120
(14,670)	(24,307)
58,561	37,813
(3,110)	3,468
55,451	41,281

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

5 (LOSS)/PROFIT BEFORE TAXATION (continued)

(b) Other items

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Cost of inventories (Note 9)	878,613	933,983
Depreciation and amortisation	149,741	132,399
Impairment losses on trade and other receivables (Note 10(b))	64	3,964
Operating lease charges in respect of		
– land	76	96
– plant and buildings	2,699	4,021
– motor vehicles	1,689	1,226
Net gain on relocation of a production plant	–	69,042
Impairment loss on property, plant and equipment	–	(18,620)
Research and development costs (other than capitalised costs and related amortisation)	602	1,186
Interest income	(4,898)	(3,900)

6 INCOME TAX

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current taxation:		
– Provision for PRC Corporate Income Tax on the estimated taxable profits for the period	2,262	21,265
– Under-provision of PRC Corporate Income Tax in respect of prior years	389	517
	2,651	21,782
Deferred taxation (Note 14)	(38,965)	15,520
	(36,314)	37,302

The Hong Kong Profits Tax rate for the six months ended 30 June 2015 is 16.5% (2014: 16.5%). No provision for Hong Kong Profits Tax has been made, as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2015 (six months ended 30 June 2014: RMBNil).

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

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 2015 (2014: 25%).

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX (continued)

One of the subsidiaries of the Group established in the PRC obtained an approval from the tax bureau that it is entitled to tax benefits applicable to entity under the Second Phase of the Western Region Development Plan of the PRC, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2015 (2014: 15%).

One of the subsidiaries of the Group established in the PRC obtained approvals from the tax bureau to be taxed as enterprises with advanced and new technologies, and therefore enjoy a preferential PRC Corporate Income Tax rate of 15% for a period of three years, commencing from year 2012, in which year the approval is obtained. This subsidiary is now in the process of applying for extension of its qualification as enterprise with advanced and new technologies and is tentatively subject to PRC Corporations Income Tax rate of 25% for the six months ended 30 June 2015.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the six months ended 30 June 2015 is based on the loss attributable to ordinary equity shareholders of the Company of RMB130,913,000 (six months ended 30 June 2014: profit attributable to ordinary equity shareholders of the Company of RMB39,912,000) and the weighted average of 1,810,147,000 ordinary shares (six months ended 30 June 2014: 1,560,762,000 ordinary shares) in issue during the six months ended 30 June 2015, calculated as follows:

	Six months ended 30 June	
	2015	2014
	'000	'000
Issued ordinary shares at 1 January	1,810,147	1,550,147
Effect of shares vested and transferred under a share award scheme	-	10,615
Weighted average number of ordinary shares at 30 June	1,810,147	1,560,762

(b) Diluted (loss)/earnings per share

There are no dilutive potential ordinary shares as at 30 June 2015.

The calculation of diluted earnings per share for the six months ended 30 June 2014 was based on profit attributable to ordinary equity shareholders of the Company of RMB39,912,000 and the weighted average of 1,561,317,000 ordinary shares in issue during the six months ended 30 June 2014, calculated as follows:

	Six months ended 30 June 2014
	'000
Weighted average number of ordinary shares at 30 June	1,560,762
Effect of deemed issue of shares under the share award scheme	555
Weighted average number of ordinary shares at 30 June	1,561,317

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group incurred capital expenditure on property, plant and equipment and construction in progress with a cost of RMB74.9 million (six months ended 30 June 2014: RMB289.7 million). Items of property, plant and equipment with a net book value of RMB8.6 million were disposed during the six months ended 30 June 2015 (six months ended 30 June 2014: RMB24.9 million), resulting a gain on disposal of RMB0.1 million (six months ended 30 June 2014: loss on disposal of RMB0.2 million).

9 INVENTORIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Raw materials	92,253	112,875
Work in progress and finished goods	432,652	337,493
Racks, spare parts and consumables	41,317	40,674
	566,222	491,042
Less: write-down of inventories	(16,657)	(9,105)
	549,565	481,937

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Carrying amount of inventories sold	871,061	933,431
Write down of inventories	7,552	552
	878,613	933,983

All of the inventories are expected to be recovered within one year.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade receivables from:		
– Third parties	336,076	272,715
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	16,162	16,166
– Companies under common significant influence	16,871	20,485
Bills receivables	54,705	95,820
	423,814	405,186
Less: allowance for doubtful debts (Note 10(b))	(52,134)	(52,070)
	371,680	353,116
Amounts due from related companies:		
– Equity shareholders of the Company and their affiliate (Note (i))	280	280
– Companies under common significant influence (Note (i))	7,671	11,768
	7,951	12,048
Less: allowance for doubtful debts (Note 10(b))	(1,784)	(1,784)
	6,167	10,264
Other debtors	550,544	525,094
Less: allowance for doubtful debts (Note 10(b))	(3,980)	(3,980)
	546,564	521,114
Loans and receivables	924,411	884,494
Prepayments	72,467	88,924
Less: allowance for doubtful debts (Note 10(b))	(5,176)	(5,176)
	67,291	83,748
	991,702	968,242

Note:

(i) The amounts are unsecured and non-interest bearing, and have no fixed terms of repayment.

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.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	89,450	121,858
More than 1 month but less than 3 months	88,094	59,078
More than 3 months but less than 6 months	71,758	49,591
Over 6 months	122,378	122,589
	371,680	353,116

(b) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

The movements in the allowance for doubtful debts during the period/year are as follows:

	Six months ended 30 June 2015 RMB'000	Year ended 31 December 2014 RMB'000
At 1 January	63,010	35,920
Impairment losses recognised	64	29,326
Uncollectible amounts written off	-	(2,236)
At 30 June/31 December	63,074	63,010

At 30 June 2015, the Group's trade and other receivables of RMB63.1 million (31 December 2014: RMB63.0 million) were individually determined to be impaired. The individually impaired receivables related to customers and debtors that were in financial difficulties and management assessed that these receivables are irrecoverable. The Group does not hold any collateral over these balances.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES (continued)

(c) Trade and bills receivables that are not impaired

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Neither past due nor impaired	73,820	115,179
Less than 1 month past due	55,434	63,900
More than 1 month but less than 3 months past due	72,425	32,892
More than 3 months but less than 6 months past due	47,623	18,556
More than 6 months past due	122,378	122,589
	297,860	237,937
	371,680	353,116

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

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

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

11 CASH AND CASH EQUIVALENTS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Cash at bank and on hand	615,351	762,234
Time deposits with banks	40,000	40,000
Cash and cash equivalents in the consolidated statement of financial position	655,351	802,234
Less: time deposits with original maturity over 3 months	(40,000)	(40,000)
Cash and cash equivalents in the condensed consolidated cash flow statement	615,351	762,234

At 30 June 2015, cash and cash equivalents of RMB304.0 million (31 December 2014: RMB276.1 million) were pledged to secure bills issued by the Group.

12 TRADE AND OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade payables to:		
– Third parties	645,960	574,063
– An affiliate of a non-controlling equity holder of a subsidiary of the Group	550	550
– Companies under common significant influence	5,039	9,478
Bills payables	319,583	311,350
	971,132	895,441
Amounts due to related companies:		
– An equity shareholder of the Company (Note (i))	785	1,258
– Companies under common significant influence (Note (ii))	95,550	93,516
	96,335	94,774
Accrued charges and other payables	482,980	529,934
Financial liabilities measured at amortised cost	1,550,447	1,520,149
Advances received from customers	114,874	89,108
	1,665,321	1,609,257

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

12 TRADE AND OTHER PAYABLES (continued)

Notes:

- (i) The amounts are unsecured, non-interest bearing and are repayable within one year.
- (ii) The amounts are unsecured and non-interest bearing. Except for an amount of RMB5.5 million at 31 December 2014 which was repayable within one year, the remaining balances at 30 June 2015 and 31 December 2014 are all with no fixed terms of repayment.

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 2015 RMB'000	At 31 December 2014 RMB'000
Due within 1 month or on demand	733,486	618,936
Due after 1 month but within 6 months	237,646	276,505
	971,132	895,441

13 BANK AND OTHER LOANS

(a) Short-term bank and other loans

Bank loans
Loans from third parties
Loan from a company under common significant influence

Add: current portion of long-term bank and other loans (Note 13(b))

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
	1,021,613	960,169
	3,500	7,889
	–	15,000
	1,025,113	983,058
	54,569	112,056
	1,079,682	1,095,114

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

13 BANK AND OTHER LOANS (continued)

(a) Short-term bank and other loans (continued)

As of the end of reporting period, the Group's short-term bank and other loans (excluding current portion of long-term bank and other loans) are secured as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans:		
– Pledged by bank bills	192,686	151,827
– Secured by the Group's property, plant and equipment and land use rights	290,900	222,000
– Unguaranteed and unsecured	538,027	586,342
	1,021,613	960,169
Loan from third parties:		
– Unguaranteed and unsecured	3,500	7,889
Loan from a company under common significant influence:		
– Unguaranteed and unsecured	–	15,000
	1,025,113	983,058

At 30 June 2015, the aggregate carrying value of the secured property, plant and equipment and land use rights is RMB700.0 million (31 December 2014: RMB532.1 million).

(b) Long-term bank and other loans

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans	641,460	681,222
Loans from an equity shareholder of the Company	19,148	38,403
Loans from third parties	17,368	22,017
	677,976	741,642
Less: current portion of long-term bank and other loans (Note 13(a))	(54,569)	(112,056)
	623,407	629,586

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

13 BANK AND OTHER LOANS (continued)

(b) Long-term bank and other loans (continued)

The Group's long-term bank and other loans are repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	54,569	112,056
After 1 year but within 2 years	322,595	151,331
After 2 years but within 5 years	300,812	478,255
	677,976	741,642

At 30 June 2015, the Group's long-term bank and other loans are secured as follow:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans:		
– Secured by the Group's property, plant and equipment and land use rights	36,500	80,600
– Secured by shares of several subsidiaries of the Company	574,403	565,045
– Unguaranteed and unsecured	30,557	35,577
	641,460	681,222
Loan from an equity shareholder of the Company:		
– Secured by the Group's property, plant and equipment and land use rights	4,402	8,860
– Unguaranteed and unsecured	14,746	29,543
	19,148	38,403
Loan from third parties:		
– Unguaranteed and unsecured	17,368	22,017
	677,976	741,642

At 30 June 2015, the aggregate carrying value of the secured property, plant and equipment and land use rights is RMB497.0 million (31 December 2014: RMB706.0 million).

All of the non-current interest-bearing borrowings are carried at amortised cost and are not expected to be settled within one year.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

14 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

	Assets					Liabilities		Net
	Unused tax losses	Write-down of inventories	Impairment losses on trade and other receivables	Depreciation expenses in excess of related tax allowances, government grants and related depreciation and fair value adjustment of investment in subsidiaries	Impairment losses on property, plant and equipment and intangible assets	Total	Fair value adjustments on property, plant and equipment, lease prepayments, finance lease and intangible assets, interest capitalisation and related depreciation	
Deferred tax arising from:	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	85,916	5,727	8,806	18,027	6,348	124,824	(29,482)	95,342
(Charged)/credited to the consolidated statement of profit or loss	(8,032)	(4,978)	1,405	3,738	325	(7,542)	(1,891)	(9,433)
At 31 December 2014	77,884	749	10,211	21,765	6,673	117,282	(31,373)	85,909
Credited/(charged) to the consolidated statement of profit or loss (Note 6)	27,336	1,888	16	8,753	-	37,993	972	38,965
At 30 June 2015	105,220	2,637	10,227	30,518	6,673	155,275	(30,401)	124,874

15 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 2015 (six months ended 30 June 2014: HK\$Nil).

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(a) Dividends/distributions (continued)

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Final dividend/distribution in respect of the previous financial year, approved during the interim period, of HK\$Nil per ordinary share (six months ended 30 June 2014: HK\$0.01 per ordinary share)	-	12,187

(b) Equity-settled share-based transactions

- (i) *Share option scheme*

The Company has a share option scheme which was adopted on 30 May 2005 whereby the directors of the Company are authorised, at their discretion, to invite (i) any executive director or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive directors (including independent non-executive directors) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to the Company, any member of the Group or any Invested Entity, to take up share options at HK\$1.00 as consideration to subscribe for shares in the Company.

15 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(b) Equity-settled share-based transactions (continued)

(i) Share option scheme (continued)

On 13 May 2015, the Company granted share options to a director and certain employees of the Group under the share option scheme. The terms and conditions of the share options granted on 13 May 2015 are as follows:

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

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

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

15 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

(b) Equity-settled share-based transactions (continued)

(i) *Share option scheme (continued)*

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

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

The number of 38,600,000 share options which were granted on 29 February 2008 to the directors and employees of the Group were lapsed during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

No share options were exercised during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

(ii) *Share award scheme*

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

No shares are awarded or vested to directors and employees of the Group during the six months ended 30 June 2015 under the Share Award Scheme. During the six months ended 30 June 2014, 11,170,000 shares previous awarded to certain directors and employees were vested.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group does not have any financial instruments measured at fair value at the end of the reporting period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2014 and 30 June 2015 except for the following financial instruments, for which their carrying amounts and fair values are disclosed below:

	Carrying amounts at 30 June 2015 RMB'000	Fair value at 30 June 2015 RMB'000	Fair value measurements at 30 June 2015 categorised into			Carrying amounts at 31 December 2014 RMB'000	Fair value at 31 December 2014 RMB'000
			Level 1	Level 2	Level 3		
			RMB'000	RMB'000	RMB'000		
Assets							
Available-for-sale investment	1,000	*	-	-	*	1,000	*
Liabilities							
Long-term bank and other loans	623,407	621,509	-	-	621,509	629,586	627,372

* The available-for-sale investment represents unquoted equity securities in a PRC company and is measured at cost less any impairment losses. The investment does not have a quoted market price in an active market and accordingly a reasonable estimate of the fair value of the investment cannot be measured reliably. Hence, the Directors consider it is not meaningful to disclose its fair value.

17 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions during the six months ended 30 June 2015.

(a) Transactions with companies under common significant influence

(i) Purchase of properties

On 4 January 2005, the Group purchased the properties it had previously leased from Jiangsu Glass Group Company Limited ("Jiangsu Glass Group") under operating leases. The consideration is RMB56.1 million and is repayable by 120 monthly equal instalments within ten years. As at 30 June 2015, the outstanding amount was non-interest bearing (31 December 2014: non-interest bearing). For the six months ended 30 June 2015, no interest expenses had incurred and been paid to Jiangsu Glass Group (six months ended 30 June 2014: RMB0.1 million).

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

17 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with companies under common significant influence (continued)

(ii) Other transactions

		Six months ended 30 June	
Note		2015	2014
		RMB'000	RMB'000
Sale of glass and glass products to related parties		5,695	7,851
Purchase of raw materials from related parties		3,892	13,874
Labour service expenses		–	789
Operating lease expenses		–	850
Construction service expenses		9,621	–
Net (decrease)/increase in non-interest bearing advances granted to related parties	(ii)	(64)	392
Net decrease in loans received from a related party	(iv)	(15,000)	–
Net (decrease)/increase in non-interest bearing advances received from a related party	(ii)	(2,254)	23,040

(b) Transactions with equity shareholders of the Company and their affiliate

		Six months ended 30 June	
Note		2015	2014
		RMB'000	RMB'000
Interest expenses	(i)	1,077	1,937
Net decrease in loans received from a related party	(iii)	19,408	18,343

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

17 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Short-term employee benefits	2,225	1,814
Contributions to defined contribution retirement plans	160	142
Equity compensation benefits under share option scheme	658	–
Equity compensation benefits under share award scheme	–	211
	3,043	2,167

Notes:

- (i) Interest expenses represented interest charges on the advances and loans received from related parties.
- (ii) The advances are unsecured and have no fixed terms of repayment.
- (iii) The loans are unsecured, bear interest ranging from 4.66% to 7.73% per annum and are repayable by instalments from 2010 to July 2015.
- (iv) The loans are unsecured, bear interest from 10.00% to 10.14% per annum and have been fully repaid during the six months ended 30 June 2015.

18 COMMITMENTS

(a) Capital commitments

As of the end of reporting period, the outstanding capital commitments of the Group not provided for in the interim financial report were summarised as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Commitments in respect of land and buildings, and machinery and equipment		
– Contracted for	142,970	115,886
– Authorised but not contracted for	50,320	64,620
	193,290	180,506

At 30 June 2015, capital commitments in respect of land and buildings, and machinery and equipment are for the expansion and upgrade of the production lines of the Group.

Notes to the Unaudited Interim Financial Report (CONTINUED)

(Expressed in RMB unless otherwise indicated)

18 COMMITMENTS (continued)

(b) Operating lease commitments

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	5,929	5,926
After 1 year but within 5 years	12,030	14,249
After 5 years	3,214	3,957
	21,173	24,132

The Group leases certain land, plant and buildings and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 18 years, where all terms are renegotiated upon renewal. None of the leases includes contingent rentals.