



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
2020

*For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. Cui Xiangdong

Non-executive Directors

Mr. Peng Shou (*Chairman*)

Mr. Zhou Cheng (*Honorary Chairman*)

Mr. Zhao John Huan

Mr. Zhang Jinshu

Independent Non-executive Directors

Mr. Zhang Baiheng

Mr. Zhao Lihua

Mr. Chen Huachen

AUDIT COMMITTEE

Mr. Chen Huachen (*Chairman of audit committee*)

Mr. Peng Shou

Mr. Zhao Lihua

Mr. Zhang Baiheng

REMUNERATION COMMITTEE

Mr. Zhao Lihua (*Chairman of remuneration committee*)

Mr. Peng Shou

Mr. Zhang Baiheng

NOMINATION COMMITTEE

Mr. Zhang Baiheng (*Chairman of nomination committee*)

Mr. Zhou Cheng

Mr. Zhao Lihua

STRATEGY COMMITTEE

Mr. Peng Shou (*Chairman of strategy committee*)

Mr. Zhao John Huan

Mr. Cui Xiangdong

Mr. Zhou Cheng

SENIOR MANAGEMENT

Mr. Lyu Guo

Mr. Li Ping

Mr. Yang Hongfu

Mr. Xu Ning

Mr. Wang Jianxun

Mr. Han Liming

COMPANY SECRETARY

Ms. Kuok Yew Lee

AUTHORISED REPRESENTATIVES

Mr. Cui Xiangdong

Ms. Kuok Yew Lee

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2608, 26/F, West Tower

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

F21, A Tower Ziguang Building

No.11 HuiXin Dongjie

Chaoyang District

Beijing 100029

PRC

Corporate Information (continued)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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 PRC Law
Commerce & Finance Law Offices

As to Bermuda Law
Appleby

PRINCIPAL BANKERS

China Construction Bank
Bank of Shanghai
Bank of Communications
Luso International Bank Ltd.
Shanghai Pudong Development Bank Co., Ltd.
Hua Xia Bank
China Development Bank
Bank of Hankou
The Export-import Bank of China
China Everbright Bank Co. Ltd.

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited: 3300

WEBSITE

www.chinaglassholdings.com

Management Discussion and Analysis

MARKET REVIEW

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

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

BUSINESS REVIEW

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

Raw material and fuel prices and production costs

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

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

Management Discussion and Analysis (continued)

Production, sales and selling price

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

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

MAJOR WORKS IN THE FIRST HALF OF 2020

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

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

2. Improving information system to reinforce the system construction

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

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

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

Management Discussion and Analysis (continued)

4. Marketing

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

5. Prevention and control of the NCP Outbreak

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

THE GLASS MARKET OUTLOOK

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

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

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

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

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

Management Discussion and Analysis (continued)

WORK PLANS FOR THE SECOND HALF OF 2020

1. To focus on the principle business of float glass, we will put emphasis on performance growth of all work in the second half of the year by leveraging on the incentive function and conducting performance appraisal.
2. In accordance with the management requirements of “Five areas of unification”, we will optimize and integrate the Company’s existing organizational structure through implementing unified management in aspects such as production, sales, finance, procurement and investment, so as to give full play to the synergy effect of scale. At the same time, we will implement the approaches of “streamlining organization, management and operation” to streamline non-profit companies and reduce operating costs, thereby improving the management level of base companies.
3. In terms of overseas business expansion, we will ensure that the Nigerian project could fulfill its annual production and operation goal. We will actively cooperate with “the Belt and Road Integration Fund of Glass Industry” to stably promote the construction progress of the project in Kazakhstan, and leverage on the world-leading pharmaceutical glass technologies and equipment of the Italian company Olivotto to facilitate the strategic layout of the Company in the China pharmaceutical glass market for fully utilizing the Company’s advanced technology and service in pharmaceutical glass products.
4. We will improve our risk control capabilities, strengthen legal and contract management, and effectively prevent and control risks in the Company’s operation.
5. We will properly conduct the work of the Company’s brand planning and management, and establish a cultural value system with “CNG” as the core.

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

Gross profit

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

Management Discussion and Analysis (continued)

Other income

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

Other expenses

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

Administrative expenses

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

Impairment losses on the receivables

For the first six months of 2020, the impairment losses on the receivables of the Group increased to approximately RMB118 million as compared to approximately RMB3.50 million for the first six months of 2019, which was mainly due to the NCP Outbreak that affected the repayment abilities of the Group's debtors.

Finance costs

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

Income tax

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

Loss for the period

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

Loss attributable to equity shareholders for the current period

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

Management Discussion and Analysis (continued)

Current assets

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

Current liabilities

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

Non-current liabilities

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

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

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

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

EXCHANGE RATE RISK AND RELATED HEDGING

The Group's transactions and monetary assets were primarily denominated in RMB, HKD, EUR, USD and Naira. Operating expenses and domestic sales of the Group's PRC subsidiaries were primarily denominated in RMB, and certain borrowings of the Group were denominated in USD. The Group was of the opinion that the future fluctuation of RMB would be closely associated with the development of the PRC economy. The Group's net assets, profits and dividends may be affected by the fluctuation of the RMB exchange rate. During the six months ended 30 June 2020, the Group did not purchase any derivatives for hedging purposes.

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

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

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

Other Information

The board (the “Board”) of directors (the “Directors” and each a “Director”) of China Glass Holdings Limited (the “Company”) is pleased to present the interim report together with the unaudited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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 2020, 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 (the “SFO”) which were (i) recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Company/Name of Associated Corporation	Capacity	Total Number of Ordinary Shares ^{(1) (4) (5)}	Approximate Percentage of Shareholding ⁽⁶⁾
Mr. Cui Xiangdong	The Company	Beneficial owner/ Interest of a controlled corporation	19,532,000(L) ⁽²⁾	1.08%
Mr. Zhou Cheng	The Company	Beneficial owner	22,672,633(L)	1.25%
Mr. Lyu Guo	The Company	Beneficial owner	8,362,096(L) ⁽³⁾	0.46%

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 ordinary shares of par value HKD0.05 each in the issued share capital of the Company (the “Shares” and each a “Share”), share options to subscribe for 4,800,000 Shares under the Old Share Option Scheme (as defined herein below), and 2,732,000 Shares acquired by Twinkle Fame Limited, which Mr. Cui has 100% direct interest, under the Share Award Scheme (as defined herein below).
- (3) It included Mr. Lyu Guo’s interests in 6,962,096 Shares and share options to subscribe for 1,400,000 Shares under the Old Share Option Scheme (as defined herein below).
- (4) For further details of the Old Share Option Scheme adopted by the Company, please refer to the subsection headed “The Old Share Option Scheme” below.
- (5) For further details of the Share Award Scheme (as defined herein below) adopted by the Company, please refer to the section headed “Share Award Scheme” below.
- (6) As at 30 June 2020, the total number of issued Shares is 1,810,147,058.

Other Information (continued)

Save as disclosed above, as at 30 June 2020, 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 required to be kept by the Company pursuant to Section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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 2020, the interests and/or short positions of the shareholders of the Company (the "Shareholders"), other than Directors and chief executive of the Company, in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Total Number of Ordinary Shares ⁽¹⁾	Approximate Percentage of Shareholding ⁽¹⁰⁾
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%

Other Information (continued)

Name of Shareholders	Capacity	Total Number of Ordinary Shares ⁽¹⁾	Approximate Percentage of Shareholding ⁽¹⁰⁾
Legend Holdings Corporation ⁽⁶⁾	Interest of a controlled corporation ⁽⁷⁾	412,676,740(L)	22.80%
China Triumph International Investment Company Limited	Beneficial owner	156,424,621(L)	8.64%
凱盛科技集團有限公司 (Triumph Science & Technology Group Co., Ltd.*)	Beneficial owner/Interest of a controlled corporation ⁽⁸⁾	416,424,621(L)	23.01%
中國建材集團有限公司 (China National Building Material Group Co., Ltd.*)	Interest of a controlled corporation ⁽⁸⁾	416,424,621(L)	23.01%
Bank of Communications Trustee Limited	Trustee ⁽⁹⁾	152,000,000(L)	8.40%

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 the SFO.
- (5) Easylead Management Limited is owned as to one-third by each of Messrs. Cao Zhiyang, Liu Jinduo and Zhang Zuxiang. 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 the SFO.

Other Information (continued)

- (8) China Triumph International Investment Company Limited is a wholly-owned subsidiary of Triumph Science & Technology Group Co., Ltd.*, which is a wholly-owned subsidiary of China National Building Material Group Co., Ltd*. Triumph Science & Technology Group Co., Ltd.* is taken to be interested in the shares held by China Triumph International Investment Company Limited; and China National Building Material Group Co., Ltd* is taken to be interested in the shares held by China Triumph International Investment Company Limited and Triumph Science & Technology Group Co., Ltd.* by virtue of Part XV of the SFO.
- (9) Bank of Communications Trustee Limited has been appointed as the Trustee (as defined herein below) of the Share Award Scheme (as defined herein below). 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 Employee(s) (as defined herein below) in accordance with the scheme rules. The Trustee is taken to have a duty of disclosure in relation to such Shares by virtue of Part XV of the SFO.
- (10) As at 30 June 2020, the total number of issued Shares is 1,810,147,058.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

* For identification purpose only

SHARE OPTION SCHEMES

A. The Old Share Option Scheme

The Company has conditionally adopted a share option scheme (the “Old Share Option Scheme”) on 30 May 2005 in order to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its Shares. The following is a summary of the principal terms of the rules of the Old Share Option Scheme:

(a) Who may join

The Board may at its discretion grant options to: (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 (collectively, the “Qualified Participants” and each, a “Qualified Participant”).

(b) The purpose of the Old Share Option Scheme

The share option scheme seeks to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of the Company and its Shares for the benefit of its Shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of the Group.

Other Information (continued)

(c) Subscription price

The subscription price shall, subject to any adjustment, be a price determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered to a Qualified Participant (the "Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

(d) Grant of option

An offer of the grant of an option shall be made to a Qualified Participant by letter (the "Offer Letter") in such form as the Board may from time to time determine specifying the terms and subject to the conditions on which the option is to be granted. Subject to the terms of the Offer Letter, there shall be no general performance target to or minimum holding period for the vesting or exercise of options.

An option is deemed to have been accepted and to have taken effect when the duplicate Offer Letter comprising acceptance of the option duly signed by the option-holder together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance as set out in the Offer Letter.

(e) Maximum number of Shares and entitlement of each Qualified Participant

The original maximum number of Shares in respect of which options may be granted under the Old Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at the listing date, which was 36,000,000 Shares. As a result of the division of shares in 2011, the maximum number of Shares in respect of which options may be granted under the Old Share Option Scheme and other share option schemes of the Company was adjusted to 72,000,000 Shares. The Old Share Option Scheme was expired on 22 June 2015. No further options will be granted under the Old Share Option Scheme.

(f) Timing for exercise of options

The period during which an option may be exercised in accordance with the terms of the Old Share Option Scheme shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years commencing on the Offer Date.

Other Information (continued)

(g) Life of the Old Share Option Scheme

The Old Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the date on which the share option scheme is deemed to take effect in accordance with its terms, after which period no further options will be granted but the provisions of the share option scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the share option scheme. The Old Share Option Scheme was expired on 22 June 2015. All outstanding options granted under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme. No further options will be granted under the Old Share Option Scheme.

On 13 May 2015, the Company granted share options to a director and certain employees of the Group under the Old Share Option Scheme. Further details of the share options are set out in Note 18b(i) to the Unaudited Interim Financial Report.

The Old Share Option Scheme was expired on 22 June 2015. All outstanding options granted under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme. No further options will be granted under the Old Share Option Scheme. During the six months ended 30 June 2020, no share options were exercised, cancelled or lapsed under the Old Share Option Scheme.

Particulars of outstanding options granted under the Old Share Option Scheme at the beginning and at the end of the six months ended 30 June 2020 are as follows:

Participant	Date of grant ⁽¹⁾	Exercise price per Share ⁽²⁾ (HK\$)	Exercise period		Held as at 1/1/2020	No. of Shares		Approximate percentage interest in the Company's issued Shares
			from	until		Granted/ Exercised/ (Cancelled)/ (Lapsed) during the six months ended 30/6/2020	Held as at 30/6/2020	
Cui Xiangdong	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%
Lyu Guo	13/5/2015	1.25	13/5/2016	12/5/2022	560,000	-	560,000	0.03%
	13/5/2015	1.25	13/5/2017	12/5/2022	420,000	-	420,000	0.02%
	13/5/2015	1.25	13/5/2018	12/5/2022	420,000	-	420,000	0.02%
Employees	13/5/2015	1.25	13/5/2016	12/5/2022	9,676,000	-	9,676,000	0.53%
	13/5/2015	1.25	13/5/2017	12/5/2022	7,257,000	-	7,257,000	0.40%
	13/5/2015	1.25	13/5/2018	12/5/2022	7,257,000	-	7,257,000	0.40%
Total					30,390,000	-	30,390,000	

Notes:

- (1) The fair value of the share options granted during the year ended 31 December 2015 was estimated to be approximately from HK\$0.5100 to HK\$0.7102 per Share 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 2015 annual financial statements.
- (2) The closing price of the Shares on 13 May 2015 was HK\$1.25.

Other Information (continued)

B. The New Share Option Scheme

The Company adopted the new share option scheme (the “New Share Option Scheme”) at its special general meeting held on 19 February 2016. During the six months ended 30 June 2020, no share options were granted, exercised, cancelled or lapsed under the New Share Option Scheme. The following is a summary of the principal terms of the rules of the New Share Option Scheme:

(a) Who may join

The Board may at its discretion grant options to: (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 (collectively, the “Qualified Participants” and each, a “Qualified Participant”).

(b) The purpose of the New Share Option Scheme

The New Share Option Scheme seeks to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of the Company and its Shares for the benefit of its Shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of the Group.

(c) Subscription price

The subscription price shall, subject to any adjustment, be a price determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date on which the option is offered to a Qualified Participant (the “Offer Date”); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

(d) Grant of option

An offer of the grant of an option shall be made to a Qualified Participant by letter (the “Offer Letter”) in such form as the Board may from time to time determine specifying the terms and subject to the conditions on which the option is to be granted. Subject to the terms of the Offer Letter, there shall be no general performance target to or minimum holding period for the vesting or exercise of options.

An option is deemed to have been accepted and to have taken effect when the duplicate Offer Letter comprising acceptance of the option duly signed by the option-holder together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance as set out in the Offer Letter.

Other Information (continued)

(e) Maximum number of Shares and entitlement of each Qualified Participant

The maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at 19 February 2016, the date of the special general meeting approving the New Share Option Scheme, which is 181,014,705 Shares (representing 10.00% of the issued share capital as at the date of this report).

Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any Qualified Participant if the acceptance of those options would result in the total number of Shares issued and to be issued to that Qualified Participant upon the exercise of his options (including both exercised and outstanding options) during any 12-month period exceeding 1% of the total Shares then in issue.

(f) Timing for exercise of options

The period during which an option may be exercised in accordance with the terms of the New Share Option Scheme shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years commencing on the Offer Date.

(g) Life of the New Share Option Scheme

The New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the date on which the New Share Option Scheme is deemed to take effect in accordance with its terms, after which period no further options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the New Share Option Scheme.

SHARE AWARD SCHEME

The Board approved the adoption of the share award scheme of the Company (the “Share Award Scheme”) on 12 December 2011 (the “Adoption Date”). The Share Award Scheme would operate in parallel with the Old Share Option Scheme and the New Share Option Scheme. The following is a summary of the principal terms of the rules of the Share Award Scheme:

(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 (the “Remuneration Committee”), 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.

Other Information (continued)

(b) The purpose of the Share Award Scheme

The purposes of the Share Award Scheme are to recognise the contributions made 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.

During the six months ended 30 June 2020, based on the Company's instruction for the purpose of the Share Award Scheme, the Trustee purchased 36,380,000 Shares on the market, representing approximately 2.01% of the total issued share capital of the Company, for a total purchase price of HK\$14,592,850 (the "Purchase of Shares for the Share Award Scheme").

During the six months ended 30 June 2020, no shares were awarded or vested to directors and employees of the Group under the Share Award Scheme. Further details of the awards granted under the Share Award Scheme are set out in Note 18b(ii) to the Unaudited Interim Financial Report.

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

During the six months ended 30 June 2020, save for the Purchase of Shares for the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a public float of not less than 25% of the issued share capital of the Company as required under the Listing Rules during the six months ended 30 June 2020 and up to the latest practicable date prior to the issue of this report.

Other Information (continued)

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

As at 30 June 2020, the Group employed approximately a total of 3,497 employees within and outside the People's Republic of China (the "PRC") (31 December 2019: about 3,419 employees). The increase in staff number of the Group as at 30 June 2020 as compared to 31 December 2019 was a combined effect due to the official commencement of operation of an overseas subsidiary and continuously higher workplace efficiency of domestic subsidiaries. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Company has conditionally adopted the share option schemes for the qualified participants and the share award scheme for certain employees.

The employees of the companies in the Group which were established in the PRC and abroad participate in the benefit schemes meeting requirements of local labour laws and regulations, respectively. No contribution to the above schemes were forfeited for the six months ended 30 June 2020.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2019 Annual Report of the Company are set out below:

On 1 June 2020, Mr. Zhou Cheng was resigned as a director of First Fortune Enterprises Limited (a substantial shareholder of the Company) and the venture partner of Hony Capital Limited (an indirect substantial shareholder of the Company).

On 15 June 2020, Mr. Cui Xiangdong ("Mr. Cui") was retired from the position of Chief Executive Officer of the Company ("CEO"); and Mr. Lyu Guo (previously the Vice President of the Company) was appointed as the CEO to replace Mr. Cui.

On 23 June 2020, Mr. Zhao John Huan was resigned as the Chairman of the board and a Non-executive Director of Hospital Corporation of China Limited (a company listed on the Stock Exchange).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in compliance with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Audit Committee comprising Mr. Chen Huachen as chairman as well as Mr. Peng Shou, Mr. Zhao Lihua and Mr. Zhang Baiheng as members, has reviewed, together with the participation of the Company's management and the external auditors, KPMG, the accounting principles and practices adopted by the Group, and has discussed operational, risk management and internal control, and financial reporting matters and systems of the Group, including the review of the unaudited interim report of the Group for the six months ended 30 June 2020.

Other Information (continued)

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Board believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth, strengthening the confidence of Shareholders and investors, and enhancing Shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all Shareholders.

Throughout the six months ended 30 June 2020, the Company applied the principles and complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Confirmation has been received from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2020.

INVESTOR RELATIONS AND COMMUNICATIONS

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

By Order of the Board
Peng Shou
Chairman

Hong Kong, 27 August 2020

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 22 to 54 which comprises the consolidated statement of financial position of China Glass Holdings Limited as of 30 June 2020 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 2020 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

27 August 2020

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2020 – unaudited
(Expressed in Renminbi (“RMB”))

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

The notes on pages 29 to 54 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 18.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2020 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
(Loss)/profit for the period	(277,307)	50,143
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
– exchange differences on translation of financial statements of the Company and certain subsidiaries into presentation currency	(6,950)	(4,511)
Total comprehensive income for the period	(284,257)	45,632
Attributable to:		
Equity shareholders of the Company	(254,468)	53,480
Non-controlling interests	(29,789)	(7,848)
Total comprehensive income for the period	(284,257)	45,632

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2020
(Expressed in RMB)

		(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
	Note		
Non-current assets			
Property, plant and equipment	9	4,245,714	4,180,455
Investment property		21,501	22,079
Right-of-use assets	10	327,448	309,783
Intangible assets		102,755	109,734
Goodwill		99,549	97,730
Interest in joint ventures		7,369	7,074
Equity securities		2,994	2,994
Deferred tax assets	17	249,381	281,472
		5,056,711	5,011,321
Current assets			
Inventories and other contract costs	11	710,099	549,830
Contract assets		47,681	30,861
Trade and other receivables	12	921,585	1,004,960
Prepaid income tax		15,082	7,100
Cash on hand and in bank	13	814,463	584,039
		2,508,910	2,176,790
Current liabilities			
Trade and other payables	14	1,599,737	1,307,955
Contract liabilities		114,868	96,291
Bank and other loans	15(a)	2,500,043	1,898,383
Lease liabilities		25,181	31,650
Convertible bonds	16	34,441	35,317
Income tax payable		148,946	152,230
		4,423,216	3,521,826
Net current liabilities		(1,914,306)	(1,345,036)
Total assets less current liabilities		3,142,405	3,666,285

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Financial Position (continued)

at 30 June 2020
(Expressed in RMB)

		(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
	Note		
Non-current liabilities			
Bank and other loans	15(b)	1,105,273	1,313,543
Convertible bonds	16	–	13,018
Lease liabilities		23,243	30,131
Deferred tax liabilities	17	42,579	45,300
Other non-current liabilities		14,402	14,574
		1,185,497	1,416,566
NET ASSETS		1,956,908	2,249,719
CAPITAL AND RESERVES	18		
Share capital		84,867	84,867
Reserves		1,726,746	1,992,256
Total equity attributable to equity shareholders of the Company		1,811,613	2,077,123
Non-controlling interests		145,295	172,596
TOTAL EQUITY		1,956,908	2,249,719

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2020 – 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 reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019	84,867	2,081,912	(64,253)	33,198	40,785	(447,539)	(17,604)	657	325,192	2,037,215	184,716	2,221,931
Changes in equity for the six months ended 30 June 2019												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	57,991	57,991	(7,848)	50,143
Other comprehensive income	-	-	-	-	-	-	(4,511)	-	-	(4,511)	-	(4,511)
Total comprehensive income	-	-	-	-	-	-	(4,511)	-	57,991	53,480	(7,848)	45,632
Dividend approved by a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,500)	(1,500)
Balance at 30 June 2019	<u>84,867</u>	<u>2,081,912</u>	<u>(64,253)</u>	<u>33,198</u>	<u>40,785</u>	<u>(447,539)</u>	<u>(22,115)</u>	<u>657</u>	<u>383,183</u>	<u>2,090,695</u>	<u>175,368</u>	<u>2,266,063</u>

	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 reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2019	84,867	2,081,912	(64,253)	33,198	40,785	(447,539)	(22,115)	657	383,183	2,090,695	175,368	2,266,063
Changes in equity for the six months ended 31 December 2019												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	24,579	24,579	(2,018)	22,561
Other comprehensive income	-	-	-	-	-	-	(5,329)	(188)	-	(5,517)	(3)	(5,520)
Total comprehensive income	-	-	-	-	-	-	(5,329)	(188)	24,579	19,062	(2,021)	17,041
Transferred between share premium account and accumulated loss account of the Company	-	(269,029)	-	-	-	-	-	-	269,029	-	-	-
Distributions approved in respect of the current year (Note 18(a))	-	(32,634)	-	-	-	-	-	-	-	(32,634)	-	(32,634)
Dividend approved by a subsidiary	-	-	-	-	-	-	-	-	-	-	(751)	(751)
	-	(301,663)	-	-	-	-	-	-	269,029	(32,634)	(751)	(33,385)
Balance at 31 December 2019	<u>84,867</u>	<u>1,780,249</u>	<u>(64,253)</u>	<u>33,198</u>	<u>40,785</u>	<u>(447,539)</u>	<u>(27,444)</u>	<u>469</u>	<u>676,791</u>	<u>2,077,123</u>	<u>172,596</u>	<u>2,249,719</u>

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Changes in Equity (continued)

for the six months ended 30 June 2020 – 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 reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	84,867	1,780,249	(64,253)	33,198	40,785	(447,539)	(27,444)	469	676,791	2,077,123	172,596	2,249,719
Changes in equity for the six months ended 30 June 2020												
Loss for the period	-	-	-	-	-	-	-	-	(247,518)	(247,518)	(29,789)	(277,307)
Other comprehensive income	-	-	-	-	-	-	(6,950)	-	-	(6,950)	-	(6,950)
Total comprehensive income	-	-	-	-	-	-	(6,950)	-	(247,518)	(254,468)	(29,789)	(284,257)
Shares purchased under the share award scheme (Note 18(b))	-	-	(11,436)	-	-	-	-	-	-	(11,436)	-	(11,436)
Contributions from non-controlling interests ("NCI") of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,882	2,882
Acquisition of NCI of a subsidiary	-	-	-	-	-	394	-	-	-	394	(394)	-
	-	-	(11,436)	-	-	394	-	-	-	(11,042)	2,488	(8,554)
Balance at 30 June 2020	84,867	1,780,249	(75,689)	33,198	40,785	(447,145)	(34,394)	469	429,273	1,811,613	145,295	1,956,908

The notes on pages 29 to 54 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2020 – unaudited
(Expressed in RMB)

		Six months ended 30 June	
Note	2020 RMB'000	2019 RMB'000	
Operating activities			
	148,215	(39,326)	
	(20,257)	(16,153)	
	127,958	(55,479)	
Investing activities			
	(123,629)	(338,903)	
	26,590	300,000	
	45,984	42,075	
	(51,055)	3,172	
Financing activities			
	(14,114)	(12,367)	
	(2,972)	(3,670)	
	1,778,384	1,817,900	
	(1,426,510)	(1,480,915)	
	(17,338)	–	
	(11,436)	–	
	(244,382)	(115,793)	
	61,632	205,155	
	138,535	152,848	
	565,188	570,832	13
	(3,046)	469	
	700,677	724,149	13

The notes on pages 29 to 54 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 2020 comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in joint ventures. The Group is principally involved in the production, marketing and distribution of glass and glass products, designing and installation of production lines of pharmaceutical glass, and the development of glass production technology.

2 BASIS OF PREPARATION

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 27 August 2020.

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

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the board of directors (the “Directors”) of the Company is included on page 21.

The financial information relating to the financial year ended 31 December 2019 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2020.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

As at 30 June 2020, the Group had net current liabilities of RMB1,914,306,000 (31 December 2019: RMB1,345,036,000). Notwithstanding the net current liabilities as at 30 June 2020, the Directors of the Company consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. This is because based on a cash flow forecast of the Group for the next twelve months ending 30 June 2021 prepared by the management, which has taken into account unutilised bank facilities of RMB142.2 million, the Group's newly financed and refinanced bank and other loans of RMB901.6 million, and financial support committed by the Company's largest shareholder, namely Triumph Science Technology Group Co., Ltd.¹ (“凱盛科技集團有限公司”, the “Triumph Group”), a wholly-owned subsidiary of China National Building Material Group Co., Ltd., which is a central state-owned enterprise, the Directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the end of the reporting period. Accordingly, the Directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

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

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

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

- Clear glass products: this segment produces, markets and distributes clear glass products.
- Painted glass products: this segment produces, markets and distributes painted glass products.
- Coated glass products: this segment produces, markets and distributes coated glass products.
- Energy saving and new energy glass products: this segment produces, markets and distributes energy saving and new energy glass products, such as ultra clear glass, low-emission coated glass and photovoltaic battery module products.
- Design and installation service: this segment provides design, purchasing parts and installation services of pharmaceutical glass production lines.

¹ The official name of the entity is in Chinese. The English name is for identification purpose only.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– sales of glass products	1,131,691	910,303
– revenue from service contracts	41,609	60,269
	1,173,300	970,572
Disaggregated by geographical location of customers		
– Mainland China (place of domicile)	845,172	759,071
– Nigeria	83,049	3,946
– Middle East	79,591	66,097
– Colombia	17,806	8,396
– Philippines	14,803	9,262
– Bangladesh	14,792	18,358
– Italy	11,358	11,027
– Cambodia	11,121	8,257
– Other countries	95,608	86,158
	328,128	211,501
	1,173,300	970,572

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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment results

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. Inter-segment sales are priced with reference to prices charged to external parties for similar products. The Group's other operating expenses, such as distribution costs and administrative expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2020 and 2019 is set out below.

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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME

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

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

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Interest on bank and other loans	109,994	93,782
Interest on lease liabilities	2,972	3,670
Finance charges on convertible bonds (Note 16)	3,810	6,223
Bank charges and other finance costs	33,088	13,284
Total borrowing costs	149,864	116,959
Less: amounts capitalised into property, plant and equipment (Note)	(9,043)	(23,928)
Net borrowing costs	140,821	93,031
Changes in fair value on the derivative component of convertible bonds (Note 16)	(999)	(4,061)
Net foreign exchange gain	(2,846)	(3,293)
	136,976	85,677

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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

6 (LOSS)/PROFIT BEFORE TAXATION (continued)

(b) Other expenses

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Impairment losses on property, plant and equipment (Note 9(b))	11,673	–

(c) Other items

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Cost of inventories (Note 11)	986,342	868,492
Depreciation and amortisation charge		
– property, plant and equipment and intangible assets	125,051	106,160
– investment property	578	–
– right-of-use assets	12,750	10,264
Short-term lease charges	1,364	2,332
Research and development costs (other than capitalised costs and related amortisation)	448	270

7 INCOME TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current taxation:		
– provision for Corporate Income Tax on the estimated taxable profits for the period	8,971	18,851
– PRC Withholding Tax	–	4,750
– under/(over)-provision of Income Tax in respect of prior years	22	(15)
	8,993	23,586
Deferred taxation (Note 17)	29,059	(33,646)
	38,052	(10,060)

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX (continued)

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

The subsidiaries of the Group incorporated in Cayman Islands and British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2020 (2019: 25%).

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

The subsidiaries of the Group established in Nigeria are subject to Nigeria Corporate Income Tax rate of 30% for the six months ended 30 June 2020 (2019: 30%).

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

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

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

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

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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the six months ended 30 June 2020 is based on the loss attributable to ordinary equity shareholders of the Company of RMB247,518,000 (six months ended 30 June 2019: profit attributable to ordinary equity shareholders of the Company of RMB57,991,000) and the weighted average of 1,683,807,000 ordinary shares, taking into the effect of shares purchased under a share award scheme set out in Note 18(b)(ii) (six months ended 30 June 2019: 1,694,527,000 shares) in issue during the six months ended 30 June 2020.

(b) Diluted (loss)/earnings per share

There are no dilutive potential ordinary shares for the six months ended 30 June 2020 and 2019. The Group's convertible bonds (see Note 16) were not included in the calculation of dilutive earnings per share because they are anti-dilutive for the six months ended 30 June 2020 and 2019.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2020, the Group incurred capital expenditure on property, plant and equipment and construction in progress with a cost of RMB190.6 million (six months ended 30 June 2019: RMB225.2 million). Items of property, plant and equipment with a net book value of RMB0.4 million were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB163.5 million).

(b) Impairment losses

During the six months ended 30 June 2020, the Group considered the value of certain property, plant and equipment were impaired and therefore assessed the recoverable amounts of these assets. As a result, a provision of RMB11.7 million (six months ended 30 June 2019: Nil) was made in respect of these property, plant and equipment with the carrying amount of RMB11.7 million (six months ended 30 June 2019: RMBNil) as at 30 June 2020. The recoverable amount of these assets has been estimated based on their value in use.

10 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2020, the Group entered into a number of lease agreements for use of buildings, land use rights and therefore recognised the additions to right-of-use assets of RMB29.9 million (six months ended 30 June 2019: RMB21.9 million).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Raw materials	157,692	181,520
Work in progress and finished goods	521,926	340,201
Racks, spare parts and consumables	46,285	42,991
	725,903	564,712
Less: write-down of inventories	(15,804)	(14,882)
	710,099	549,830

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	
	2020 RMB'000	2019 RMB'000
Carrying amount of inventories sold and used in service contracts	982,983	868,342
Write-down of inventories	3,359	150
	986,342	868,492

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)

12 TRADE AND OTHER RECEIVABLES

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

Notes:

- (i) The amounts are unsecured and non-interest bearing, and have no fixed terms of repayment.
- (ii) As at 30 June 2020, the amounts mainly represent RMB220.7 million (31 December 2019: RMB247.3 million) of receivables from the local government authority for relocation of production plants.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (continued)

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

(a) Ageing analysis

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

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

(b) Movement in the loss allowance amount in respect of trade and other receivables

The movement in the loss allowance account in respect of trade and other receivables during the past six month ended 30 June 2020 is as follows:

	Six months ended 30 June 2020 RMB'000	Year ended 31 December 2019 RMB'000
At 1 January	172,202	155,668
Impairment losses recognised	118,391	23,067
Impairment losses reversed	–	(2,539)
Amounts written off	–	(3,987)
Exchange adjustment	96	(7)
At 30 June/31 December	290,689	172,202

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

13 CASH ON HAND AND IN BANK

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Cash at bank and on hand	700,677	565,188
Time deposits with banks	113,786	18,851
Cash on hand and in bank in the consolidated statement of financial position	814,463	584,039
Less: time deposits with original maturity over 3 months	(113,786)	(18,851)
Cash and cash equivalents in the condensed consolidated cash flow statement	700,677	565,188

At 30 June 2020, cash in bank of RMB40.8 million (31 December 2019: RMB135.5 million) were pledged to secure bills which are to be matured within three months issued by the Group.

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

14 TRADE AND OTHER PAYABLES

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Trade payables to:		
– third parties	388,458	420,725
– Triumph Group's related parties	200,515	70
– affiliates of non-controlling equity holders of subsidiaries	599	599
Bills payable	215,003	240,581
	804,575	661,975
Amounts due to related companies:		
Triumph Group and its related parties		
– non-interest bearing (Note (i))	103,178	87,848
– interest-bearing (Note (ii))	155,470	–
An equity shareholder of the Company	–	73
Companies under common significant influence (Note (i))	11	11
	258,659	87,932
Accrued charges and other payables:	536,503	558,048
Financial liabilities measured at amortised cost	1,599,737	1,307,955

Notes:

- (i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- (ii) The amounts are unsecured, with fixed interest rate of 2.91%, and repayable within one year.

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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER PAYABLES (continued)

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Due within 1 month or on demand	371,843	408,694
Due after 1 month but within 6 months	232,323	253,281
Due after 6 months but within 1 year	200,409	–
	804,575	661,975

15 BANK AND OTHER LOANS

(a) Short-term bank and other loans

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Bank loans	1,522,955	1,189,672
Loans from a financial institution	100,061	–
Loans from Triumph Group	39,714	–
	1,662,730	1,189,672
Add: current portion of long-term bank and other loans (Note (b))	837,313	708,711
	2,500,043	1,898,383

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

15 BANK AND OTHER LOANS (continued)

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

As at 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 2020 RMB'000	At 31 December 2019 RMB'000
Bank loans:		
– pledged by bank bills	414,264	294,720
– secured and/or guaranteed (Note)	972,715	745,418
– unguaranteed and unsecured	135,976	149,534
	1,522,955	1,189,672
Loan from a financial institution:		
– secured and guaranteed (Note)	100,061	–
Loans from Triumph Group		
– unguaranteed and unsecured (Note)	39,714	–
	139,775	–
	1,662,730	1,189,672

Note: These loans are secured by the Group's property, plant and equipment, land use rights, inventories, trade receivables and/or guaranteed by Triumph Group or a director of the Company. Loans from Triumph Group are with fixed interest rate of 4.35%.

At 30 June 2020, the aggregate carrying value of the secured property, plant and equipment, land use rights for the Group's short-term bank loans is RMB736.9 million (31 December 2019: RMB741.4 million).

At 30 June 2020, the aggregate carrying value of the secured inventories for the Group's short-term bank loans is RMB20.0 million (31 December 2019: RMBNil).

At 30 June 2020, the aggregate carrying value of the secured trade receivables (including inter-company balance) for the Group's short-term bank loans is RMB102.0 million (31 December 2019: RMBNil).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

15 BANK AND OTHER LOANS (continued)

(b) Long-term bank and other loans

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Bank loans	913,062	972,432
Loans from third parties	1,029,524	1,049,822
	1,942,586	2,022,254
Less: current portion of long-term bank and other loans (Note (a))	(837,313)	(708,711)
	1,105,273	1,313,543

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Within 1 year or on demand	837,313	708,711
After 1 year but within 2 years	888,533	801,740
After 2 years but within 5 years	216,740	511,803
	1,942,586	2,022,254

At 30 June 2020, the Group's long-term bank and other loans are secured as follows:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Bank loans:		
– secured and/or guaranteed (Note)	913,062	972,432
Loans from third parties:		
– secured and/or guaranteed (Note)	1,029,314	1,049,612
– unguaranteed and unsecured	210	210
	1,029,524	1,049,822
	1,942,586	2,022,254

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

15 BANK AND OTHER LOANS (continued)

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

Note: These loans are secured by the Group's property, plant and equipment, land use rights, equity interests of certain subsidiaries, trade receivables and/or guaranteed by Triumph Group or a director of the Company.

At 30 June 2020, the aggregate carrying value of the secured trade receivables (including inter-company balance) for the Group's long-term bank loans is RMB120.9 million (31 December 2019: RMBNil).

At 30 June 2020, the aggregate carrying value of the secured property, plant and equipment and land use rights for the Group's long-term bank and other loans is RMB1,059.3 million (31 December 2019: RMB1,250.6 million).

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

At 30 June 2020, the Group's banking facilities amounted to RMB1,577.2 million (31 December 2019: RMB1,293.3 million) were utilised to the extent of RMB1,435.0 million (31 December 2019: RMB1,125.4 million).

Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants.

Although the Group has failed to fulfil certain requirement under a bank loan agreement for a long-term loan of RMB89 million as at 30 June 2020, waiver was granted by the bank. Except this, none of the covenants relating to the bank and other loans had been breached (31 December 2019: None).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 CONVERTIBLE BONDS

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

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

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

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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

17 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 RMB'000
	Unused tax losses RMB'000	Write-down of inventories RMB'000	Loss allowance RMB'000	Depreciation expenses in excess of related tax allowances, and government grants and fair value adjustments of investments RMB'000	Impairment losses on intangible assets RMB'000	Total RMB'000	Fair value adjustments on intangible assets, property, plant and equipment, land use rights, equity securities, right-of-use assets, interest capitalisation and related depreciation RMB'000	
Deferred tax arising from:								
At 1 January 2019	138,074	936	27,062	79,477	6,673	252,222	(63,007)	189,215
Credited/(charged) to the consolidated statement of profit or loss (Note 7)	24,193	1,275	3,443	7,043	(6,673)	29,281	17,525	46,806
Credited to reserves	-	-	-	-	-	-	63	63
Exchange adjustment	(7)	-	(4)	(20)	-	(31)	119	88
At 31 December 2019 and 1 January 2020	162,260	2,211	30,501	86,500	-	281,472	(45,300)	236,172
(Charged)/credited to the consolidated statement of profit or loss (Note 7)	(51,041)	(459)	18,241	1,049	-	(32,210)	3,151	(29,059)
Exchange adjustment	-	4	22	93	-	119	(430)	(311)
At 30 June 2020	111,219	1,756	48,764	87,642	-	249,381	(42,579)	206,802

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(a) Dividends/distributions

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

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$Nil).

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

No final dividend in respect of the previous financial year has been approved during the interim period (six months ended 30 June 2019: HK\$Nil).

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

Interim distributions approved and paid after the interim period of HK\$Nil per ordinary share (2019: HK\$0.02 per ordinary share)

2020	2019
RMB'000	RMB'000
-	32,634

(b) Equity-settled share-based transactions

- (i) Share option scheme

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

A new share option scheme (the "Share Option Scheme 2016") has been approved by a special general meeting of shareholders of the Company on 19 February 2016.

No share options were granted to the directors and employees of the Group under the Share Option Scheme 2016 during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

No share options issued under the Share Option Scheme were exercised during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

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

(ii) Share award scheme

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

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

	Average purchase price HK\$	No. of shares held '000	Value RMB'000
At 1 January 2019 and 31 December 2019		115,620	64,253
Shares purchased during the period	0.401	36,380	11,436
		<u>152,000</u>	<u>75,689</u>
At 30 June 2020		<u>152,000</u>	<u>75,689</u>

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

19 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 2020.

(a) Transactions with Triumph Group and its related parties

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Purchase of raw materials	201,613	–
Purchase of property, plant and equipment	5,522	238
Construction service received	–	22,524
Net increase in guarantees received for the Group's loans	137,578	247,537
Interest and financial charges in relation to Group's interest-bearing borrowings	12,812	–
Service provided	1,929	–
	<u>360,454</u>	<u>270,299</u>

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with a joint venture of the Group

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Sale of glass products	-	5,045

(c) Transactions with a director of the Company

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Net decrease in guarantees received for the Group's bank and other loans	16,169	19,266

(d) Transactions with companies under common significant influence

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Service received	-	169

(e) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Short-term employee benefits	2,540	3,058
Contributions to defined contribution retirement plans	182	392
	2,722	3,450

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

20 COMMITMENTS

Capital commitments outstanding at 30 June 2020 not provided for in the interim financial report

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Commitments in respect of land and buildings, and machinery and equipment		
– contracted for	125,946	119,731
– authorised but not contracted for	773,290	923,290
	899,236	1,043,021

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

The Group has a finance manager performing valuations for the financial instruments, including the equity securities and derivative component of the convertible bonds. The manager reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the manager at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value measurements as at 30 June 2020 categorised into			
	Fair value at 30 June 2020 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial asset:				
Equity securities	2,994	-	-	2,994
Liability:				
Derivative component of the convertible bonds (Note 16)	1,921	-	1,921	-

	Fair value measurements as at 31 December 2019 categorised into			
	Fair value at 31 December 2019 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial asset:				
Equity securities	2,994	-	-	2,994
Liability:				
Derivative component of the convertible bonds (Note 16)	3,832	-	3,832	-

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

- (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The estimate of the fair value of the derivative component of the convertible bonds are measured based on a Monte Carlo option pricing model. Details of the assumptions used are as follows:

Dates of valuation	Derivative component of the convertible bonds	
	30/06/2020	31/12/2019
Share price (HK\$)	0.44	0.42
Exercise price (HK\$)	1.28	1.28
Expected volatility (Note)	56.88%	38.48%
Dividend yield (Note)	0.35%	0.35%
Maturity period	0.59 year	1.09 years
Conversion period	0.57 year	1.07 years
Discount rate (Note)	16.57%-16.66%	14.28%-14.71%

Note: The discount rate used is derived from the risk free interest rate with reference to the Hong Kong Sovereign Zero Coupon Yields as of the valuation dates plus the Corporate Bond Liquidity Yield Spread and the BofA Merrill Lynch Option-Adjusted Spread with similar credit ratings. The expected volatility is based on the historical volatility. Dividend yield are based on historical dividends.

- (iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Unlisted equity instruments	Market comparable companies	Discount for lack of marketability	50% to 70% (2019: 50% to 70%)

The fair value of unlisted equity instruments is determined using the price/book value ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2020, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's other comprehensive income by RMB151,000 (2019: RMB196,000).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(iii) Information about Level 3 fair value measurements (continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	At 30 June 2020 RMB'000	At 30 June 2019 RMB'000
Unlisted equity securities:		
At 1 January	2,994	2,923
Additional securities acquired	-	325
At 30 June	2,994	3,248

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(b) Fair value of financial assets and liabilities carried at other than fair value

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 2019 and 30 June 2020 except for the following financial instruments, for which their carrying amounts and fair values are disclosed below:

	At 30 June 2020		At 31 December 2019	
	Carrying amounts RMB'000	Fair value RMB'000	Carrying amounts RMB'000	Fair value RMB'000
Long-term bank and other loans	1,105,273	1,105,633	1,313,543	1,314,034
Liability component of convertible bonds	32,520	33,525	44,503	48,536

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

22 IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include: reassessing fluctuation (if any) to the sales volume and price, reassessing the adequacy of inventory level, and improving the Group's cash management by negotiating with suppliers on payment terms. The Group will keep the contingency measures under review as the situation evolves.

As far as the Group's businesses are concerned, due to the outbreak of COVID-19, sales volume of glass products didn't meet budget of first half year and the schedule to apply for certain government grant was delayed, but the Directors of the Group consider that such impact could be temporarily. In addition, the outbreak of COVID-19 also impacted the repayment abilities of the Group's debtors, which result in additional impairment losses on trade and other receivables.

The exact timing and extent of recovery of the Group's business are still uncertain and subject to the development of the COVID-19 pandemic. Nonetheless, the Directors of the Company are optimistic that the COVID-19 pandemic will eventually be under full control, and the Group will continue to closely monitor the situation and implement contingency measures, where necessary in a view to reduce the impacts from the COVID-19 pandemic.

As set in Note 2, based on a cash flow forecast of the Group for the next twelve months ending 30 June 2021, taking into account the subsequent actual and forecast negative impacts of COVID-19 for the Group's business, together with the obtained bank facilities, the Group's newly financed and refinanced bank and other loans and financial support committed by the Company's largest shareholder, the Directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the end of the reporting period.