



**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**  
**2023**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Mr. Lyu Guo (*Chief Executive Officer*)

### Non-executive Directors

Mr. Peng Shou (*Chairman*)

Mr. Zhao John Huan

Mr. Zhang Jinshu

### Independent Non-executive Directors

Mr. Zhang Baiheng

Mr. Wang Yuzhong

Mr. Chen Huachen

## AUDIT COMMITTEE

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

Mr. Peng Shou

Mr. Zhang Baiheng

Mr. Wang Yuzhong

## REMUNERATION COMMITTEE

Mr. Wang Yuzhong (*Chairman of remuneration committee*)

Mr. Peng Shou

Mr. Zhang Baiheng

## NOMINATION COMMITTEE

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

Mr. Peng Shou

Mr. Wang Yuzhong

## STRATEGY COMMITTEE

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

Mr. Zhao John Huan

Mr. Lyu Guo

## SENIOR MANAGEMENT

Mr. Li Ping

Mr. Yang Hongfu

Mr. Xu Ning

Mr. He Wen

Mr. Han Liming

Ms. Kuok Yew Lee

## COMPANY SECRETARY

Ms. Kuok Yew Lee

## AUTHORISED REPRESENTATIVES

Mr. Lyu Guo

Ms. Kuok Yew Lee

## REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2608, 26 Floor, West Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

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

Room 201, Floor 2, Block 1

No. 66 Sibao Road

Songjiang District

Shanghai

the PRC

## Corporate Information (continued)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Ltd  
Canon's Court  
22 Victoria Street  
Hamilton, HM 12  
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  
Shanghai Pudong Development Bank  
Bank of Communications  
Bank of Shanghai  
Standard Chartered Bank  
Hua Xia Bank  
China CITIC Bank  
China Minsheng Bank  
China Merchants Bank  
China Everbright Bank

### AUDITORS

KPMG

*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*

### INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group Holdings Limited

### STOCK CODE

The Stock Exchange of Hong Kong Limited: 3300

### WEBSITE

[www.chinaglassholdings.com](http://www.chinaglassholdings.com)

# Management Discussion and Analysis

## MARKET REVIEW

In the first half of 2023, the world economy continued its downward trend since last year, geopolitical conflicts intensified, global inflation sustained, and the complex and ever-changing international situation undermined China's economic recovery.

In the first half of 2023, due to the continued influence of the national supply-side structural reform, the carbon neutrality and peak carbon dioxide emissions (“double carbon (雙碳)”) initiative and environmental protection policies, the supply side of the flat glass industry remained stable, while the demand side saw a slow marginal recovery under the impact of the downturn in real estate market which hampered the price rally of glass. Coupled with the sustained high costs of major raw and fuel materials, profitability of the flat glass industry was squeezed.

## BUSINESS REVIEW

### Overview

The Group currently has 15 float glass production lines, with a daily melting capacity of 8,000 tonnes. As at 30 June 2023, the Group had 12 float glass production lines in actual operation. The unoperated production lines included one float glass production line under construction in China and two other float glass production lines undergoing cold repair technical renovation. In addition, the Group also had one photovoltaic rolled glass production line with a daily melting capacity of 1,000 tonnes, two offline low-emission (“Low-E”) glass production lines, and a company specialized in engineering equipment and technical services for neutral pharmaceutical glass production lines.

In the first half of 2023, revenue derived from the Group's clear glass, painted glass and coated glass segments decreased as compared to the same period last year, mainly attributable to a combination of higher sales volume and significantly lower unit prices of the products in these segments. The decline in unit prices of products in these segments was mainly due to the continued downturn in China's real estate sector, which is the core downstream applications of such products. However, the Group believes that the downstream demands for products in these segments are still resilient, and has taken proactive measures to improve the quality of such products and the proportion of deep-processed products, and to actively exploit their applications in diversified fields such as automobile, household furniture and electronic appliances. Meanwhile, the Group focuses on the development of overseas markets in order to increase its share in overseas markets.

In the first half of 2023, revenue derived from the Group's energy-saving and new energy glass segment increased significantly as compared to the same period last year, mainly due to the contribution from a photovoltaic glass production line of the Group put into operation in the first half of the year. The rapid growth of China's photovoltaic industry drove the continuous increase in demand for new energy glass. The Group is actively monitoring development opportunities in the new energy industry and accelerating the optimization and upgrading of the Group's industrial structure.

In the first half of 2023, revenue derived from the Group's design and installation related services segment recorded a modest increase as compared to the same period last year, mainly because a wholly-owned subsidiary of the Group in Italy, Olivotto Glass Technologies S.p.A., which provides engineering and equipment services for production lines of glass and glass products globally, contributed to the Group's performance stably by riding on its technological and research and development strengths.

### Production, sales and selling price

In the first half of 2023, the Group produced an aggregate amount of approximately 24.03 million weight cases of various types of glass products, representing an increase of 14% as compared to the same period of last year; and sold an aggregate amount of 20.77 million weight cases of various types of glass products, representing an increase of 26% as compared to the same period of last year. The consolidated average selling price was approximately RMB93 per weight case, representing a decrease of 20% as compared to the same period of last year.

# Management Discussion and Analysis (continued)

## Prices of raw and fuel materials, and production costs

In the first half of 2023, in terms of raw materials, the high price trend of soda ash in the domestic market prolonged from the end of last year, since the second quarter, prices were generally dragged down due to the impact of the weakening downstream demand. Prices of mineral raw materials including quartz sand fluctuated slightly downward mainly due to changes in downstream demand; in terms of fuels, market prices of natural gas, petroleum coke and other bulk fuels fluctuated downwards due to the downswing of prices in the international crude oil market. Despite the downward trend in prices of certain raw and fuel materials in the first half of the year, the overall purchase prices remained at a high level.

## MAJOR WORKS IN THE FIRST HALF OF 2023

In the first half of 2023, in the face of the complex and ever-changing external environment, the Group stuck to its mid- and long-term development strategy integrating “organic growth, M&A growth and going global” (“three major strategies”). The Group fully grasped the development trend of the industry, actively explored the “new glass, new materials and new energy” (“three new”) industrial fields, extended industrial chain, achieved the upgrade of industrial structure, and reinforced the implementation of the work of “cost reduction and efficiency enhancement”. In the first half of the year, the Group achieved stable operation and mainly proceeded with the following tasks:

### 1. Accelerating the implementation of the “three new” projects and continuing to expand the “three new” industrial fields

The Group seized the development opportunities in the “three new” industrial fields, with the photovoltaic rolled glass production line in Suqian smoothly ignited and commenced production; the online TCO coated technology of Dongtai achieved breakthroughs, with the online TCO coated glass production line realizing low-cost and stable production; an offline Low-E coated glass production line of Dongtai was put into operation successfully, with its products of stable quality and good performance.

### 2. Strengthening market research and judgment to adjust production, procurement and marketing strategies promptly

In terms of production technology, we practically strengthened the management and control of the whole production process and optimized the production process and reasonably adjusted the structure of raw and fuel materials on the basis of ensuring product quality and production safety, to effectively reduce the comprehensive energy consumption.

In terms of procurement, we paid close attention to the economic environment and fluctuations in market conditions. We deeply explored strategic cooperation with high-quality suppliers through centralized purchasing, off-peak purchasing, opportunistic purchasing, advance purchasing, etc., to effectively control the purchasing costs of raw and fuel materials. Meanwhile, through overall planning, field survey, intelligent monitoring, dynamic management, etc., we optimized the procurement channels and refined procurement processes to ensure the stability of raw and fuel materials supply and production safety.

In respect of marketing, we particularly focused on the development change trends of the real estate market and grasped the pace of market changes, to adjust marketing strategies rapidly; we optimized data analysis and processing capabilities to adjust product structure promptly and gave full play to the advantages of the Company’s high value-added specialty products including traditional painted glass and coated glass and so on to meet market demands flexibly; we stepped up efforts in expanding our new customers and broadened our customer base to further improve the customer structure. Meanwhile, we balanced and coordinated customer channel relationships and promoted the improvement of customer resource quality through improving the dynamic customer contract management system, customer satisfaction surveys, and other measures.

## Management Discussion and Analysis (continued)

### 3. The “going global” strategy has achieved remarkable results and effectively enhanced the ability of risk-resistance

Overseas companies continued to maintain good operating postures in the face of numerous impacts brought about by the intensifying geopolitical conflicts: the company in Nigeria maintained stable operational performance and achieved outstanding operating results, with a profitability significantly ahead of the level of domestic peers; the company in Kazakhstan stabilized its operations and achieved success in its early stage of market exploitation, and at the same time, it has built its own mineral raw materials processing plant and other ancillary facilities, which have been put into operation successively, effectively reducing production costs; the company in Italy achieved steady growth of results.

### 4. Deepening the implementation of the work of “cost reduction and efficiency enhancement”

The Group has been consistently implementing the philosophy of “technological innovation supporting differentiated operations”. Leveraging both internal and external technology research and development platforms, the Group has fully utilized the leading advantages in a complete set of coated glass production technology with independent intellectual property rights to further enhance the Company’s core competitiveness. The “one line, one policy” management approach has been seriously implemented in each base, and production volume and quality have been further improved through quantitative analysis and comparison.

### 5. Accelerating intelligent transformation to promote the Group’s digital transformation and upgrading

The Group engaged a professional team to design and establish the direction and plan of its intelligent transformation and digital transformation in conjunction with its own practical production and operation, comprehensively applying the industrial internet, big data, artificial intelligence and other technologies to build and refine intelligent production lines, to accelerate the promotion of the intelligence of production method, and to improve the digital form of industrial chain, thereby promoting the upgrading, value chain ascension and vitality enhancement of traditional industries and enhancing the production efficiency and product quality of the Group.

## MARKET OUTLOOK

It is expected that the downward trend of the global economy will slow down and global inflation will decline gradually in the second half of 2023, while the divergent characteristic of economic recovery is becoming more and more prominent. The persistent effects of national macro-control policies are expected to result in improved domestic economic operation and strengthened endogenous motivation.

In the second half of 2023, the glass industry will enter the traditional peak season. Under the background of marginal optimisation of China’s real estate policy, as well as the consumer demand stimulation in the automotive and new energy industries, downstream glass market demand is expected to enhance, coupled with the improvement in main raw and fuel material production capacity in the second half and the cost reduction resulted from overseas shipping capacity release, the recovery of blooming market in the glass industry can be expected. However, the receding process of global inflation, trade disputes, domestic policy effects and the extent of market sentiment release will bring challenges to the development of the glass industry.

## Management Discussion and Analysis (continued)

### FORECAST OF PRICES OF RAW AND FUEL MATERIALS, AND PRODUCTION COSTS

In the second half of 2023, there may be an increase in the supply side of soda ash domestically, and a rigid demand for replenishment in its downstream market as a whole, and the price of soda ash is expected to fluctuate on a downward trend. The supply of mineral raw materials is expected to be stable, and the price of mineral raw materials is expected to show a slight fluctuating upwards trend in the second half of the year mainly due to the strengthening of downstream demand. In terms of fuels, supply and demand for natural gas and petroleum coke etc. are both expected to increase in the second half of the year, and market prices are expected to fluctuate at low levels, which is in line with the development of the international crude oil market.

### WORK PLANS FOR THE SECOND HALF OF 2023

1. Based on the expectation of the duly delivery in the completion stage of real estate, the betting on demand for glass may be intensified in the peak season in the second half of the year. In the second half of the year, the Group will continue to pay close attention to market dynamics, fully grasp the development trend of the industry, and proactively expand the “three new” fields after comprehensively considering factors such as market, cost and policy orientation and so on. Meanwhile, it will take the initiative in seeking upstream and downstream high-quality investment projects in order to achieve synergistic effects in the industrial chain. At the same time, the Group will continue to deepen the “five in one” management, to give full play to the advantages of collaborative management among systems, and proactively implement the management philosophies of “benchmarking management” and “differentiated operation” to cope with the complex and ever-changing market environment.
2. The Group will insist on the “going global” strategy and will continue to actively implement the national “Belt and Road” strategy. In the second half of the year, the Group will strengthen the safety production and market exploitation work of overseas companies, complete the integration of market channels and enhance the performance contribution of overseas companies.
3. The Group will grasp the industry’s development situation and proceed with transforming and upgrading float glass featured by differentiation, specialization and intelligence. Through the technological innovation and the extensive application of a complete set of independent intellectual property technology system of the research and development team of the Company, the market competitiveness of the characteristic coated glass products of the Company will be further improved.
4. The Group will further improve the salary increment mechanism and performance appraisal system and promote the formulation and implementation of an equity-based incentive plan, to boost employees’ happiness; it will place importance on the construction of corporate culture, enhance the centripetal force and cohesion of employees; and intensify the introduction and training of talents, to lay a solid foundation for the long-term and stable development of the Company.
5. The Group will expand and deepen the dimension and depth of communication and interaction with the capital market to promote the healthy development of the Company’s market value.
6. The Group will continue to promote intelligent transformation to facilitate the Group’s digital transformation and upgrading, accelerate the advancement of intelligent production methods and intelligent management modes, improve the digital form of the industrial chain and enhance the efficiency of production and management of the Group.



# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

### Revenue

For the first six months of 2023, the revenue of the Group from its principal business increased by approximately 2% to RMB2,107,111,000 as compared to RMB2,061,978,000 in the first six months of 2022. The increase in revenue was mainly attributable to the combined effects of the increase in sales volume and the decrease in average unit selling price.

	For the first six months of 2023		For the first six months of 2022		Change %
	RMB'000	Proportion	RMB'000	Proportion	
Clear glass	1,029,291	49%	1,037,403	50%	(1%)
Painted glass	215,697	10%	247,167	12%	(13%)
Coated glass	435,562	21%	507,591	25%	(14%)
Energy saving and new energy glass	257,413	12%	130,595	6%	97%
Design and installation related services	169,148	8%	139,222	7%	21%
	<b>2,107,111</b>	<b>100%</b>	<b>2,061,978</b>	<b>100%</b>	<b>2%</b>

Benefiting from the recovery of China's economy and the continuous improvement in completion status of real estate projects, stock demands concentratedly unleashed in the first half of the year, which promoted the increase in demands for flat glass. The glass products sales volume of each segment of the Group increased compared to the same period of last year. In particular, the commencement of a photovoltaic glass production line of the Group resulted in a significant increase in revenue from the energy saving and new energy glass segment. In the meantime, the Group possesses world-leading glass engineering equipment and technology services in Italy, and the revenue from the designing and installation related services segment increased steadily.

The flat glass industry is highly competitive in the PRC. The average market price of clear glass decreased by 9% as compared to the same period of last year. The Group improved the proportion of high-value-added functional glass products through active market exploitation; while the revenue from the clear glass segment merely decreased by 1%. The revenue from the painted and coated glass segments fluctuated greatly due to the decreased average unit price in the market.

### Cost of sales

The Group's cost of sales increased by approximately 22% from RMB1,635,531,000 for the first six months of 2022 to RMB2,000,747,000 for the first six months of 2023. The increase in cost of sales was mainly due to the increase in amount of glass products sold.

The Group have conducted policies strictly to reduce the cost, of which the effectiveness would be shown in the second half of the year.

### Gross profit

The Group's gross profit decreased by approximately 75% from RMB426,447,000 for the first six months of 2022 to RMB106,364,000 for the first six months of 2023. The decrease in gross profit was mainly due to the combined effects of the slight increase in sales revenue and the significant increase in the cost of sales.

## Management Discussion and Analysis (continued)

### Other income

The Group's other income increased from RMB49,598,000 for the first six months of 2022 to RMB75,441,000 for the first six months of 2023. Other income was mainly from government grants, interest income and sale of raw and scrap materials.

### Administrative expenses

For the first six months of 2023, the administrative expenses of the Group increased by approximately 5% to RMB165,770,000 as compared to RMB158,350,000 for the first six months of 2022. The increase in administrative expenses was mainly due to the cost increase for new lines into production in the first half of the year.

### Finance costs

For the first six months of 2023, the finance costs of the Group increased by approximately 30% to RMB167,231,000 as compared to RMB128,787,000 in the first six months of 2022. The substantial increase in finance costs was mainly due to the increase of the average weighted balance of borrowings.

### Income tax

Income tax credited was RMB47,391,000 for the six months ended 30 June 2023, compared with the income tax expenses of RMB19,012,000 for the six months ended 30 June 2022. The income tax credited was mainly due to the increase in the amount recognised for deferred tax assets.

### Loss for the period

For the first six months of 2023, the Group recorded a loss of RMB138,642,000 as compared to a profit of RMB121,149,000 for the first six months of 2022, which was mainly due to the decrease of gross profit.

### Loss attributable to equity shareholders for the current period

For the first six months of 2023, the Group recorded a loss attributable to equity shareholders of the Company of RMB103,276,000 as compared to a profit attributable to equity shareholders of the Company of RMB115,708,000 for the first six months of 2022.

### Current assets

The Group's current assets decreased by approximately 5% from RMB3,666,472,000 as at 31 December 2022 to RMB3,487,054,000 as at 30 June 2023, which was mainly due to the combined effects of the decrease in cash, receivables and prepayments and increase in inventory.

### Current liabilities

The Group's current liabilities increased by approximately 4% from RMB6,489,017,000 as at 31 December 2022 to RMB6,758,978,000 as at 30 June 2023, which was mainly attributable to the increase in current portion of long-term bank loans and other borrowings.

### Non-current liabilities

The Group's non-current liabilities increased by approximately 12% from RMB3,505,387,000 as at 31 December 2022 to RMB3,926,179,000 as at 30 June 2023, which was mainly attributable to the increase in long-term bank loans and other borrowings.

## Management Discussion and Analysis (continued)

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

As at 30 June 2023, the Group's cash on hand and at bank were RMB1.170 billion (31 December 2022: RMB1.350 billion), of which 54% (31 December 2022: 46%) were denominated in RMB, 7% (31 December 2022: 13%) were denominated in United States Dollars ("USD"), 23% (31 December 2022: 24%) were denominated in Nigerian Naira, 5% (31 December 2022: 2%) were denominated in Hong Kong dollars ("HKD"), and 11% (31 December 2022: 15%) were denominated in Euro ("EUR"). Outstanding bank loans and other borrowings were RMB8.692 billion (31 December 2022: RMB7.938 billion), of which 76.4% (31 December 2022: 67.2%) were denominated in RMB, 20.7% (31 December 2022: 30.8%) were denominated in USD, 2.2% (31 December 2022: 1.3%) were denominated in HKD and 0.7% (31 December 2022: 0.7%) were denominated in EUR.

As at 30 June 2023, the gearing ratio (total interest-bearing debts divided by total assets) was 0.66 (31 December 2022: 0.60). As at 30 June 2023, the Group's current ratio (current assets divided by current liabilities) was 0.52 (31 December 2022: 0.57). The Group recorded net current liabilities amounted to RMB3.272 billion as at 30 June 2023 (31 December 2022: RMB2.823 billion). As at 30 June 2023, assets-liabilities ratio (total liabilities divided by total assets) of the Group was 0.81 (31 December 2022: 0.75). As at 30 June 2023, 66% (31 December 2022: 55%) of the outstanding bank loans and other borrowings bear interest at fixed rates while approximately 34% (31 December 2022: approximately 45%) bear interest at variable rates. As at 30 June 2023, 57% (31 December 2022: 58%) of the outstanding bank loans and other borrowings will mature within one year while 43% (31 December 2022: 42%) will mature after one year.

### EXCHANGE RATE FLUCTUATION RISK AND RELATED HEDGING

The Group's transactions and monetary assets were primarily denominated in RMB, Naira, USD and EUR. Operating expenses and domestic sales of the Group's PRC subsidiaries were primarily denominated in RMB, operating expenses and sales of a subsidiary incorporated in Nigeria were primarily denominated in Naira, the operating expenses and sales of an engineering equipment and technical service company in Italy were primarily denominated in EUR 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 or loss and dividends may be affected by the fluctuation of the exchange rate between RMB and Nigerian Naira, USD, HKD and EUR. During the six months ended 30 June 2023, 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 2023, 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.

The Group will continue to explore potential quality projects to achieve growth and diversified development which is in line with the strategic development goals of the Company.

## 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 2023.

### INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### DISTRIBUTION

As announced by the Company in an announcement dated 28 June 2023, the Board resolved to propose a distribution of HK\$0.018 per ordinary share in the issued share capital of the Company out of the contributed surplus account of the Company (the “Distribution”). The Distribution had been approved by the shareholders of the Company (the “Shareholders”) at the special general meeting held on 31 July 2023 and paid to the Shareholders on 16 August 2023.

### 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 2023, 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 <sup>(1)</sup>	Approximate Percentage of Shareholding <sup>(3)</sup>
Mr. Lyu Guo	The Company	Beneficial owner	12,442,096 (L)	0.68%
Mr. Zhao John Huan	The Company	Interest of a controlled corporation <sup>(2)</sup>	272,926,000 (L)	14.86%

Notes:

- (1) The letter “L” denotes the Director’s long position in such securities.
- (2) New Glory Fund L.P. is a wholly-owned subsidiary of New Glory Management Limited, which is owned as to 50% by United Strength Upward Limited. United Strength Upward Limited is a wholly-owned subsidiary of Hony Capital Group Limited, which is wholly-owned by Hony Group Management Limited. Hony Group Management Limited is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is wholly-owned by Exponential Fortune Group Limited, which is owned as to 49% by Mr. Zhao John Huan. Mr. Zhao John Huan is taken to be interested in the 272,926,000 shares held by New Glory Fund L.P. by virtue of Part XV of the SFO.
- (3) As at 30 June 2023, the total number of ordinary shares of par value HK\$0.05 each in the issued share capital of the Company (the “Shares” and each a “Share”) is 1,836,218,258.

## Other Information (continued)

Save as disclosed above, as at 30 June 2023, 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 2023, the interests and/or short positions of 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 <sup>(1)</sup>	Approximate Percentage of Shareholding <sup>(9)</sup>
New Glory Fund L.P.	Beneficial owner	272,926,000 (L)	14.86%
New Glory Management Limited	Interest of a controlled corporation <sup>(2)</sup>	272,926,000 (L)	14.86%
蚌埠華金控股股份有限公司 (Bengbu Huajin Holdings Co., Ltd.*)	Interest of a controlled corporation <sup>(3)</sup>	272,926,000 (L)	14.86%
United Strength Upward Limited	Interest of a controlled corporation <sup>(3)</sup>	272,926,000 (L)	14.86%
Hony Capital Group Limited	Interest of a controlled corporation <sup>(4)</sup>	272,926,000 (L)	14.86%
Hony Group Management Limited	Interest of a controlled corporation <sup>(5)</sup>	272,926,000 (L)	14.86%
Hony Managing Partners Limited	Interest of a controlled corporation <sup>(5)</sup>	272,926,000 (L)	14.86%
Exponential Fortune Group Limited	Interest of a controlled corporation <sup>(5)</sup>	272,926,000 (L)	14.86%
China Triumph International Investment Company Limited	Beneficial owner	156,424,621 (L)	8.52%
凱盛科技集團有限公司 (Triumph Science & Technology Group Co., Ltd.*)	Beneficial owner/Interest of a controlled corporation <sup>(6)</sup>	416,424,621 (L)	22.68%

## Other Information (continued)

Name of Shareholders	Capacity	Total Number of Ordinary Shares <sup>(1)</sup>	Approximate Percentage of Shareholding <sup>(9)</sup>
中國建材集團有限公司 (China National Building Material Group Co., Ltd.*)	Interest of a controlled corporation <sup>(6)</sup>	416,424,621 (L)	22.68%
Bank of Communications Trustee Limited	Trustee <sup>(7)</sup>	152,000,000 (L)	8.28%
Ms. Sze Tan Hung	Beneficial owner	164,514,000 (L)	8.96%
Mr. Tung Ching Sai	Interest of spouse <sup>(8)</sup>	164,514,000 (L)	8.96%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) New Glory Fund L.P. is a wholly-owned subsidiary of New Glory Management Limited. New Glory Management Limited is taken to be interested in these shares by virtue of Part XV of the SFO.
- (3) New Glory Management Limited is owned as to 50% by Bengbu Huajin Holdings Co., Ltd.\* and 50% by United Strength Upward Limited. Bengbu Huajin Holdings Co., Ltd. and United Strength Upward Limited are taken to be interested in the shares held by New Glory Management Limited by virtue of Part XV of the SFO.
- (4) United Strength Upward Limited is a wholly-owned subsidiary of Hony Capital Group Limited. Hony Capital Group Limited is taken to be interested in these shares by virtue of Part XV of the SFO.
- (5) Hony Capital Group Limited is wholly-owned by Hony Group Management Limited. Hony Group Management Limited is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is wholly-owned by Exponential Fortune Group Limited. Hony Group Management Limited, Hony Managing Partners Limited and Exponential Fortune Group Limited are taken to be interested in the shares held by Hony Capital Group Limited by virtue of Part XV of the SFO.
- (6) 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.
- (7) 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.
- (8) Mr. Tung Ching Sai is the spouse of Ms. Sze Tan Hung. Mr. Tung Ching Sai is taken to be interested in these shares by virtue of Part XV of the SFO.
- (9) As at 30 June 2023, the total number of issued Shares is 1,836,218,258.

Save as disclosed above, as at 30 June 2023, 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

## Other Information (continued)

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) at its special general meeting held on 19 February 2016. Since the date of adoption of the Share Option Scheme, no share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme. The following is a summary of the principal terms of the rules of the 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 (the “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 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.

(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 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 Share Option Scheme, which is 181,014,705 Shares (representing 9.86% 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 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 Share Option Scheme

The 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.

## 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 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.

(e) Grant of Awarded Shares

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any employee (including any employee (including without limitation any executive director) of any member of the Group, but other than any excluded employee pursuant to the Share Award Scheme) for participation in the Share Award Scheme as a selected employee, and grant such number of awarded Shares to any selected employee at no consideration on and subject to such terms and conditions as it may in its absolute discretion determine. The Board is entitled to impose any conditions (including a period of continued service within the Group after the award), as it deems appropriate in its absolute discretion with respect to the vesting of the awarded Shares on the selected employee. In addition to such vesting conditions as may be imposed by the Board, it is also a condition for the grant of awarded Shares that any selected employee shall not transfer or dispose of more than 50 per cent. of the awarded Shares during the period of one (1) year after the date of vesting of such awarded Shares.

(f) Administration

In connection with the implementation of the Share Award Scheme, the trustee of the Share Award Scheme will purchase the existing Shares on the market out of cash contributed by the Group and be held in trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

(g) Scheme Limit

Pursuant to the Share Award Scheme, the Board shall not make any further award of awarded Shares which will result in the aggregate nominal value of the Shares awarded by the Board under the Share Award Scheme exceeding ten (10) per cent. of the issued share capital of the Company at the time of such award. As at 30 March 2023 (being the date of the annual report of the Company for the year ended 31 December 2022), 30 June 2023 and the date of this report, the total number of issued Shares is 1,836,218,258, therefore, the limit on the grant of awarded Shares under the Share Award Scheme as at such dates are 183,621,825 Shares. The maximum aggregate nominal value of awarded Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed two (2) per cent. of the issued share capital of the Company at the time of such award.

## Other Information (continued)

The Share Award Scheme was originally set to expire on 12 December 2021. On 8 December 2021, the Board resolved to extend the term of the Share Award Scheme for another ten (10) years expiring on 12 December 2031, subject to any early termination as may be determined by the Board by a resolution of the Board. Save as the aforesaid, all other material terms of the Share Award Scheme remain unchanged and valid.

During the six months ended 30 June 2023, 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 20(b)(ii) to the Unaudited Interim Financial Report.

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

During the six months ended 30 June 2023, 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 2023 and up to the latest practicable date prior to the issue of this report.

### **HUMAN RESOURCES AND EMPLOYEES' REMUNERATION**

As at 30 June 2023, the Group employed a total of approximately 4,346 employees within and outside the PRC (31 December 2022: about 4,162 employees). The increase in staff number of the Group as at 30 June 2023 as compared to 31 December 2022 was mainly attributable to the new lines into production and the strengthening in recruitment and cultivation of young talents.

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 adopted the Share Option Scheme 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 2023.

### **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.

## Other Information (continued)

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, as notified to the Company, the changes in information of Directors subsequent to the date of the 2022 Annual Report of the Company are set out below:

Directors	Details of changes
Mr. Peng Shou	<p>Resigned as the chairman of the board and legal representative of Triumph Science &amp; Technology Group Co., Ltd.* (凱盛科技集團有限公司) (“Triumph Technology”, a substantial shareholder of the Company) on 12 July 2023</p> <p>Appointed as the chief scientist and resigned as the chief engineer of China National Building Materials Group Co. Ltd.* (中國建材集團有限公司) (an associate of Triumph Technology) on 12 July 2023</p> <p>Resigned as the chief engineer of China National Building Material Company Limited* (中國建材股份有限公司) (an associate of Triumph Technology, also a company listed on the Stock Exchange) on 21 August 2023</p>
Mr. Zhao John Huan	<p>Retired as a non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd.* (中聯重科股份有限公司) (a company listed on the Stock Exchange and the Shenzhen Stock Exchange) on 29 June 2023</p>

### 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. Zhang Baiheng and Mr. Wang Yuzhong 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 2023.

### 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 2023, 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.

\* For identification purpose only

## Other Information (continued)

### 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 2023.

### 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, 30 August 2023

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

(Incorporated in Bermuda with limited liability)



## INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 52 which comprises the consolidated statement of financial position of China Glass Holdings Limited as of 30 June 2023 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 2023 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

30 August 2023

# Consolidated Statement of Profit or Loss

for the six months ended 30 June 2023 – unaudited

(Expressed in Renminbi (“RMB”))

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>RMB'000</b>	RMB'000
	Note		
<b>Revenue</b>	4	<b>2,107,111</b>	2,061,978
Cost of sales		<b>(2,000,747)</b>	(1,635,531)
<b>Gross profit</b>	4	<b>106,364</b>	426,447
Other income	5	<b>75,441</b>	49,598
Distribution costs		<b>(54,271)</b>	(48,578)
Administrative expenses		<b>(165,770)</b>	(158,350)
Impairment losses on receivables and contract assets		<b>(6,341)</b>	(169)
<b>(Loss)/profit from operations</b>		<b>(44,577)</b>	268,948
Finance costs	6(a)	<b>(167,231)</b>	(128,787)
Net gain on acquisition of interests in a joint venture	11	<b>33,628</b>	–
Net gain on disposal of interests in a joint venture		<b>98</b>	–
Share of loss of a joint venture		<b>(7,951)</b>	–
<b>(Loss)/profit before taxation</b>	6	<b>(186,033)</b>	140,161
Income tax	7	<b>47,391</b>	(19,012)
<b>(Loss)/profit for the period</b>		<b>(138,642)</b>	121,149
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(103,276)</b>	115,708
Non-controlling interests		<b>(35,366)</b>	5,441
<b>(Loss)/profit for the period</b>		<b>(138,642)</b>	121,149
<b>(Loss)/earnings per share (RMB cent)</b>	8		
Basic		<b>(6.132)</b>	6.881
Diluted		<b>(6.132)</b>	6.880

The notes on pages 28 to 52 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 20.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>(Loss)/profit for the period</b>	<b>(138,642)</b>	121,149
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that will not be reclassified to profit or loss:		
– equity securities at fair value through other comprehensive income (FVOCI) – net movement in fair value reserve (non-recycling)	<b>(193)</b>	65
Item that may be reclassified subsequently to profit or loss:		
– exchange differences on translation	<b>(514,516)</b>	(37,910)
<b>Total comprehensive income for the period</b>	<b>(653,351)</b>	83,304
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(617,973)</b>	77,859
Non-controlling interests	<b>(35,378)</b>	5,445
<b>Total comprehensive income for the period</b>	<b>(653,351)</b>	83,304

The notes on pages 28 to 52 form part of this interim financial report.

# Consolidated Statement of Financial Position

at 30 June 2023  
(Expressed in RMB)

		<b>(Unaudited)</b> <b>At 30 June</b> <b>2023</b> <b>RMB'000</b>	(Audited) At 31 December 2022 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>8,501,394</b>	8,517,228
Investment property		<b>35,381</b>	36,808
Right-of-use assets	10	<b>580,679</b>	510,028
Intangible assets		<b>49,601</b>	52,500
Other non-current assets		<b>127,293</b>	131,640
Goodwill		<b>135,435</b>	129,755
Interests in joint ventures	11	<b>65,225</b>	6,161
Equity securities designated at FVOCI		<b>1,253</b>	1,510
Deferred tax assets	19	<b>283,486</b>	233,201
		<b>9,779,747</b>	9,618,831
<b>Current assets</b>			
Inventories	12	<b>1,297,122</b>	1,078,882
Contract assets		<b>26,428</b>	27,697
Trade and bills receivables	13	<b>380,796</b>	527,452
Other receivables	14	<b>412,413</b>	416,009
Prepayments		<b>187,929</b>	262,616
Prepaid income tax		<b>12,507</b>	4,020
Cash on hand and at bank	15	<b>1,169,859</b>	1,349,796
		<b>3,487,054</b>	3,666,472
<b>Current liabilities</b>			
Trade and bills payables	16	<b>563,753</b>	435,896
Accrued charges and other payables	17	<b>867,228</b>	1,026,266
Contract liabilities		<b>269,473</b>	284,627
Bank loans and other borrowings	18(a)	<b>4,933,111</b>	4,599,755
Lease liabilities		<b>11,579</b>	10,397
Income tax payable		<b>113,834</b>	132,076
		<b>6,758,978</b>	6,489,017
<b>Net current liabilities</b>		<b>(3,271,924)</b>	(2,822,545)
<b>Total assets less current liabilities</b>		<b>6,507,823</b>	6,796,286

The notes on pages 28 to 52 form part of this interim financial report.



## Consolidated Statement of Financial Position (continued)

at 30 June 2023  
(Expressed in RMB)

	Note	(Unaudited) At 30 June 2023 RMB'000	(Audited) At 31 December 2022 RMB'000
<b>Non-current liabilities</b>			
Bank loans and other borrowings	18(b)	3,758,785	3,338,673
Lease liabilities		68,304	65,354
Deferred tax liabilities	19	89,769	92,647
Other non-current liabilities		9,321	8,713
		<b>3,926,179</b>	3,505,387
<b>NET ASSETS</b>			
		<b>2,581,644</b>	3,290,899
<b>CAPITAL AND RESERVES</b>			
	20		
Share capital		85,951	85,951
Reserves		1,881,454	2,499,427
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>1,967,405</b>	2,585,378
<b>Non-controlling interests</b>			
		<b>614,239</b>	705,521
<b>TOTAL EQUITY</b>			
		<b>2,581,644</b>	3,290,899

The notes on pages 28 to 52 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 – 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
<b>Balance at 1 January 2022</b>	85,703	1,599,435	(75,689)	23,614	40,785	(438,578)	(50,265)	195	1,462,584	2,647,784	730,239	3,378,023
<b>Changes in equity for the six months ended 30 June 2022</b>												
Profit for the period	-	-	-	-	-	-	-	-	115,708	115,708	5,441	121,149
Other comprehensive income	-	-	-	-	-	-	(37,910)	61	-	(37,849)	4	(37,845)
Total comprehensive income	-	-	-	-	-	-	(37,910)	61	115,708	77,859	5,445	83,304
Shares issued under share option scheme (Note 20(b)(i))	248	8,797	-	(2,845)	-	-	-	-	-	6,200	-	6,200
Dividends approved in respect of the previous year (Note 20(a))	-	-	6,500	-	-	-	-	-	(78,517)	(72,017)	-	(72,017)
Distributions to equity owners of subsidiaries	-	-	-	-	-	-	-	-	-	-	(10,320)	(10,320)
	248	8,797	6,500	(2,845)	-	-	-	-	(78,517)	(65,817)	(10,320)	(76,137)
<b>Balance at 30 June 2022</b>	<b>85,951</b>	<b>1,608,232</b>	<b>(69,189)</b>	<b>20,769</b>	<b>40,785</b>	<b>(438,578)</b>	<b>(88,175)</b>	<b>256</b>	<b>1,499,775</b>	<b>2,659,826</b>	<b>725,364</b>	<b>3,385,190</b>

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
<b>Balance at 1 July 2022</b>	85,951	1,608,232	(69,189)	20,769	40,785	(438,578)	(88,175)	256	1,499,775	2,659,826	725,364	3,385,190
<b>Changes in equity for the six months ended 31 December 2022</b>												
Loss for the period	-	-	-	-	-	-	-	-	460	460	(19,834)	(19,374)
Other comprehensive income	-	-	-	-	-	-	(74,777)	(131)	-	(74,908)	(9)	(74,917)
Total comprehensive income	-	-	-	-	-	-	(74,777)	(131)	460	(74,448)	(19,843)	(94,291)
<b>Balance at 31 December 2022</b>	<b>85,951</b>	<b>1,608,232</b>	<b>(69,189)</b>	<b>20,769</b>	<b>40,785</b>	<b>(438,578)</b>	<b>(162,952)</b>	<b>125</b>	<b>1,500,235</b>	<b>2,585,378</b>	<b>705,521</b>	<b>3,290,899</b>

The notes on pages 28 to 52 form part of this interim financial report.

## Consolidated Statement of Changes in Equity (continued)

for the six months ended 30 June 2023 – 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 2023	85,951	1,608,232	(69,189)	20,769	40,785	(438,578)	(162,952)	125	1,500,235	2,585,378	705,521	3,290,899
<b>Changes in equity for the six months ended 30 June 2023</b>												
Loss for the period	-	-	-	-	-	-	-	-	(103,276)	(103,276)	(35,366)	(138,642)
Other comprehensive income	-	-	-	-	-	-	(514,516)	(181)	-	(514,697)	(12)	(514,709)
Total comprehensive income	-	-	-	-	-	-	(514,516)	(181)	(103,276)	(617,973)	(35,378)	(653,351)
Acquisition of non-controlling interests ("NCI") of a subsidiary (Note 24)	-	-	-	-	-	-	-	-	-	-	(55,904)	(55,904)
<b>Balance at 30 June 2023</b>	<b>85,951</b>	<b>1,608,232</b>	<b>(69,189)</b>	<b>20,769</b>	<b>40,785</b>	<b>(438,578)</b>	<b>(677,468)</b>	<b>(56)</b>	<b>1,396,959</b>	<b>1,967,405</b>	<b>614,239</b>	<b>2,581,644</b>

The notes on pages 28 to 52 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2023 – unaudited  
(Expressed in RMB)

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>RMB'000</b>	RMB'000
Note			
<b>Operating activities</b>			
	Cash generated from operations	<b>55,777</b>	610,854
	Income tax paid	<b>(32,783)</b>	(47,931)
	<b>Net cash generated from operating activities</b>	<b>22,994</b>	562,923
<b>Investing activities</b>			
	Payment for the purchase of property, plant and equipment and land use rights	<b>(635,928)</b>	(429,974)
	Payment for acquisition of interests in a joint venture	<b>(1,346)</b>	–
	Proceeds from disposal of interests in a joint venture	<b>6,259</b>	–
	Other cash flows used in investing activities	<b>(44,418)</b>	(126,701)
	<b>Net cash used in investing activities</b>	<b>(675,433)</b>	(556,675)
<b>Financing activities</b>			
	Capital element of lease rentals paid	<b>(3,745)</b>	(3,420)
	Interest element of lease rentals paid	<b>(2,743)</b>	(3,164)
	Proceeds from bank loans and other borrowings	<b>2,889,480</b>	2,644,034
	Repayment of bank loans and other borrowings	<b>(2,181,267)</b>	(2,193,735)
	Proceeds from shares issued under share option scheme	<b>–</b>	6,200
	Other cash flows used in financing activities	<b>(200,580)</b>	(205,753)
	<b>Net cash generated from financing activities</b>	<b>501,145</b>	244,162
	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(151,294)</b>	250,410
	<b>Cash and cash equivalents at 1 January</b>	<b>1,110,656</b>	565,977
	<b>Effect of foreign exchange rates changes</b>	<b>(84,801)</b>	11,843
	<b>Cash and cash equivalents at 30 June</b>	<b>874,561</b>	828,230

The notes on pages 28 to 52 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 2023 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 30 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any 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 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the board of directors (the “Directors”) of the Company is included on page 20.

# Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

## 2 BASIS OF PREPARATION (continued)

The financial information relating to the financial year ended 31 December 2022 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 2023.

As at 30 June 2023, the Group had net current liabilities of RMB3,271,924,000 (31 December 2022: RMB2,822,545,000). Notwithstanding the net current liabilities as at 30 June 2023, 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. Management of the Group had prepared a cash flow forecast of the Group for at least the next twelve months from 30 June 2023, which has taken into account:

- the Group has unutilised bank facilities of RMB372.4 million;
- the Group has newly financed and refinanced bank loans and other borrowings and facilities of RMB430.0 million after 30 June 2023;
- the Group has maintained long-term strong business relationship with its major banks to get their continuing support and is actively discussing with these banks for renewal of short-term bank loans or facilities with secured assets and/or guarantee amounting to RMB883.0 million, and the directors of the Company are of the opinion that renewal of bank loans or facilities is likely to be obtained during the twelve months ending 30 June 2024; and
- the Group has obtained financial assistance from its largest shareholder, namely Triumph Science & Technology Group Co., Ltd.\* (“凱盛科技集團有限公司”, the “Triumph Group”), a wholly-owned subsidiary of China National Building Material Group Co., Ltd., which is a central state-owned enterprise, of RMB2,226.1 million as at 30 June 2023, and the directors of the Company are of the opinion that such assistance will continue to be available based on the discussion with the Triumph Group.

Based on the cash flow forecast, 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.

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

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 17, *Insurance contracts*, and a number of amendments to HKASs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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 is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 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, processes, markets and distributes energy saving and new energy glass products, such as ultra clear glass, low-emission coated glass, photovoltaic glass and photovoltaic battery module products.
- Design and installation related services: this segment provides design, purchasing parts and installation services of pharmaceutical glass production lines and upgrading and transformation services of glass production process.

## 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:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– sales of glass products	<b>1,937,963</b>	1,922,756
– revenue from service contracts	<b>143,938</b>	122,762
– sales of spare parts	<b>25,210</b>	16,460
	<b>2,107,111</b>	2,061,978
Disaggregated by geographical location of customers		
– The Mainland China and Hong Kong (place of domicile)	<b>1,483,987</b>	1,400,117
– Nigeria	<b>189,741</b>	226,815
– Middle East	<b>88,371</b>	128,812
– Other countries	<b>345,012</b>	306,234
	<b>623,124</b>	661,861
	<b>2,107,111</b>	2,061,978

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. No inter-segment sales have occurred for the six months ended 30 June 2023 and 2022. 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 2023 and 2022 is set out below.

	Clear glass products		Painted glass products		Coated glass products		Energy saving and new energy glass products		Design and installation related services		Total	
	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>												
- point in time	1,029,291	1,037,403	215,697	247,167	435,562	507,591	257,413	130,595	25,210	16,460	1,963,173	1,939,216
- over time	-	-	-	-	-	-	-	-	143,938	122,762	143,938	122,762
<b>Revenue from external customers and reportable segment revenue</b>	<b>1,029,291</b>	<b>1,037,403</b>	<b>215,697</b>	<b>247,167</b>	<b>435,562</b>	<b>507,591</b>	<b>257,413</b>	<b>130,595</b>	<b>169,148</b>	<b>139,222</b>	<b>2,107,111</b>	<b>2,061,978</b>
<b>Reportable segment gross (loss)/profit</b>	<b>(9,224)</b>	<b>75,851</b>	<b>10,651</b>	<b>79,190</b>	<b>111,601</b>	<b>212,007</b>	<b>(42,868)</b>	<b>25,164</b>	<b>36,204</b>	<b>34,235</b>	<b>106,364</b>	<b>426,447</b>

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 5 OTHER INCOME

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Government grants	54,650	31,516
Interest income	12,925	3,690
Net gain from sale of raw and scrap materials	7,008	11,682
Rental income from investment property	2,187	545
Net gain on disposals of property, plant and equipment	109	67
Others	(1,438)	2,098
	<b>75,441</b>	<b>49,598</b>

### 6 (LOSS)/PROFIT BEFORE TAXATION

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

#### (a) Finance costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest on bank loans and other borrowings	160,021	107,908
Interest on lease liabilities	2,743	3,164
Bank charges and other finance costs	43,941	34,257
Total borrowing costs	206,705	145,329
Less: amounts capitalised into property, plant and equipment (Note)	(23,487)	(20,784)
Net borrowing costs	183,218	124,545
Net foreign exchange (gain)/loss	(15,987)	4,242
	<b>167,231</b>	<b>128,787</b>

Note: The borrowing costs have been capitalised at 4.39% per annum for the six months ended 30 June 2023 (5.68% per annum for the six months ended 30 June 2022).

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 6 (LOSS)/PROFIT BEFORE TAXATION (continued)

#### (b) Other items

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Cost of inventories (Note 12)	1,967,722	1,635,531
Depreciation and amortisation charge		
– property, plant and equipment and intangible assets	184,245	170,547
– investment property	1,427	657
– right-of-use assets	13,022	11,938
Research and development costs (other than capitalised costs and related amortisation)	15,940	601

### 7 INCOME TAX

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current taxation:		
– provision for Corporate Income Tax on the estimated taxable profits for the period	6,544	24,715
– PRC Withholding Tax	–	11,033
– over-provision of Corporate Income Tax in respect of prior years	(490)	–
	6,054	35,748
Deferred taxation (Note 19)	(53,445)	(16,736)
	(47,391)	19,012

The Hong Kong Profits Tax rate for the six months ended 30 June 2023 is 16.5% (six months ended 30 June 2022: 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 2023 (six months ended 30 June 2022: 25%).

A subsidiary of the Group established in the PRC obtained approval from the tax bureau to be taxed as enterprises with advanced and new technologies, and therefore enjoy a preferential PRC Corporate Income Tax rate of 15% for a period of three years, from 2022 in which the approval is obtained.

# Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

## 7 INCOME TAX (continued)

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 2023 (six months ended 30 June 2022: 30%).

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

A subsidiary of the Group established in the Republic of Kazakhstan is subject to Kazakhstan Corporate Income Tax rate of 20%. And an investment preference was granted by Kazakhstan's government to the subsidiary of exempting its corporate income tax until 31 December 2024.

A subsidiary of the Group established in Italy is subject to Italy Corporate Income Tax rate of 27.9% (six months ended 30 June 2022: 27.9%).

Three subsidiaries of the Group established in the PRC entitles an additional tax deductible allowance amounted to 100% of the qualified research and development costs incurred in the PRC by these subsidiaries for the six months ended 30 June 2023 (six months ended 30 June 2022: two subsidiaries of the Group with an additional tax deductible allowance amounted to 100% of the qualified research and development costs).

## 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 2023 is based on the loss attributable to ordinary equity shareholders of the Company of RMB103,276,000 (six months ended 30 June 2022: profit attributable to ordinary equity shareholders of the Company of RMB115,708,000) and the weighted average of 1,684,218,000 ordinary shares, taking into the effect of shares purchased under a share award scheme set out in Note 20(b)(ii) (six months ended 30 June 2022: 1,681,551,000 shares) in issue during the six months ended 30 June 2023, calculated as follows:

Weighted average number of ordinary shares

	2023 '000	2022 '000
Issued ordinary shares at 1 January	1,684,218	1,678,288
Effect of share options exercised	–	3,263
Weighted average number of ordinary shares at 30 June	<u>1,684,218</u>	<u>1,681,551</u>

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 8 (LOSS)/EARNINGS PER SHARE (continued)

#### (b) Diluted (loss)/earnings per share

There are no dilutive potential shares outstanding during the six months ended 30 June 2023. Hence, the diluted loss per share is the same as basic loss per share for the six months ended 30 June 2023. The calculation of diluted earnings per share for the six months ended 30 June 2022 is based on the profit attributable to ordinary equity shareholders of the Company of RMB115,708,000 and the weighted average number of ordinary shares (diluted) of 1,681,746,000 shares, calculated as follow:

Weighted average number of ordinary shares (diluted)

	2023 '000	2022 '000
Weighted average number of ordinary shares at 1 January	1,684,218	1,681,551
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	195
Weighted average number of ordinary shares (diluted) at 30 June	<u>1,684,218</u>	<u>1,681,746</u>

### 9 PROPERTY, PLANT AND EQUIPMENT

#### (a) Acquisitions and disposals

During the six months ended 30 June 2023, the Group incurred capital expenditure on property, plant and equipment and construction in progress with a cost of RMB338.7 million (six months ended 30 June 2022: RMB760.0 million). Items of property, plant and equipment with a net book value of RMB1.4 million were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB17.4 million). The effect of foreign exchange adjustment is negative RMB180.5 million due to the devaluation of the Nigerian Naira during the six months ended 30 June 2023.

Prepayments for property, plant and equipment are presented as “other non-current assets” in the consolidated statement of financial position.

#### (b) Secured for bank loans and other borrowings

At 30 June 2023, the aggregate carrying value of the secured property, plant and equipment, for the Group's bank loans and other borrowings is RMB2,237.3 million (31 December 2022: RMB1,759.2 million).

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 10 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for use of buildings, motor vehicles, land use rights and therefore recognised the additions to right-of-use assets of RMB85.1 million (six months ended 30 June 2022: RMB1.7 million). None of the Group's right-of-use assets is early terminated during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB6.5 million).

At 30 June 2023, the aggregate carrying value of the secured right-of-use assets for the Group's bank loans and other borrowings is RMB122.6 million (31 December 2022: RMB125.6 million).

### 11 INTEREST IN JOINT VENTURES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Interests in joint ventures	<b>65,225</b>	6,161

On 31 March 2023, the Group acquired 40% equity interests in Qinhuangdao Honghua Special Glass Co., Ltd\* (“秦皇島弘華特種玻璃有限公司”, “Honghua Glass”) from a related party of a director of the Company for a consideration of RMB39,548,000. Upon completion of the above acquisition, Honghua Glass was jointly controlled by the Group and two other parties and the Group's interests in Honghua Glass was accounted for as a joint venture using the equity method.

The fair value of the acquired interests in Honghua Glass at the acquisition date is RMB73,176,000 based on the appraisal of the market value, and the Group recognised a gain on bargain purchase of RMB33,628,000 which is the difference between the cost of acquisition and the fair value of the joint venture as at the date of initial recognition.

### 12 INVENTORIES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Raw materials	<b>371,540</b>	351,380
Work in progress and finished goods	<b>898,654</b>	697,848
Racks, spare parts and consumables	<b>69,717</b>	63,456
	<b>1,339,911</b>	1,112,684
Less: write-down of inventories	<b>(42,789)</b>	(33,802)
	<b>1,297,122</b>	1,078,882

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

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 12 INVENTORIES (continued)

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Carrying amount of inventories sold/used in service contracts	<b>1,967,722</b>	1,635,531
Write-down of inventories	<b>33,025</b>	–
	<b>2,000,747</b>	1,635,531

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

At 30 June 2023, the aggregate carrying value of the secured inventories for the Group's short-term bank loans is RMB22.7 million (31 December 2022: RMBNil).

### 13 TRADE AND BILLS RECEIVABLES

	<b>At 30 June</b>	At 31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade receivables from:		
– third parties	<b>376,454</b>	423,193
– Triumph Group's related parties	<b>1,698</b>	9,497
	<b>378,152</b>	432,690
Less: loss allowance	<b>(131,955)</b>	(131,126)
Financial assets measured at amortised cost	<b>246,197</b>	301,564
Bills receivable	<b>134,599</b>	225,888
	<b>380,796</b>	527,452

All of the trade and bills receivables are expected to be recovered 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.

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 13 TRADE AND BILLS RECEIVABLES (continued)

#### Ageing analysis

The ageing analysis (based on the invoice date) of trade and bills receivables (net of loss allowance for doubtful debts) as of the end of the reporting period is as follows:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 1 month	<b>165,235</b>	254,457
More than 1 month but less than 3 months	<b>128,593</b>	151,703
More than 3 months but less than 6 months	<b>25,234</b>	91,406
More than 6 months but less than 1 year	<b>41,308</b>	26,488
Over 1 year	<b>20,426</b>	3,398
	<b>380,796</b>	527,452

### 14 OTHER RECEIVABLES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Amounts due from related companies:		
– an equity shareholder of the Company (Note (i))	<b>14</b>	13
– non-controlling equity owners of subsidiaries (Note (ii))	<b>113,766</b>	112,754
	<b>113,780</b>	112,767
Deposits and other debtors (Note (iii))	<b>349,843</b>	372,908
Less: loss allowance	<b>(189,692)</b>	(184,073)
	<b>160,151</b>	188,835
Financial assets measured at amortised cost	<b>273,931</b>	301,602
Value added tax refundable	<b>138,482</b>	114,407
	<b>412,413</b>	416,009

Notes:

- (i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- (ii) As at 30 June 2023, the amounts are mainly from a non-controlling equity owner of a subsidiary of the Group related to the compensation receivable and advance payment, which are secured by its owned equity interests in this subsidiary.
- (iii) As at 30 June 2023, the amounts of RMB87.0 million (31 December 2022: RMB87.0 million) is the remaining receivables from the local government authority for relocation of production plants.

All of the other receivables are expected to be recovered or recognised as expenses within one year.



## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 15 CASH ON HAND AND AT BANK

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Cash on hand and at bank	<b>874,561</b>	1,110,656
Time deposits and restricted deposits with banks	<b>295,298</b>	239,140
Cash on hand and at bank in the consolidated statement of financial position	<b>1,169,859</b>	1,349,796
Less: time deposits and restricted deposits with banks	<b>(295,298)</b>	(239,140)
Cash and cash equivalents in the condensed consolidated cash flow statement	<b>874,561</b>	1,110,656

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.

### 16 TRADE AND BILLS PAYABLES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Trade payables to:		
– third parties	<b>397,516</b>	306,951
– Triumph Group's related parties	<b>194</b>	2,370
Bills payable	<b>166,043</b>	126,575
	<b>563,753</b>	435,896

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

The ageing analysis (based on the maturity date) of trade and bills payable as of the end of the reporting period is as follows:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Due within 1 month or on demand	<b>497,710</b>	309,321
Due after 1 month but within 6 months	<b>66,043</b>	25,575
Due after 6 months but within 1 year	<b>–</b>	101,000
	<b>563,753</b>	435,896

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 17 ACCRUED CHARGES AND OTHER PAYABLES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Amounts due to related parties:		
– Triumph Group and its related parties (Note)	<b>348,115</b>	468,245
– a related party of a director of the Company	<b>38,202</b>	–
– a non-controlling equity owner of a subsidiary	<b>56,428</b>	486
	<b>442,745</b>	468,731
Accrued charges and other payables	<b>396,005</b>	491,577
Financial liabilities measured at amortised cost	<b>838,750</b>	960,308
Payables for miscellaneous taxes	<b>21,750</b>	58,604
Provision for legal claims	<b>6,728</b>	7,354
	<b>867,228</b>	1,026,266

Note: The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

All of the accrued charges 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)

### 18 BANK LOANS AND OTHER BORROWINGS

#### (a) Short-term bank loans and other borrowings

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Bank loans	<b>1,634,727</b>	1,514,308
Loans from financial institutions	–	347,475
Loans from Triumph Group	<b>2,226,133</b>	1,998,226
	<b>3,860,860</b>	3,860,009
Add: current portion of long-term bank loans and other borrowings (Note 18(b))	<b>1,072,251</b>	739,746
	<b>4,933,111</b>	4,599,755

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

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Bank loans:		
– pledged by bank bills	<b>455,000</b>	203,000
– secured and/or guaranteed (Note (i))	<b>913,027</b>	1,166,308
– unguaranteed and unsecured	<b>266,700</b>	145,000
	<b>1,634,727</b>	1,514,308
Loans from financial institutions:		
– secured and guaranteed (Note (i))	–	347,475
Other borrowings:		
– financial assistance from Triumph Group		
– secured (Notes (i) and (iii))	<b>103,086</b>	96,637
– unguaranteed and unsecured (Notes (ii) and (iii))	<b>2,123,047</b>	1,901,589
	<b>2,226,133</b>	1,998,226
	<b>3,860,860</b>	3,860,009

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 18 BANK LOANS AND OTHER BORROWINGS (continued)

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

Notes:

- (i) These loans and borrowings are secured by the Group's property, plant and equipment, right-of-use assets, inventories, trade receivables and/or guaranteed by Triumph Group, a director and a key management personnel of a subsidiary of the Company.
- (ii) The amounts are unsecured, with fixed interest rate from 2.00% to 3.70% (31 December 2022: 2.00% to 4.35%) and repayable within one year.
- (iii) These borrowings are financial assistance through which the Group obtain financing from certain banks under the financing facilities Triumph Group owned in these banks.

At 30 June 2023, the aggregate carrying value of the pledged trade receivables (including intercompany balance) for the Group's short-term bank loans is RMB105.0 million (31 December 2022: RMB106.4 million).

#### (b) Long-term loans and other borrowings

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Bank loans	<b>3,128,776</b>	2,900,498
Loans from financial institutions	<b>1,702,260</b>	1,177,921
	<b>4,831,036</b>	4,078,419
Less: current portion of long-term bank loans and other borrowings (Note 18(a))	<b>(1,072,251)</b>	(739,746)
	<b>3,758,785</b>	3,338,673

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

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 1 year or on demand	<b>1,072,251</b>	739,746
After 1 year but within 2 years	<b>1,609,574</b>	1,017,538
After 2 years but within 5 years	<b>2,087,606</b>	2,220,194
After 5 years	<b>61,605</b>	100,941
	<b>4,831,036</b>	4,078,419

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 18 BANK LOANS AND OTHER BORROWINGS (continued)

#### (b) Long-term loans and other borrowings (continued)

At 30 June 2023, the Group's long-term bank loans and other borrowings are secured as follows:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Bank loans:		
– secured and/or guaranteed (Note)	<b>1,240,527</b>	1,144,781
– unguaranteed and unsecured	<b>1,888,249</b>	1,755,717
	<b>3,128,776</b>	2,900,498
Loans from financial institutions:		
– secured and/or guaranteed (Note)	<b>1,702,050</b>	1,145,497
– unguaranteed and unsecured	<b>210</b>	32,424
	<b>1,702,260</b>	1,177,921
	<b>4,831,036</b>	4,078,419

Note: These loans are secured by the Group's property, plant and equipment, right-of-use assets, and/or guaranteed by Triumph Group.

At 30 June 2023, none of the Group's long-term bank loans is pledged by trade receivables (including intercompany balance) (31 December 2022: RMB12.2 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 2023, the Group's banking facilities amounted to RMB4,785.3 million (31 December 2022: RMB4,832.5 million) were utilised to the extent of RMB4,412.9 million (31 December 2022: RMB4,531.4 million).

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 19 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, impairment losses on property, plant and equipment and government grants and fair value adjustments of investments RMB'000	Total RMB'000	Fair value adjustments on intangible assets, property, plant and equipment, equity securities, right-of- use assets, interest capitalisation and related depreciation RMB'000	
<b>Deferred tax arising from:</b>							
<b>At 1 January 2022</b>	43,803	1,838	50,024	91,807	187,472	(137,583)	49,889
Credited/(charged) to the consolidated statement of profit or loss (Note 7)	38,459	5,773	4,067	(2,711)	45,588	45,256	90,844
Credited to reserves	-	-	-	-	-	25	25
Exchange adjustments	-	49	57	35	141	(345)	(204)
<b>At 31 December 2022 and 1 January 2023</b>	<b>82,262</b>	<b>7,660</b>	<b>54,148</b>	<b>89,131</b>	<b>233,201</b>	<b>(92,647)</b>	<b>140,554</b>
Credited/(charged) to the consolidated statement of profit or loss (Note 7)	48,384	2,103	505	(958)	50,034	3,411	53,445
Credited to reserves	-	-	-	-	-	64	64
Exchange adjustment	-	135	55	61	251	(597)	(346)
<b>At 30 June 2023</b>	<b>130,646</b>	<b>9,898</b>	<b>54,708</b>	<b>88,234</b>	<b>283,486</b>	<b>(89,769)</b>	<b>193,717</b>

# Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

## 20 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

### (a) Dividends/distributions

- (i) Distributions 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 distribution for the six months ended 30 June 2023 (six months ended 30 June 2022: RMBNil).

- (ii) Dividends/distributions payable to equity shareholders of the Company attributable to the previous financial year.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
No final dividend in respect of the previous financial year has been approved during the interim period (six months ended 30 June 2022: HK\$0.05 per ordinary share)	-	78,517

The Directors of the Company do not recommend the payment of dividend during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$0.05 per ordinary share).

On 28 June 2023, the Directors of the Company proposed an interim distribution of HK\$0.018 per share (six months ended 30 June 2022: HK\$Nil) or approximately RMB30.5 million, based on the existing 1,836,218,258 ordinary shares in issue as at 30 June 2023, which is subject to the approval of shareholders of the Company at the special general meeting. The aggregate amounts to be paid to shareholders will be determined based on the number of ordinary shares as at the record date for determination of entitlement to the distribution. The distribution has not been recognised as a liability at the end of the reporting period.

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

- (i) Share option scheme

The Company has a share option scheme (the "Share Option Scheme 2016") which 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 2023 (six months ended 30 June 2022: Nil).

The Company also has a share option scheme (the "Share Option Scheme") which was adopted on 30 May 2005 and expired on 22 June 2015. During the six months ended 30 June 2022, 5,930,000 share options granted under the Share Option Scheme were exercised. All share options granted under the Share Option Scheme have been exercised, forfeited or lapsed by 13 May 2022.

- (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.

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 20 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (continued)

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

##### (ii) Share award scheme (continued)

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

	<b>No. of shares held '000</b>
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	152,000

During the six months ended 30 June 2023, no ordinary share was purchased for the Share Award Scheme (six months ended 30 June 2022: Nil). No shares have been awarded to any selected employee as at the date of this interim financial report.

#### (c) Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into the presentation currency. The effect of foreign exchange differences is negative RMB514.5 million for the six months ended 30 June 2023, which is mainly from the Group's subsidiaries operating in Nigeria with the Nigerian Naira as the functional currency. The Nigerian Naira was devalued by approximately 40% against RMB from 1 January 2023 to 30 June 2023 as a result from the exchange rate reform implemented by the local government of Nigeria.

Fluctuation of exchange rates may have impacts on the Group's financial performance and net investment from the overseas operation in Nigeria. The Group has been monitoring recent fluctuation of foreign exchange rates and the impact on the financial statements, and considered to implement contingency measures.



## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 21 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 2023.

#### (a) Transactions with Triumph Group and its related parties

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Purchase of raw materials from	393,273	236,143
Engineering services received	289,697	372,142
Sales of glass products to	17,662	–
Service provided to	30,958	–
Net (decrease)/increase in guarantees received for the Group's loans	(357,047)	89,188
Net increase in loan's principal from Triumph Group and its related parties	227,907	224,518
Interest and financial charges in relation to interest-bearing borrowings	22,706	34,407

#### (b) Transactions with a director of the Company

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Net increase in guarantees received for the Group's bank loans	10,000	–

#### (c) Transactions with a related party of a director of the Company

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Purchase of equity interests in Honghua Glass	39,548	–

#### (d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Short-term employee benefits	1,821	2,338
Contributions to defined contribution retirement plans	61	62
	1,882	2,400

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 22 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Commitments in respect of land and buildings, and machinery and equipment		
– contracted for	359,609	534,737
– authorised but not contracted for	1,863,269	1,921,437
	<b>2,222,878</b>	<b>2,456,174</b>

### 23 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)

### 23 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. 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 at 30 June 2023 RMB'000	Fair value measurements as at 30 June 2023 categorised into		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>			
Financial assets:			
Equity securities	–	–	1,253
Bills receivable (Note 13)	–	134,599	–
<b>134,599</b>	<b>–</b>	<b>134,599</b>	<b>–</b>

Fair value at 31 December 2022 RMB'000	Fair value measurements as at 31 December 2022 categorised into		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>			
Financial assets:			
Equity securities	–	–	1,510
Bills receivable (Note 13)	–	225,888	–
<b>225,888</b>	<b>–</b>	<b>225,888</b>	<b>–</b>

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

###### *Bills receivable*

The fair value of bills receivable is determined using its cost as it approximates the present value of the cash flows to be derived from the receivables determined using discounted cash flow method.

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 23 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

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Range</b>
Unlisted equity instruments	Market comparable companies	Discount for lack of marketability	50% to 70% (2022: 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 2023, 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 RMB109,800 (six months ended 30 June 2022: RMB198,000).

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

	<b>2023 RMB'000</b>	2022 RMB'000
Unlisted equity instruments:		
At 1 January	<b>1,510</b>	1,610
Net unrealised (loss)/gain recognised in other comprehensive income during the period	<b>(257)</b>	87
At 30 June	<b>1,253</b>	1,697

Any gains or losses arising from the remeasurement of the Group's 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.

## Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

### 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (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 2022 and 30 June 2023 except for the following financial instruments, for which their carrying amounts and fair values are disclosed below:

	At 30 June 2023		At 31 December 2022	
	Carrying amounts RMB'000	Fair value RMB'000	Carrying amounts RMB'000	Fair value RMB'000
Long-term bank loans and other borrowings	<b>3,758,785</b>	<b>3,706,812</b>	3,338,673	3,248,945

### 24 ACQUISITION OF NCI OF A SUBSIDIARY

During the six months ended 30 June 2023, the Group entered into an equity transfer agreement with NCI of a subsidiary, pursuant to which the Group agreed to acquire 5% equity interests for the same cash consideration as the fair value of the equity interests as at the completion date. The acquisition has been completed on 23 March 2023.

### 25 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The interim distribution proposed by the directors of the Company was approved by shareholders of the Company at the special general meeting of the Group held on 31 July 2023. Further details are disclosed in Note 20(a).