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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01108)

2015 INTERIM REPORT ANNOUNCEMENT

The board of directors (the "Board") of Luoyang Glass Company Limited* (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015. The Board of the Company and the Audit Committee of the Board have reviewed and confirmed the unaudited interim results.

I. BASIC INFORMATION ABOUT THE COMPANY

Stock abbreviation	Luoyang Glass (A Share(s))	Luoyang Glass (H Share(s))
Stock code	600876	01108
Listing Exchange	the Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Board Secretary	**Securities Affairs Representative**
Name	Wu Zhixin	Zhao Zhiming
Correspondence address	Secretary Office of the Board of Luoyang Glass Company Limited, No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province, the PRC	Secretary Office of the Board of Luoyang Glass Company Limited, No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province, the PRC
Telephone	86-379-63908588 63908637	86-379-63908833
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II. MAJOR FINANCIAL DATA AND SHAREHOLDERS' CHANGES

2.1 Accounting Data and Financial Indicators of the Company

Unit: Yuan Currency: RMB

	As at the end of reporting period	As at the end of the previous year	Increase/decrease at the end of the Reporting Period from the end of last year *(%)*
Net assets attributable to shareholders of the Company	-64,656,645.20	49,399,018.40	-230.89
Total assets	1,190,257,751.62	1,057,067,719.83	12.60

	Reporting period	Corresponding period of previous year	Changing from corresponding period of previous year *(%)*
Net cash flow from operating activities	-64,243,850.47	6,794,700.09	-1,045.50
Operating Income	307,311,207.69	265,633,853.92	15.69
Net profits attributable to shareholders of the Company	-114,083,893.59	32,267,809.50	-453.55
Net profits attributable to shareholders of the Company after extraordinary items	-112,707,736.82	-61,870,608.82	N/A
Basic earnings per share *(RMB/share)*	-0.2282	0.0645	-453.80
Diluted earnings per share *(RMB/share)*	-0.2282	0.0645	-453.80
Weighted average return on net assets	N/A	65.27	N/A

2.2 List of Holdings of the top ten shareholders

Total number of shareholders as at the end of the Reporting Period *(shareholder)*	There were 26,766 shareholders of the Company in total, including 26,717 holders of A shares and 49 holders of H shares
Total number of recovery of voting rights of preferential shareholders as at the end of the reporting period *(shareholder)*	0

Shareholdings of top ten shareholders

Name of shareholder (Full name)	Increase/ decrease during the reporting period	Total of shares at the ending period	Percentage *(%)*	Number of restricted shares held	Number of shares pledged or frozen: Status of shares	Number of shares pledged or frozen: Quantity	Nature of shareholder
HKSCC (Nominees) Limited	-393,900	248,254,898	49.65	0	Unknown		Overseas legal person
China Luoyang Float Glass (Group) Company Limited	0	159,018,242	31.80	0	Pledged	159,018,242	State-owned legal person
Zhang lixin	0	2,760,000	0.55	0	Unknown		Domestic natural person
Industrial and Commercial Bank of China – Zhaoshang Core Value-Hybrid Securities Investment Fund	+2,497,991	2,497,991	0.50	0	Unknown		Unknown
Shanghai Li Yuan Equity Investment Management Co., Ltd.	+1,700,645	1,700,645	0.34	0	Unknown		Unknown
Industrial Bank Corporation Limited- CGB, CSI and Baidu Baifa Strategy 100 Index Investment Fund	+1,250,756	1,250,756	0.25	0	Unknown		Unknown
Chen Heyu	+1,072,471	1,072,471	0.21	0	Unknown		Domestic natural person
Tian Zhi Fund – Industrial Bank – Tian Zhi Kai Rong Sheng Da 2nd Rating Assets Management Programme	+1,000,000	1,000,000	0.20	0	Unknown		Unknown
Tian Zhi Fund – China Everbright Bank – Tian Zhi Kai Rong Sheng Da 1st Rating Assets Management Programme +1,000,000	+867,001	867,001	0.17	0	Unknown		Unknown
Postal Savings Bank of China Corporation Limited – Yi Fang Da Reforming Dividend-Hybrid Securities Investment Fund	+829,318	829,318	0.17	0	Unknown		Unknown

Shareholdings of the top 10 holders of shares not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium	Type and number of shares	
		Category	Quantity
HKSCC (Nominees) Limited	248,254,898	Foreign capital stocks listed abroad	248,254,898
China Luoyang Float Glass (Group) Company Limited	159,018,242	RMB common stock	159,018,242
Zhang lixin	2,760,000	RMB common stock	2,760,000
Industrial and Commercial Bank of China – Zhaoshang Core Value-Hybrid Securities Investment Fund	2,497,991	RMB common stock	2,497,991
Shanghai Li Yuan Equity Investment Management Co., Ltd.	1,700,645	RMB common stock	1,700,645
Industrial Bank Corporation Limited- CGB, CSI and Baidu Baifa Strategy 100 Index Investment Fund	1,250,756	RMB common stock	1,250,756
Chen Heyu	1,072,471	RMB common stock	1,072,471
Tian Zhi Fund – Industrial Bank – Tian Zhi Kai Rong Sheng Da 2nd Rating Assets Management Programme	1,000,000	RMB common stock	1,000,000
Tian Zhi Fund – China Everbright Bank – Tian Zhi Kai Rong Sheng Da 1st Rating Assets Management Programme +1,000,000	867,001	RMB common stock	867,001
Postal Savings Bank of China Corporation Limited – Yi Fang Da Reforming Dividend-Hybrid Securities Investment Fund	829,318	RMB common stock	829,318

Description of the connected relationship or party acting in concert among the aforesaid shareholders:	There are no connected parties or persons acting in concert as defined by Regulations for Disclosure of Changes in Shareholding of Listed Companies among the top ten shareholders of the Company, including China Luoyang Float Glass (Group) Company Limited and other shareholders of circulating shares. The Company is not aware of any parties acting in concert or any connected relationship among other shareholders of circulating shares.

Note:

1. HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any single holder of H shares who held 10% or above of the Company's total share capital.

2. Save as disclosed above, as at 30 June 2015, there were no other persons who have any interests or short position in the shares or underlying shares in the equity derivatives of the Company as recorded in the register of interest kept under section 336 of the Securities and Futures Ordinance of Hong Kong.

3. On 31 December 2014, China Luoyang Float Glass (Group) Company Limited entered into the Equity Transfer Agreement with Bengbu Design & Research Institute for Glass Industry. Pursuant to the agreement, CLFG intended to transfer its 6.9 million shares of the Company (accounting for 13.8% of the total share capital of the Company) to Bengbu Design & Research Institute for Glass Industry. The equity transfer was approved by the SASAC on 18 May 2015, but the formalities for the share transfer had yet to be completed.

2.3 Changes in Controlling Shareholder or De Facto Controller of the Company

During the Reporting Period, there was no change in the controlling shareholder and the de facto controller of the Company.

III. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Discussion and Analysis of Company Operations during Reporting Period

In the first half of 2015, the downturn in the glass market continues; there is prominent supply-demand contradictions, resulting in the cost of most manufacturing companies dropping away from the prices and the profit sliding downward to a large extent.

During the Reporting Period, the Company has realized an operating revenue of RMB307,311,200, for the same period of last year: RMB265,633,900, representing a year-on-year increase of 15.69%; it has realized an operating profit of RMB-115,364,900, for the same period of last year: RMB29,359,200, representing a year-on-year decrease of 492.94%; the net profit attributable to shareholders of the Company is RMB-114,083,900, for the same period of last year: RMB32,267,800, representing a year-on-year decrease of RMB146,351,700; the basic earnings per share attributable to shareholders of the Company are RMB-0.2282.

3.2 Analysis of principal operating activities

3.2.1 Analysis of changes of relevant accounts in financial statements

Unit: Yuan Currency: RMB

Subject	In the Period	Amount in corresponding period last year	Rate of change
			(%)
Operating Income	307,311,207.69	265,633,853.92	15.69
Operating Costs	332,403,424.62	250,301,099.35	32.80
Cost of sales	15,253,736.30	12,629,073.36	20.78
Administrative expenses	47,562,073.94	51,687,832.01	-7.98
Financial expenses	3,404,853.83	5,685,689.96	-40.12
Net cash flow from operating activities	-64,243,850.47	6,794,700.09	-1,045.50
Net cash flow from investment activities	-19,349,901.17	36,718,940.00	-152.70
Net cash flow from financing activities	63,428,938.03	-23,799,531.17	N/A
R&D expenses	3,754,353.30	7,132,893.57	-47.37

Reasons for the changes:

(1) Operating revenue for the period increased by 15.69% year-on-year, mainly due to the increase in sales volume as a result of the increase in production capacity in the reporting period;

(2) Operating costs for the period increased by 32.80% year-on-year, mainly due to the increase in sales volume as a result of the increase in production capacity in the reporting period;

(3) Selling expenses for the period increased by 20.78% year-on-year, mainly due to the growth in port charges of the subsidiaries as the method of sales and settlement of silica sand has been changed in the reporting period;

(4) Administrative expenses for the period decreased by 7.98% year-on-year, mainly due to the decrease in technology development input for the period;

(5) Financial expenses for the period decreased by 40.12% year-on-year, mainly due to the decrease in interests of discounted charges year-on-year in the reporting period;

(6) Net cash outflow from operating activities increased by RMB71,038,600 year-on-year, mainly due to the increase in the cash payment of raw material purchase in the reporting period;

(7) Net cash outflow from investment activities increased by RMB56,068,800 year-on-year, mainly due to the increase of fixed assets expenses for development and transformation of the subsidiaries' assembly line in the reporting period;

(8) Net cash inflow from financing activities increased by RMB87,228,500, mainly due to the increase in the financial aid provided by Kai Sheng Technology Group and its subsidiaries and the new collateral loans in the reporting period.

3.2.2 Explanations for other substantial changes in the composition of profits or source of profits of the Company

(1) Impairment loss on assets for the period showed a year-on-year increase of 328.79%, mainly due to the increased provision for depreciation of inventories with the signs of impairment;

(2) Investment income for the period presented a decrease of 100% on a year-on year basis, which was mainly due to the revenue from disposal of the equity interest in Luobo Industrial Co., Ltd. in the reporting period.

(3) Financial expenses for the period decreased by 38.55% year-on-year, mainly due to the decrease in the revenue of subsidiaries in the reporting period.

3.3 Analysis of principal operations by business, product or geographical region

3.3.1 Principal operations by business or product

Principal operations by industry

By industry	Operating Income	Operating Costs	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Float glass	254,011,326.91	297,079,222.72	-16.96	2.35	23.27	Decreased by 19.85 percentage points
Silica sand	17,809,596.59	8,823,196.15	50.46	43.92	26.37	Increased by 6.88 percentage points

Principal operations by product

By product	Operating Income	Operating Costs	Gross profit margin (%)	Increase/ decrease in operating income from last year (%)	Increase/ decrease in operating cost from last year (%)	Increase/decrease in gross profit from last year (%)
Float glass	254,011,326.91	297,079,222.72	-16.96	2.35	23.27	Decreased by 19.85 percentage points
Including: ultra-thin glass	139,176,166.21	119,836,792.73	13.90	-11.50	-1.50	Decreased by 8.73 percentage points
Common glass	114,835,160.70	177,242,429.99	-54.35	26.31	48.54	Decreased by 23.11 percentage points
Silica sand	17,809,596.59	8,823,196.15	50.46	43.92	26.37	Increased by 6.88 percentage points

3.3.2 Principal operations by region

Region	**Operating Income**	**Year-on-year increase/decrease in operating revenue** *(%)*
Domestic	271,820,923.50	4.33
Overseas	0	0
Total	271,820,923.50	4.33

3.4 Analysis of core competitiveness

During the reporting period, the Company developed the ultra-thin glass with 0.25mm, which was the thinnest in the PRC and realized commercial production, which further increased the varieties of high added-value products of the Company. This has further enhanced its variety advantage, thus strengthened the competitiveness of the Company's products.

There was no significant change in other aspects of the Company's competitiveness during the reporting period.

3.5 Analysis of investment

3.5.1 Overall analysis of equity investment

During the reporting period, there was no increase or decrease in external investment of the Company.

Shareholdings in financial enterprises are as follows:

Name of investee	Initial amount of investment *(RMB)*	Percentage of shareholding at the beginning of the period *(%)*	Percentage of shareholding at the end of the period *(%)*	Closing book value *(RMB)*	Profit or loss during the reporting period *(RMB)*	Change in owner's equity during the reporting period *(RMB)*	Accounting subject	Source of shares
Bank of Zhongyuan Co., Ltd.	7,000,000.00	0.0457	0.0457	4,343,500.00			Available-for-sale financial assets	Purchase
Total	7,000,000.00	0.0457	0.0457	4,343,500.00				

Explanation on equity interests held in financial enterprises: The Company has not received any dividend during the reporting period.

3.5.2 Entrusted wealth management and derivative investment with non-financial corporations

(1) Entrusted wealth management

N/A

(2) Entrusted loans

The Company was not involved in any external entrusted loans and was only involved in entrusted loans for subsidiaries. As of June 30, 2015, the balance of the entrusted loans provided by the Company through banks to its subsidiaries amounted to RMB412,089,000.00.

(3) Other wealth management and derivative investment

N/A

3.5.3 Use of proceeds from fundraisings

N/A

3.5.4 Analysis to a major subsidiary and a joint stock company

Company name	Industry	Major products or services	Registered Capital:	Total assets	Net assets	Net Profit
CLFG Longhai Electronic Glass Co., Ltd.	Building materials	float glass and electronic glass	60,000,000	274,709,924.03	173,699,749.47	4,833,684.56
CLFG Longmen Glass Company Limited	Building materials	float glass	20,000,000	225,181,342.42	-394,069,469.42	-24,029,638.03
CLFG Longhao Glass Co., Ltd.	Building materials	float glass	50,000,000	382,382,589.84	-352,048,365.59	-87,641,931.05
CLFG Longfei Glass Company Limited	Building materials	float glass	74,080,000	74,011,598.94	-217,733,054.81	-8,680,961.07
CLFG Longxiang Glass Co., Ltd.	Building materials	float glass	50,000,000	62,505,217.51	-53,389,616.86	-4,416,902.28
Yinan Hua Sheng Mineral Business Co., Ltd.	Building materials	quartz sand	28,000,000	43,322,673.90	3,694,987.32	-131,970.94
Dengfeng Luobo silica sand Co., Ltd.	Building materials	silica sand	13,000,000	10,739,472.04	9,590,267.54	-306,837.27
Dengfeng Hong Zhai silica sand Co., Ltd.	Building materials	silica sand	2,050,000	14,701,647.64	-770,713.75	52,225.54
Luoyang Luobo Furuida Commerce Co., Ltd.	Trade	Sales of glass and raw materials	500,000	1,131,164.85	-1,782,522.05	-741,816.16

3.5.5 Projects financed by non-raised capital

N/A

3.5.6 Others

(1) Bank and other loans

a. Short-term loans: The closing balance in the reporting period is RMB10 million, which is the entrusted loans provided by the Group.

b. Long-term loans: The closing balance in the reporting period is RMB532,529,427.12, including: bank loans: RMB482,529,427.12 and non-bank financial institution loans: RMB50,000,000.00. RMB54,421,653.68 shall be repaid within a year.

(2) Liquidity and capital resources

As of June 30, 2015, the cash and cash equivalents of the Group is RMB3,272,778.69. Including: US dollar deposits of RMB114,154.55 (US dollar deposits of RMB114,175.13 on December 31, 2014), HK dollar deposits of RMB5,648.84 (HK dollar deposits of RMB5,650.43 on December 31, 2014); Euro deposits of RMB4.13 (Euro deposits of RMB4.48 on December 31, 2014). Compared with the total amount of RMB23,437,695.65 on December 31, 2014, the deposits has been decreased by RMB20,164,916.96. Cash inflows of the Group in the current period mainly came from sales revenue, financial aids, which were mainly used as working capital and for repayment of bank loans.

(3) Gearing ratio

The gearing ratio was calculated based on the total liabilities at the end of the period less the balance of cash and cash equivalents and divided by net assets attributable to the parent. The gearing ratio of the Group calculated using this formula was -2,081% as at 30 June 2015 and 1,869% as at 30 June 2014.

(4) Contingent liabilities

Nil.

(5) Risk of exchange rate fluctuations

The Company's assets, liabilities and transactions are denominated in Renminbi. Therefore, fluctuations in foreign exchange rates do not have material impacts on the Group.

3.6 Business prospects in the second half of the Company

From the perspective of unfavorable factors in the industry, the production and operation difficulties suffered by float sheet glass enterprises still cannot be changed under the conflicting pressures of continued oversupply for more than two years. The real estate market is still in a weak state with limited increments; car sales are lower than expected so the contribution to float sheet glass sales is insufficient against the background where the demand is not materially improved, the glass industry will face tremendous pressure in the second half of the year. With the improved domestic production capacity, the imbalance arising from the oversupply of the mid-to-low end ultra-thin glass will become even more evident and the market competition will become increasingly intense.

From the perspective of favorable factors in the industry, as the effects of the national policies and measures on steady growth gradually spread, the positive factors in economic operation will be gradually released and the market environment will be improved, showing moderate but stable and sound momentum of development. The market growth point is mainly about the update of the structure of traditional market needs and the continuous emergence of the potential of emerging markets like electronics and solar energy. The development of glass new technology will provide the market with enormous vitality.

In the second half, the Company will follow the overall plan of "integration and optimization, efficiency increase and debt reduction," and "price stabilization, cost reduction, payment collection and inventory increase," actively respond to the grim situation and challenges, make determined efforts to promote asset reorganization, promote the transformation and upgrading, and speed up product structural adjustment and optimization; relying on accumulation of innovative ultra-thin glass products and technical support, achieve the shift from traditional to emerging markets and the high degree of integration, improve profitability, ensure the completion of the annual production plan and business objectives.

3.7 Other Disclosures

3.7.1 Repurchase, Sale and Redemption

During the reporting period, the Company and its subsidiaries did not repurchase, sell and redeem any securities of the Company.

3.7.2 Audit Committee

The audit committee under the Board of the Company has reviewed the interim report.

3.7.3 Compliance with the Corporate Governance Code

During the reporting period, the Company complied with all the code provisions under the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

3.7.4 Compliance with the Model Code

Having made specific enquires to all Directors, the Company confirmed all Directors have complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules during the reporting period. In respect of the securities transactions by the Directors, the code of conduct adopted by the Company is no less exacting than the Model Code.

IV. MATTERS RELATING TO FINANCIAL REPORT

4.1 There is no changes in accounting policies, accounting estimates and accounting method.

4.2 There is no major accounting error with the report period that need further explanation.

4.3 Compared to the latest annual report, there is no changes in the consolidated scope.

Consolidated Balance Sheet
Prepared by: Luoyang Glass Company Limited
June 30, 2015
Unit: RMB

Item	**Closing Balance**	Opening balance
Current Assets:		
Cash and cash equivalents	**128,292,778.69**	68,478,221.61
Bills receivables	**22,823,996.50**	400,000.00
Accounts receivables	**62,939,598.39**	23,412,089.50
Prepayments	**29,930,674.15**	7,692,326.00
Other receivables	**44,095,298.65**	37,020,177.60
Inventories	**196,161,233.16**	211,781,486.51
Other current assets	**28,819,150.75**	21,865,034.21
Total current assets	**513,062,730.29**	370,649,335.43

Item	**Closing Balance**	Opening balance
Non-current assets:		
Available-for-sale financial assets	**4,343,500.00**	4,343,500.00
Long-term receivables	**50,165,060.14**	48,649,780.65
Fixed assets	**323,527,692.27**	568,040,126.38
Construction in progress	**234,343,449.65**	698,734.75
Project materials	**595,051.16**	428,213.56
Intangible assets	**53,047,516.76**	54,815,729.68
Long-term deferred expenses	**432,000.00**	486,000.00
Deferred income tax assets	**2,600,666.82**	3,821,811.59
Other non-current assets	**8,140,084.53**	5,134,487.79
Total non-current assets	**677,195,021.33**	686,418,384.40
Total assets	**1,190,257,751.62**	1,057,067,719.83

Item	Closing Balance	Opening balance
Current liabilities:		
Short-term borrowings	**10,000,000.00**	10,000,000.00
Bills payables	**170,000,000.00**	90,000,000.00
Accounts payables	**286,713,376.52**	266,198,092.81
Receipts in advance	**39,806,235.41**	57,399,049.54
Employee compensation payable	**60,840,077.26**	48,625,920.94
Tax payables	**21,391,465.59**	27,800,706.43
Other payables	**218,121,417.03**	80,705,153.66
Non-current liabilities due within one year	**54,421,653.68**	46,293,636.87
Total current liabilities	**861,294,225.49**	627,022,560.25
Non-current liabilities:		
Long-term borrowings	**478,107,773.44**	459,535,761.38
Deferred income	**9,124,388.07**	9,898,914.15
Total non-current liabilities	**487,232,161.51**	469,434,675.53
Total Liabilities	**1,348,526,387.00**	1,096,457,235.78
Owners' equity		
Share capital	**500,018,242.00**	500,018,242.00
Capital reserve	**857,450,406.90**	857,450,406.90
Special reserve	**484,387.73**	456,157.74
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-1,473,975,190.87**	-1,359,891,297.28
Total owners' equity attributable to parent company	**-64,656,645.20**	49,399,018.40
Minority interests	**-93,611,990.18**	-88,788,534.35
Total owners' equity	**-158,268,635.38**	-39,389,515.95
Total liabilities and owners' equity	**1,190,257,751.62**	1,057,067,719.83

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

Balance Sheet of the Company
Prepared by: Luoyang Glass Company Limited
June 30, 2015
Unit: RMB

Item	Closing Balance	Opening balance
Current Assets:		
Cash and cash equivalents	**120,166,947.34**	45,193,116.50
Bills receivables	**693,996.50**	–
Accounts receivables	**640,381,022.30**	556,257,598.52
Prepayments	**18,190,267.03**	1,485,067.67
Other receivables	**165,795,570.72**	179,069,893.00
Total current assets	**945,227,803.89**	782,005,675.69
Non-current assets:		
Long-term receivables	**50,165,060.14**	48,649,780.65
Long-term equity investments	**52,597,961.54**	52,597,961.54
Fixed assets	**3,567,165.55**	3,813,540.76
Project materials	**595,051.16**	428,213.56
Intangible assets	**6,744,228.70**	6,856,321.12
Long-term deferred expenses	**432,000.00**	486,000.00
Total non-current assets	**114,101,467.09**	112,831,817.63
Total assets	**1,059,329,270.98**	894,837,493.32
Current liabilities:		
Short-term borrowings	**10,000,000.00**	10,000,000.00
Bills payables	**165,000,000.00**	90,000,000.00
Accounts payables	**63,089,664.49**	75,935,633.93
Receipts in advance	**31,929,111.45**	50,176,727.50
Employee compensation payable	**21,537,718.69**	13,822,236.57
Tax payables	**2,857,429.60**	7,262,758.60
Other payables	**187,648,411.94**	50,643,969.60
Non-current liabilities due within one year	**43,413,636.87**	43,413,636.87
Total current liabilities	**525,475,973.04**	341,254,963.07

Item	**Closing Balance**	Opening balance
Non-current liabilities:		
Long-term borrowings	**408,955,790.25**	430,815,761.38
Total non-current liabilities	**408,955,790.25**	430,815,761.38
Total Liabilities	**934,431,763.29**	772,070,724.45
Owners' equity		
Share capital	**500,018,242.00**	500,018,242.00
Capital reserve	**891,129,782.23**	891,129,782.23
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-1,317,616,025.58**	-1,319,746,764.40
Total owners' equity	**124,897,507.69**	122,766,768.87
Total liabilities and owners' equity	**1,059,329,270.98**	894,837,493.32

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

Consolidated Income Statement
Prepared by: Luoyang Glass Company Limited
January – June 2015
Unit: RMB

Item	Amount of Current Period	Amount of Prior Period
I. Operating income	**307,311,207.69**	265,633,853.92
Less: Operating cost	**332,403,424.62**	250,301,099.35
Business tax and surcharges	**2,215,194.34**	4,272,807.91
Cost of sales	**15,253,736.30**	12,629,073.36
Administrative expenses	**47,562,073.94**	51,687,832.01
Financial expenses	**3,404,853.83**	5,685,689.96
Impairment losses of assets	**21,836,838.21**	5,092,670.60
Investment income	**–**	93,394,560.90
II. Operating profit	**-115,364,913.55**	29,359,241.63
Plus: Non-operating income	**1,280,720.72**	2,228,942.66
Including: Gains on disposal of non-current assets	**58,944.92**	517,234.58
Less: Non-operating expense	**2,696,368.73**	1,054,742.01
III. Total profit	**-116,780,561.56**	30,533,442.28
Less: Income tax expenses	**2,152,846.32**	3,503,621.19
IV. Net Profit	**-118,933,407.88**	27,029,821.09
Wherein: Net profit attributable to owners of parent company	**-114,083,893.59**	32,267,809.50
Minority interest income	**-4,849,514.29**	-5,237,988.41
V. Other comprehensive after-tax net income	**–**	–

Item	**Amount of Current Period**	Amount of Prior Period
VI. Total comprehensive income	**-118,933,407.88**	27,029,821.09
Total comprehensive income attributable to parent company owners	**-114,083,893.59**	32,267,809.50
Total comprehensive income attributable to minority	**-4,849,514.29**	-5,237,988.41
VII. Earnings per share		
(I) Basic earnings per share *(RMB/share)*	**-0.23**	0.06
(II) Diluted earnings per share *(RMB/share)*	**–**	–

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

Income Statement of the Company
Prepared by: Luoyang Glass Company Limited
January – June 2015
Unit: RMB

Item	Amount of Current Period	Amount of Prior Period
I. Operating income	**181,916,385.17**	294,388,398.98
Less: Operating cost	**178,352,608.39**	289,429,370.11
Business tax and surcharges	**275,542.25**	2,111,965.93
Cost of sales	**751,982.28**	1,271,732.29
Administrative expenses	**10,397,585.13**	10,708,303.93
Financial expenses	**-2,130,704.69**	-3,312,173.01
Investment income	**8,142,938.44**	83,302,931.27
II. Operating profit	**2,412,310.25**	77,482,131.00
Plus: Non-operating income	**55,660.38**	278,903.85
Including: Gains on disposal of non-current assets	**–**	81,403.85
Less: Non-operating expense	**337,231.81**	1,019,995.36
III. Total profit	**2,130,738.82**	76,741,039.49
Less: Income tax expenses		
IV. Net Profit	**2,130,738.82**	76,741,039.49
V. Other comprehensive after-tax net income	**–**	–
VI. Total comprehensive income	**2,130,738.82**	76,741,039.49

Legal representative:
Ma Liyun

Person in charge of accounting:
Sun Lei

Person in charge of accounting department:
Chen Jing

Consolidated Cash Flow Statement
Prepared by: Luoyang Glass Company Limited
January – June 2015
Unit: RMB

Items	**Amount of Current Period**	Amount of Prior Period
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	**146,347,170.58**	140,636,459.24
Other cash received related to operating activities	**5,456,140.81**	8,364,081.92
Subtotal of cash inflows from operating activities	**151,803,311.39**	149,000,541.16
Cash paid for sales of goods or rendering of services	**135,423,435.46**	80,480,437.92
Cash paid to and for employees	**33,401,002.25**	32,823,801.55
Cash paid for various taxes	**25,881,057.46**	18,894,546.89
Other payments related to operating activities	**21,341,666.69**	10,007,054.71
Subtotal of cash outflows from operating activities	**216,047,161.86**	142,205,841.07
Net cash flow from operating activities	**-64,243,850.47**	6,794,700.09
II. Cash flow from investing activities:		
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	**–**	38,043,000.00
Net cash received from the disposal of subsidiaries and other operating entities	**–**	4,000,000.00
Subtotal of cash inflows from investment activities	**–**	42,043,000.00
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	**19,349,901.17**	324,060.00
Other cash payments related to investment activities	**–**	5,000,000.00
Subtotal of cash outflows from investment activities	**19,349,901.17**	5,324,060.00
Net cash flow from investment activities	**-19,349,901.17**	36,718,940.00

Items	**Amount of Current Period**	Amount of Prior Period
III. Cash flows from financing activities:		
Other cash received related to financing activities	**438,568,543.48**	309,122,187.01
Subtotal of cash inflows from financing activities	**438,568,543.48**	309,122,187.01
Cash paid for repayments of borrowings	**22,490,707.67**	23,170,918.18
Cash payment for distribution of dividends and profits or interest repayment	**273,000.00**	–
Other cash payments related to financing activities	**352,375,897.78**	309,750,800.00
Subtotal of cash outflows from financing activities	**375,139,605.45**	332,921,718.18
Net cash flow from financing activities	**63,428,938.03**	-23,799,531.17
IV. Effect of exchange rate changes on cash and cash equivalents	**-103.35**	2,055.28
V. Net increase in cash and cash equivalents	**-20,164,916.96**	19,716,164.20
Add: Opening balance of cash and cash equivalents	**23,437,695.65**	28,316,110.10
VI. Closing balance of cash and cash equivalents	**3,272,778.69**	48,032,274.30

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

Cash Flow Statement of the Parent
Prepared by: Luoyang Glass Company Limited
January – June 2015
Unit: RMB

Items	**Amount of Current Period**	Amount of Prior Period
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	**219,644,282.60**	128,814,707.88
Other cash received related to operating activities	**251,843,534.16**	271,966,344.05
Subtotal of cash inflows from operating activities	**471,487,816.76**	400,781,051.93
Cash paid for sales of goods or rendering of services	**3,837,651.18**	6,343,824.99
Cash paid to and for employees	**6,138,589.73**	9,078,028.03
Cash paid for various taxes	**3,829,550.17**	1,941,394.86
Other payments related to operating activities	**154,683,616.04**	158,105,107.64
Subtotal of cash outflows from operating activities	**168,489,407.12**	175,468,355.52
Net cash flow from operating activities	**302,998,409.64**	225,312,696.41

Items	**Amount of Current Period**	Amount of Prior Period
II. Cash flow from investing activities:		
Net cash receipts from the disposals of fixed assets, intangible assets and other long-term assets	**–**	38,043,000.00
Net cash received from the disposal of subsidiaries and other operating entities	**–**	4,000,000.00
Subtotal of cash inflows from investment activities	**–**	42,043,000.00
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	**2,370.00**	–
Other cash payments related to investment activities	**–**	5,000,000.00
Subtotal of cash outflows from investment activities	**2,370.00**	5,000,000.00
Net cash flow from investment activities	**-2,370.00**	37,043,000.00

Items	**Amount of Current Period**	Amount of Prior Period
III. Cash flow from financing activities:		
Other cash received related to financing activities	**30,000,000.00**	10,000,000.00
Subtotal of cash inflows from financing activities	**30,000,000.00**	10,000,000.00
Cash paid for repayments of borrowings	**21,050,707.67**	21,730,918.18
Cash payment for distribution of dividends and profits or interest repayment	**273,000.00**	–
Other cash payments related to financing activities	**311,698,397.78**	250,000,000.00
Subtotal of cash outflows from financing activities	**333,022,105.45**	271,730,918.18
Net cash flow from financing activities	**-303,022,105.45**	-261,730,918.18
IV. Effect of exchange rate changes on cash and cash equivalents	**-103.35**	2,055.28
V. Net increase in cash and cash equivalents	**-26,169.16**	626,833.51
Add: Opening balance of cash and cash equivalents	**193,116.50**	398,991.55
VI. Closing balance of cash and cash equivalents	**166,947.34**	1,025,825.06

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Luoyang Glass Company Limited
January – June 2015
Unit: RMB

	Current period amount							
	Attributable to owners of the Parent							
Item	Share capital	Capital reserve	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interests	Total owners' equity
I. Closing balance of last year	500,018,242.00	857,450,406.90	456,157.74	51,365,509.04	-1,359,891,297.28	49,399,018.40	-88,788,534.35	-39,389,515.95
II. Opening balance of the year	500,018,242.00	857,450,406.90	456,157.74	51,365,509.04	-1,359,891,297.28	49,399,018.40	-88,788,534.35	-39,389,515.95
III. Changes for the period (decrease is indicated by "-")	–	–	28,229.99	–	-114,083,893.59	-114,055,663.60	-4,823,455.83	-118,879,119.43
(I) Total comprehensive income	–	–	–	–	-114,083,893.59	-114,083,893.59	-4,849,514.29	-118,933,407.88
(II) Capital contributed or reduced by owners	–	–	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–	–	–
(IV) Internal transfers of owners' equity	–	–	–	–	–	–	–	–
(V) Special reserve	–	–	28,229.99	–	–	28,229.99	26,058.46	54,288.45
1. Appropriation for the period	–	–	60,985.31	–	–	60,985.31	56,294.14	117,279.45
2. Utilized in the period	–	–	-32,755.32	–	–	-32,755.32	-30,235.68	-62,991.00
IV. Closing balance for the period	500,018,242.00	857,450,406.90	484,387.73	51,365,509.04	-1,473,975,190.87	-64,656,645.20	-93,611,990.18	-158,268,635.38

	Previous period amount							
	Attributable to owners of the Parent							
Item	Share capital	Capital reserve	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interests	Total owners' equity
I. Closing balance of last year	500,018,242.00	857,450,406.90	367,894.52	51,365,509.04	-1,375,895,993.77	33,306,058.69	-73,208,155.34	-39,902,096.65
II. Opening balance of the year	500,018,242.00	857,450,406.90	367,894.52	51,365,509.04	-1,375,895,993.77	33,306,058.69	-73,208,155.34	-39,902,096.65
III. Changes for the period (decrease is indicated by "-")	–	–	73,738.24	–	32,267,809.50	32,341,547.74	-5,169,922.35	27,171,625.39
(I) Total comprehensive income	–	–	–	–	32,267,809.50	32,267,809.50	-5,237,988.41	27,029,821.09
(II) Capital contributed or reduced by owner	–	–	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–	–	–
(IV) Internal transfers of owners' equity	–	–	–	–	–	–	–	–
(V) Special reserve	–	–	73,738.24	–	–	73,738.24	68,066.06	141,804.30
1. Appropriation for the period	–	–	74,726.24	–	–	74,726.24	68,978.06	143,704.30
2. Utilized in the period	–	–	-988.00	–	–	-988.00	-912.00	-1,900.00
IV. Closing balance for the period	500,018,242.00	857,450,406.90	441,632.76	51,365,509.04	-1,343,628,184.27	65,647,606.43	-78,378,077.69	-12,730,471.26

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

Statement of Changes in Shareholders' Equity of the Parent
Prepared by: Luoyang Glass Company Limited
January – June 2015
Unit: RMB

Item	Current period amount				
	Share capital	Capital reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Closing balance of last year	**500,018,242.00**	**891,129,782.23**	**51,365,509.04**	**-1,319,746,764.40**	**122,766,768.87**
II. Opening balance of the year	**500,018,242.00**	**891,129,782.23**	**51,365,509.04**	**-1,319,746,764.40**	**122,766,768.87**
III. Changes for the period (decrease is indicated by "-")	**–**	**–**	**–**	**2,130,738.82**	**2,130,738.82**
(I) Total comprehensive income	–	–	–	2,130,738.82	2,130,738.82
(II) Capital contributed or reduced by owner	–	–	–	–	–
IV. Closing balance for the period	**500,018,242.00**	**891,129,782.23**	**51,365,509.04**	**-1,317,616,025.58**	**124,897,507.69**

Item	Previous period amount				
	Share capital	Capital reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Closing balance of last year	**500,018,242.00**	**891,129,782.23**	**51,365,509.04**	**-1,329,788,469.85**	**112,725,063.42**
II. Opening balance of the year	**500,018,242.00**	**891,129,782.23**	**51,365,509.04**	**-1,329,788,469.85**	**112,725,063.42**
III. Changes for the period (decrease is indicated by "-")	**–**	**–**	**–**	**76,741,039.49**	**76,741,039.49**
(I) Total comprehensive income	–	–	–	76,741,039.49	76,741,039.49
(II) Capital contributed or reduced by owner	–	–	–	–	–
IV. Closing balance for the period	**500,018,242.00**	**891,129,782.23**	**51,365,509.04**	**-1,253,047,430.36**	**189,466,102.91**

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Ma Liyun	**Sun Lei**	**Chen Jing**

I. COMPANY PROFILE

Luoyang Glass Company Limited ("**the Company**") was incorporated in the People's Republic of China ("**the PRC**") as a joint stock limited company. The activities of the Company and its subsidiaries ("**the Group**") are the manufacturing and selling of float sheet glass.

II. MAJOR ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared on a going concern basis in accordance with the actual transactions and events and in compliance with the requirements of Accounting Standards for Business Enterprises and the application guidelines and interpretations thereof and other relevant regulations promulgated by the Ministry of Finance and based on the following significant accounting policies and estimates.

2. Accounting period

The Group has adopted the Gregorian calendar year, which means from 1 January to 31 December as its accounting year.

3. Standard currency for accounting

The standard currency for accounting is RMB.

4. Preparation method of consolidated financial statements

Subsidiaries with actual control and special-purpose entities will be included in the scope of consolidated financial statements.

The consolidated financial statements are prepared in accordance with "Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statement" and relevant provisions, and all significant internal transactions included in the consolidated scope shall be off-set. Shareholders' equity of subsidiaries which is not attributable to parent should be presented individually as minority interest in Shareholders' equity in consolidated financial statements.

In the event that the accounting policies or accounting period adopted by the subsidiaries and the Company are inconsistent, necessary adjustment of financial statements of the subsidiaries shall be performed in accordance with the accounting policies or accounting period of the Company when preparing the consolidated financial statements.

For subsidiaries acquired not under common control, when preparing consolidated financial statements, financial statements of the subsidiaries shall be adjusted on the basis of the fair value of identifiable net assets on the date of acquisition. For subsidiaries acquired under common control, the assets, liabilities, operating results and cash flow of acquired subsidiaries should be included in consolidated financial statements from the beginning of the year of acquisition.

III. DIVISIONAL REPORT

For management purposes, the Group is divided into two operating segments. The management of the Group regularly reviews the financial information of these segments to decide resources allocation and assess their performance.

The two operating segments are as follows:

1. Float sheet glass business: production and sales of float sheet glass; and sales of raw materials for production of float sheet glass.

2. Silicon sand business: manufacturing, sales and distribution of silicon sand.

The prices for inter-segment transfer is determined with reference to the prices offered to a third party.

(1) Segments information from January to June 2015 and as at 30 June 2015:

Item	Float glass	Silica sand	Elimination	Total
I. External transaction revenue	286,992,241.85	20,318,965.84	–	307,311,207.69
II. Divisional transaction revenue	–	1,145,621.27	-1,145,621.27	
III. Interest income	2,351,322.84	1,784.82	-643,500.00	1,709,607.66
IV. Interest expense	297,258.95	920,629.29	-643,500.00	574,388.24
V. Asset impairment loss	21,827,177.91	9,660.30	–	21,836,838.21
VI. Depreciation and amortization expenses	33,814,228.99	1,353,798.49	–	35,168,027.48
VII. Total profit ("-" for loss)	-116,257,181.14	-523,380.42	–	-116,780,561.56
VIII. Income tax expenses	2,289,644.07	-136,797.75	–	2,152,846.32
IX. Net profit ("-" for loss)	-118,546,825.21	-386,582.67	–	-118,933,407.88
X. Total assets	1,167,264,017.24	59,561,951.57	-36,568,217.19	1,190,257,751.62
XI. Total amount of liability	1,324,602,332.85	48,277,410.46	-24,353,356.31	1,348,526,387.00

(2) Segments information from January to June 2014 and as at 30 June 2014:

Item	Float glass	Silica sand	Elimination	Total
I. External transaction revenue	249,942,578.78	15,691,275.14	–	265,633,853.92
II. Divisional transaction revenue	–	856,709.17	-856,709.17	–
III. Interest income	3,526,092.78	3,111.89	-643,500.00	2,885,704.67
IV. Interest expense	242,523.11	878,471.16	-643,500.00	477,494.27
V. Asset impairment loss	5,092,670.60	–	–	5,092,670.60
VI. Depreciation and amortization expenses	37,779,266.20	952,398.98	–	38,731,665.18
VII. Total profit ("-" for loss)	31,466,961.28	-94,427.90	-839,091.10	30,533,442.28
VIII. Income tax expenses	3,437,101.49	66,519.70	–	3,503,621.19
IX. Net profit ("-" for loss)	28,029,859.79	-160,947.60	-839,091.10	27,029,821.09
X. Total assets	1,236,988,359.95	55,970,526.56	-30,720,329.42	1,262,238,557.09
XI. Total amount of liability	1,270,088,322.57	37,473,863.03	-32,593,157.25	1,274,969,028.35

(3) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets (not including financial assets and deferred income tax assets). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the fixed assets, construction in progress and lease prepayments under non-current assets is based on the physical location of the assets; in the case of intangible assets and exploration and evaluation assets, the location of operations; in the case of interests in associates and other investments, the location of their respective operations.

	Revenues from external customers		Non-current Assets	
Item	**January – June 2015**	January – June 2014	**30 June 2015**	31 December 2014
Domestic	**307,311,207.69**	265,633,853.92	**677,195,021.33**	686,418,384.40
Total	**307,311,207.69**	265,633,853.92	**677,195,021.33**	686,418,384.40

(4) Major clients

The Group has a diverse customer base. Only one client entered into transactions with amounts surpassing 10% of the Group's income from January to June 2015.

IV. BUSINESS VOLUME

Business revenue is the invoiced value of goods sold to customers after the deduction of any trade discounts, value added tax and surcharges. The analysis of it is as follow:

(1) Operating income and operating cost

Items	**Incurred in the Current Period**	Incurred in the Prior Period
Principal operating income	**271,820,923.50**	260,543,927.45
Other operating income	**35,490,284.19**	5,089,926.47
Total operating revenue	**307,311,207.69**	265,633,853.92

(2) Principal business income by product

Name of product or labor service	Incurred in the Current Period	Incurred in the Prior Period
Float glass	**254,011,326.91**	248,169,292.49
Silica sand	**17,809,596.59**	12,374,634.96
Total	**271,820,923.50**	260,543,927.45

V. NON-OPERATING INCOME

Items	Incurred in the Current Period	Incurred in the Prior Period
Total gains on disposal of non-current assets	**58,944.92**	517,234.58
Including: Gains on disposal of fixed assets	**58,944.92**	517,234.58
Gains on debt reorganization	**96,765.10**	187,500.00
Government grants	**860,526.08**	774,526.08
Other	**264,484.62**	749,682.00
Total	**1,280,720.72**	2,228,942.66

VI. PRE-TAX PROFIT

Pre-tax profit has been (deducted)/incurred:

(1) Financial expenses

Items	Incurred in the Current Period	Incurred in the Prior Period
Interest expenses	**574,388.24**	242,556.30
Less: interest income	**1,709,607.66**	2,885,781.06
Exchange loss	**53,712.76**	57,952.14
Less: exchange income	**223,490.21**	32,573.32
Interests of discounted charges	**3,876,409.14**	8,141,717.65
Other finance expenses	**833,441.56**	161,818.25
Total	**3,404,853.83**	5,685,689.96

(2) Investment income

Items	Incurred in the Current Period	Incurred in the Prior Period
Investment income generated by the disposal of long-term equity investments	**–**	93,394,560.90
Total		93,394,560.90

(3) Operating cost

Items	Incurred in the Current Period	Incurred in the Prior Period
Principal operating cost		
– Float glass	**297,079,222.72**	240,989,045.80
– Silica sand	**8,823,196.15**	6,981,955.80
Other operating cost		
– Raw materials, water, electricity, gas and technical service, etc.	**26,501,005.75**	2,330,097.75
Total operating cost	**332,403,424.62**	250,301,099.35

(4) Business tax and additional tax

Item	**Incurred in the Current Period**	Incurred in the Prior Period
Business tax	**86,966.67**	1,694,800.00
Urban maintenance and construction tax	**640,111.32**	895,203.22
Education surcharge	**614,152.24**	820,578.89
Resources tax	**873,964.11**	862,225.80
Total	**2,215,194.34**	4,272,807.91

(5) Cost of sales

Items	**Incurred in the Current Period**	Incurred in the Prior Period
Staff's salary and welfare	**4,732,504.01**	4,939,632.60
Social security	**1,015,048.76**	1,079,216.37
Depreciation expenses	**780,782.01**	808,783.29
Transportation costs	**5,571,413.65**	4,008,610.08
Material consumption	**716,956.13**	811,420.03
Other selling expenses	**2,437,031.74**	981,410.99
Total	**15,253,736.30**	12,629,073.36

(6) Administrative expenses

Items	**Incurred in the Current Period**	Incurred in the Prior Period
Staff's salary and welfare	**12,533,873.64**	13,346,615.19
Social security contributions	**5,142,352.72**	4,923,107.43
Housing funds	**646,266.98**	643,350.23
Depreciation of fixed assets	**8,312,928.01**	10,405,886.19
Intangible asset amortization	**1,606,212.92**	1,267,582.96
Intermediary engagement fees	**3,200,254.71**	4,176,579.80
Research and development fees	**3,754,353.30**	7,132,893.57
Taxes	**3,115,741.00**	3,006,960.88
Water and electricity charges	**274,021.38**	461,600.19
Other fees	**8,976,069.28**	6,323,255.57
Total	**47,562,073.94**	51,687,832.01

(7) Impairment losses of assets

Items	**Incurred in the Current Period**	Incurred in the Prior Period
I. Bad debt losses	**62,438.00**	–
II. Impairment losses of inventories	**21,774,400.21**	5,092,670.60
Total	**21,836,838.21**	5,092,670.60

(8) Non-operating expense

Items	**Incurred in the Current Period**	Incurred in the Prior Period
Expenditure of donation	**60,000.00**	–
Indemnities, liquidated damages and penalties	**2,200,325.59**	1,019,995.36
Other finance expenses	**436,043.14**	34,746.65
Total	**2,696,368.73**	1,054,742.01

VII. INCOME TAX EXPENSES

Items	**Incurred in the Current Period**	Incurred in the Prior Period
Current Income tax calculated according to tax laws and relevant requirements	**931,701.55**	3,503,621.19
Deferred income tax expenses	**1,221,144.77**	–
Total	**2,152,846.32**	3,503,621.19

Note: On 26 June 2013, Longhai Company, the Company's wholly-owned subsidiary, was recognized as high-tech enterprise as verified by Henan Scientific and Technological Department, Henan Finance Department, National Taxation Bureau of Henan Province and Local Taxation Bureau of Henan Province, and awarded "High-tech Enterprise Certificate" with an effective period of three years. In accordance with article 28, paragraph 2 of Enterprise Income Tax Law of the PRC, article 93 of Implement Regulations of Enterprise Income Tax Law of the PRC and Notices of Matters Related to Enterprise Income Tax Discounts for High Technology Enterprises Issued by the State Administration of Taxation (G.S.H. [2009] No. 203), Longhai Company. In accordance with Paragraph 2 of Article 28 of the Enterprise Income Tax Law of the PRC, Article 93 of the Regulation on the Implementation of Enterprise Income Tax Law of PRC and the relevant provisions of the Notice of the State Administration of Taxation concerning Relevant Issues for Implementation of Tax Preferential Treatment for High-Technology Enterprises (Guo Shui Han [2009] No. 203), Longhai Company was taxed at a rate of 15% in 2015. The enterprise income tax rate applicable to the Company and its subsidiaries is 25%.

VIII. DIVIDEND

Board of directors of the Company does not recommend declaring dividends for half a year as of June 30, 2015.

IX. BASIC EARNINGS PER SHARE

Basic earnings per share is the result of consolidated net profit attributable to ordinary shareholders of the parent company divided by the weighted average number of the outstanding ordinary shares of the parent company:

Items	**Incurred in the Current Period**	Incurred in the Prior Period
Net profit attributable to ordinary shareholders	**-114,083,893.59**	32,267,809.50
Total shares at the beginning of period	**500,018,242.00**	500,018,242.00
Basic earnings per share	**-0.2282**	0.0645

Diluted earnings per share doesn't be calculated because the Company had no potential diluted shares for half a year as of June 30, 2015.

X. ACCOUNTS RECEIVABLES AND BILLS RECEIVABLES

1. Accounts receivables:

Item	**Book balance**	Beginning balance
Accounts receivables	**115,503,463.58**	75,951,368.06
Less: provision for bad debts	**52,563,865.19**	52,539,278.56
Net amount of accounts receivables	**62,939,598.39**	23,412,089.50

Generally, the Group sells its products by receiving advances from customers while 30 days of credit period are granted to a few customers.

Aged analysis of accounts receivables by dates of entry:

Account duration	**Closing Balance**	Opening Balance
Within 1 year	**57,263,488.69**	19,048,408.58
1 to 2 years	**3,702,161.48**	2,352,408.18
2 to 3 years	**2,675,362.35**	2,821,542.85
3 to 4 years	**497,155.71**	3,890,179.97
4 to 5 years	**3,526,466.87**	1,944,439.71
Over 5 years	**47,838,828.48**	45,894,388.77
Total	**115,503,463.58**	75,951,368.06

2. Classification of bills receivable

Items	**Amount at the end of the period**	Amount at the beginning of the year
Bank acceptances	**22,823,996.50**	400,000.00
Total	**22,823,996.50**	400,000.00

XI. ACCOUNTS PAYABLE AND BILLS PAYABLE

1. Aged analysis of accounts payable

Item	**Closing Balance**	Opening Balance
Within 1 year (including 1 year)	**80,674,613.41**	67,875,786.71
1 to 2 years	**28,845,544.69**	94,591,759.50
2 to 3 years	**88,056,212.61**	11,562,657.38
Above 3 years	**89,137,005.81**	92,167,889.22
Total	**286,713,376.52**	266,198,092.81

2. Classification of bills payable

Items	Closing Balance	Opening balance
Bank acceptances	**170,000,000.00**	90,000,000.00
Total	**170,000,000.00**	90,000,000.00

Notes:

1. There were no notes payable to shareholders holding 5% or more of the voting rights of the Company at the end of the period.

2. Notes payable are mainly bank acceptances issued by the Group for purchase of materials, commodities or products with the repayment term of 1-6 months.

XII. Reserve

1. Capital reserve

Items	Opening balance	Increased amount for the period	Decreased amount for the period	Closing Balance
Capital premium	787,299,489.41	–	–	**787,299,489.41**
Other capital reserve	70,150,917.49	–	–	**70,150,917.49**
Total	857,450,406.90	–	–	**857,450,406.90**

2. Surplus reserve

Items	Opening balance	Increased amount for the period	Decreased amount for the period	Closing Balance
Statutory surplus reserve	51,365,509.04	–	–	**51,365,509.04**
Total	51,365,509.04	–	–	**51,365,509.04**

3. Undistributed profit

Items	Closing Balance Amount	Closing Balance Appropriation or Distribution Proportion
Undistributed profit at the end of the previous year before adjustment	**-1,359,891,297.28**	
Undistributed profit at the beginning of the year after adjustment	**-1,359,891,297.28**	
Plus: Net profit attributable to owners of the parent company for the period	**-114,083,893.59**	**–**
Retained earnings at ending of period	**-1,473,975,190.87**	

XIII. Future items

1. Longhao Company, a wholly-owned subsidiary, entered into the Asset Lease Agreement with CLFG on 17 April 2014. Pursuant to the agreement, Longhao Company leased the 600T/D float glass production line, plants and other assets of CLFG for a term of 3 years at an annual lease fee of RMB31.90 million. On 17 June 2015, the parties agreed through negotiation to terminate the above Asset Lease Agreement and entered into the Asset Lease Termination Agreement after having taken into account their needs for the development of production and operations. On 25 August 2015, the Asset Lease Agreement was terminated upon the consideration and approval at the extraordinary general meeting of the Company.

   In August 2015, the Company received the reply from CLFG stating that it agreed to waive the lease fee for the 600t/d production line from Longhao Company for the year 2015. Pursuant to the relevant requirements under the Accounting Standards for Business Enterprises, the amount waived will be charged to the capital reserve of Longhao Company.

2. According to the asset restructuring plan of the Company, the Company intended to use 100% of its equity interests in CLFG Luoyang Longhao Glass Company Limited, 63.98% of its equity interests in CLFG Longfei Glass Company Limited, 67% of its equity interests in Dengfeng CLFG Silicon Company Limited, 52% of its equity interests in Yinan Huasheng Mineral Products Company Limited and 40.29% of its equity interests in CLFG Mineral Company Limited and liabilities (including accounts receivables, other receivables and entrusted loans) of the Company to CLFG Luoyang Longhao Glass Company Limited, CLFG Longfei Glass Company Limited, CLFG Longxiang Glass Company Limited, Yinan Huasheng Mineral Products Company Limited and CLFG Mineral Company Limited as outgoing assets in this transaction to swap with the 100% equity interests in Bengbu China National Building Materials Information Display Material Company (hereinafter referred to as "**Bengbu Company**") lawfully held by CLFG (hereinafter referred to as "**Proposed Incoming Assets**"). The difference between the value of the incoming assets and that of the outgoing assets shall be purchased by the Company through the issuance of shares and cash to CLFG.

   On 17 August 2015, the above material asset restructuring plan was approved by the SASAC of the State Council. On 25 August 2015, the above asset restructuring plan was considered and approved at the extraordinary general meeting and class meeting of the Company.

Chairman: **Ma Liyun**
Luoyang Glass Company Limited*
August 27, 2015

As at the date of this announcement, the Board comprises four executive Directors: Mr. Ma Liyun, Mr. Ni Zhisen, Ms. Sun Lei and Mr. Xie Jun; two non-executive Directors: Mr. Zhang Chengong and Mr. Zhang Chong; and four independent non-executive Directors: Mr. Huang Ping, Mr. Dong Jiachun, Mr. Liu Tianni and Mr. Jin Zhanping.

* *for identification purposes only*