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)

2017 INTERIM RESULTS ANNOUNCEMENT

1 IMPORTANT NOTICE

1.1 This interim results announcement is extracted from the full text of the interim report. For details, investor are advised to read carefully the full text of the interim report which will be published simultaneously on the website of the Shanghai Stock Exchange and other websites designated by China Securities Regulatory Commission.

1.2 This interim results of the Company for the six months ended 30 June 2017 are unaudited but have been reviewed and approved by the audit committee under the board of directors (the "**Board**") of the Company.

1.3 Company Profile

Stock Abbreviation	Luoyang Glass (A Share(s))	Luoyang Glass (H Share(s))
Stock Code	600876	01108
Listing Exchange	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Secretary to the Board	**Securities Affairs Representative**
Name	Wu Zhixin	Zhao Zhiming
Contact 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
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2 MAJOR FINANCIAL DATA AND INFORMATION OF SHAREHOLDERS

2.1 Major financial data

Unit: Yuan Currency: RMB

	At the end of the reporting period	At the end of the previous year	Increase/ decrease from the end of the previous year *(%)*
Net assets attributable to shareholders of the Company	**524,447,375.98**	523,269,416.96	0.23
Total assets	**1,267,087,349.76**	1,356,917,020.31	-6.62

	Reporting period	Same period last year	Increase/ decrease over the same period last year *(%)*
Net cash flow from operating activities	**-22,220,380.57**	-75,836,368.92	N/A
Operating revenue	**154,969,277.04**	137,239,714.63	12.92
Net profit attributable to shareholders of the Company	**1,177,959.02**	-25,745,594.23	N/A
Net profit attributable to shareholders of the Company after extraordinary items	**-18,229,205.65**	-29,066,503.40	N/A
Basic earnings per share *(RMB/share)*	**0.0022**	-0.0491	N/A
Diluted earnings per share *(RMB/share)*	**0.0022**	-0.0491	N/A
Weighted average return on net assets	**0.22**	-5.85	N/A

2.2 Number and shareholdings of shareholders

2.2.1 Number of shareholders

Total number of shareholders as at the end of the reporting period	61,816, including 61,767 holders of A shares and 49 holders of H shares
Total number of holders of preferred shares with restored voting rights as at the end of the reporting period	0

2.2.2 *Shareholdings of top ten shareholders*

Unit: shares

Name of shareholder	Nature of shareholder	Proportion of shareholding *(%)*	Number of shares held	Number of restricted shares held	Number of shares pledged or frozen	
HKSCC NOMINEES LIMITED	Overseas legal person	47.21	248,666,699	0	Unknown	
China Luoyang Float Glass (Group) Company Limited	State-owned legal person	19.94	105,018,242	15,000,000	Pledged	41,000,000
Bengbu Design & Research Institute for Glass Industry	State-owned legal person	13.10	69,000,000	0	None	
Zhang Lixin (張立新)	Domestic natural person	0.15	800,000	0	Unknown	
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.12	622,327	0	Unknown	
Industrial Bank Co., Ltd. – GF Securities Baidu Baifa Strategy 100 Index Securities Investment Fund (興業銀行股份有限公司－廣發中證百度百發策略100指數型證券投資基金)	Unknown	0.09	455,700	0	Unknown	
Liu Bibo (劉碧波)	Domestic natural person	0.08	400,000	0	Unknown	
Pu Lulu (蒲露露)	Domestic natural person	0.07	390,000	0	Unknown	
CHUK YEE MEN LIZA U/D	Overseas legal person	0.07	374,000	0	Unknown	
Jin Ruiming (金瑞明)	Domestic natural person	0.06	315,394	0	Unknown	

Explanation on connected relationship or action acting in concert among the aforesaid shareholders	Among the top 10 shareholders of the Company, China Luoyang Float Glass (Group) Company Limited and Bengbu Design & Research Institute for Glass Industry are connected parties or persons acting in concert as defined under the Regulations for Disclosure of Changes in Shareholding of Listed Companies (“上市公司股東持股變動信息披露管理辦法”). The Company is not aware of any parties acting in concert or any connected relationship among other holders of circulating shares.
Explanations on holders of preferred shares with restored voting rights and the number of shares held	N/A

3 MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Discussion and analysis of operations of the Company during reporting period

During the reporting period, the Company took the initiative to adapt to market changes and fully implemented its development strategy aiming for "integration and optimization, quality and benefit improvement".

The Company proactively carried forward the significant asset restructuring. Under the restructuring, the Company proposed to acquire 100% equity interest in CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司), 100% equity interest in CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) and 70.99% equity interest in CNBM (Yixing) New Energy Company Limited* (中建材(宜興)新能源有限公司) by means of issuance of shares and raise proceeds through non-public issuance of shares for funding the relevant project construction of the companies proposed to be acquired. The restructuring, if completed, will enable the Company to develop the new energy glass business in addition to its photoelectric glass and information display glass businesses, further enrich the product mix and expand the application scope of the products, thereby enhancing the profitability and core competitiveness of the Company and strengthening its risk-resistant capability.

The Company devoted great efforts to implement the plan on improvement and transformation of aged production lines. It planned to rebuild a new generation of production line of ultra-thin substrate for information display on the original site of Longhai Company so as to elevate the standard of production process techniques and core equipment of the ultra-thin glass substrate production line of Longhai Company, thereby further enhancing the competitive edges and market advantages of its products. A mature, reliable, advanced and rational technical solution is expected to be adopted for the new production line in a bid to reach the advanced standard of the industry in terms of technical equipment and automated control of the main part of the production line. The designed melting capacity of the melting furnace is 180t/d and the designed annual output is 15.50 million m^2. So far, Longhai Company has completed the demolition of the original production line.

The Company officially commenced the construction of the ultra-white photothermal materials project in Puyang on 10 May 2017, with an aggregate of approximately RMB800 million invested in phase one of the project. The project is designed mainly for the production of solar glass substrate used for solar thermal power generation and, upon completion, is expected to enrich and optimise the ultra-thin glass product portfolio of the Company, thereby further expanding the new energy material business, improving profitability and enhancing industry competitiveness and sustainable development capability of the Company.

For the reporting period, the Company's operating revenue amounted to RMB154,969,277.04, representing year-on-year increase of 12.92%; operating profit amounted to RMB3,935,160.93, representing a year-on-year increase of RMB30,706,339.06; net profit attributable to the shareholders of the Company amounted to RMB1,177,959.02, representing a year-on-year increase of RMB26,923,553.25; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.0022. Gearing ratio was 58.61%, representing a decrease of 2.83 percentage points from the beginning of the reporting period.

Borrowings and debts

As at the end of the reporting period, the balance of short-term loans was RMB326,496,500.00, including secured loans of RMB5,000,000.00 and guaranteed loans of RMB321,496,500.00. The balance of long-term loans was RMB233,130,025.08 (including the balance of long-term loans due within one year amounting to RMB111,407,706.89), of which: bank loans of RMB9,973,021.49 and secured loans from non-bank financial institutions of RMB223,157,003.59.

Liquidity and capital resources

As at 30 June 2017, the Group had cash and cash equivalents of RMB60,688,037.20, including US dollar deposits of RMB186.84 (31 December 2016: RMB234.47), HK dollar deposits of RMB6,218.24 (31 December 2016: RMB6,408.42) and Euro deposits of RMB4.66 (31 December 2016: RMB4.38), representing a decrease of RMB51,840,479.33 compared with the total amount of RMB112,528,516.53 as at 31 December 2016. Cash inflows of the Group in the reporting period mainly came from sales revenue and financial leases, which were mainly used as working capital and for repayment of bank loans.

Gearing ratio

Gearing ratio is calculated based on the total liabilities at the end of the reporting 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 under this formula was 130.03% as at 30 June 2017, compared to 137.81% as at 31 December 2016.

Contingent liabilities

As at 30 June 2017, the Group has no material contingent liabilities.

Risk of exchange rate fluctuations

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

Employees of the Company

As at 30 June 2017, the number of employees listed on the payroll register of the Group was 938, of which 714 were production staff, 128 were sales, finance and technical staff, and 96 were administrative staff. 49% of the Group's staff were college graduates or above.

3.2 Analysis of principal operating activities

Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	**Amount for the period**	Amount for corresponding period last year	Change *(%)*
Operating revenue	**154,969,277.04**	137,239,714.63	12.92
Operating costs	**112,590,015.32**	128,487,520.70	-12.37
Cost of sales	**3,261,156.57**	3,541,156.15	-7.91
Administrative expenses	**37,112,773.42**	27,468,430.63	35.11
Financial expenses	**13,663,932.39**	3,217,323.22	324.70
Net cash flow from operating activities	**-22,220,380.57**	-75,836,368.92	N/A
Net cash flow from investment activities	**20,851,362.38**	-90,877,849.51	N/A
Net cash flow from financing activities	**-50,471,265.75**	160,745,006.27	-131.40
R&D expenses	**14,594,681.15**	7,580,645.82	92.53
Taxes and surcharges	**3,301,953.14**	192,141.99	1,618.50

Reasons for changes:

Reasons for change in operating revenue: an increase in operating revenue due to optimisation of product mix and increase in the selling prices of products in the reporting period.

Reasons for change in operating costs: a decrease in operating costs as a result of the enhancement of cost management and optimisation of product mix in the reporting period.

Reasons for change in cost of sales: a decrease in staff costs as a result of decreased sales personnel in the reporting period.

Reasons for change in administrative expenses: more investment in research and development in the reporting period.

Reasons for change in financial expenses: an increase in interest-bearing liabilities in the reporting period.

Reasons for change in net cash flow from operating activities: improvement of business operations in the reporting period.

Reasons for change in net cash flow from investment activities: payment of the shortfall of the consideration for asset swap in the same period last year.

Reasons for change in net cash flow from financing activities: receipt of proceeds raised from non-public issuance of shares in the same period last year.

Reasons for change in R&D expenses: more investment in research and development during the reporting period.

Reasons for change in taxes and surcharges: mainly because the stamp duty, vehicle and vessel tax, land use tax and property tax, which were included in "administrative expenses" for the same period last year, were included in "taxes and surcharges" for the reporting period under the Provisions Concerning the Accounting Treatments of Value-Added Tax (Cai Kuai [2016] No. 22) promulgated by the Ministry of Finance of the PRC.

3.3 Analysis of principal operations by business or product

Principal operations by industry

Unit: Yuan Currency: RMB

By industry	Operating revenue	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 (%)
New materials	152,856,356.90	111,125,433.36	27.30	12.84	-12.83	Increased by 21.40 percentage points

Principal operations by product

By product	Operating revenue	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 (%)
Photoelectric glass	152,856,356.90	111,125,433.36	27.30	12.84	-12.83	Increased by 21.40 percentage points

3.4 Analysis of investments

3.4.1 Overall analysis of external equity investment

During the reporting period, the Company had no external equity investment.

As considered and approved at the 23rd meeting of eighth session of the Board, the Company proposed to make an additional capital contribution of RMB239,500,000 to Puyang Company, a wholly-owned subsidiary of the Company. After the capital increase, the registered capital of Puyang Company increased to RMB240,000,000, and the newly-added registered capital will be used to finance the construction of ultra-white solar thermal material project of Puyang Company. As at the end of the reporting period, the Company had invested RMB80,000,000 in Puyang Company in currency.

3.4.2 Analysis of major subsidiaries and investee companies

Unit: Yuan Currency: RMB

Company name	Industry	Major products	Registered capital	Total assets	Net assets	Net profit
CLFG Longhai Electronic Glass Limited	New materials	Photoelectric glass	60,000,000.00	192,229,526.30	129,244,928.86	-7,245,292.38
CLFG Longmen Glass Co. Ltd.	New materials	Photoelectric glass	20,000,000.00	191,636,745.79	-518,296,318.35	-8,405,428.37
Bengbu China National Building Materials Information Display Materials Co., Ltd.	New materials	Photoelectric glass	632,764,300.00	989,609,221.49	777,969,137.37	21,566,401.56
CNBMG (Puyang) Photoelectric Material Co., Ltd. (Note)	New materials	Photothermal glass	240,000,000.00	78,891,505.76	78,889,505.76	-122,831.22

Note:

On 1 March 2017, Luoyang Luobo Furuida Commerce Company Limited was renamed as CNBMG (Puyang) Photoelectric Material Co., Ltd..

3.5 Business outlook of the Company for the second half of 2017

In 2017, the competition in the domestic ultra-thin electronic substrate glass market intensified due to the slowed increase in demand at the downstream and adjustment to product mix. To proactively cope with the grim situation and challenges, the Company, firmly upholding the operating guidelines of "price stabilization, cost reduction, receivables collection and inventory control", increased market development efforts, made reasonable arrangements for the production cycle of profitable products and continuously optimised and innovated technologies to enhance the quality of leading products. Meanwhile, the Company went all out to proceed with the construction of new and reconstruction projects to ensure orderly advancement of project construction as scheduled.

3.6 Other Disclosable Matters

3.6.1 Repurchase, sale and redemption of shares

During the reporting period, neither the Company nor any of its subsidiaries had repurchased, sold and redeemed any securities of the Company.

3.6.2 Audit Committee

The audit committee under the Board of the Company has reviewed the Interim Report.

3.6.3 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**").

3.6.4 Compliance with the Model Code

Having made specific enquires to all Directors, the Company confirmed that 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 throughout the reporting period. The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the Model Code.

4 MATTERS RELATING TO FINANCIAL REPORT

4.1 Change in the accounting policies, accounting estimates or accounting methods during the reporting period.

On 10 May 2017, the Ministry of Finance of the PRC published the amended Accounting Standard for Business Enterprises No. 16 – Government Grants which came into force since 12 June 2017 with the Accounting Standard for Business Enterprises No. 16 promulgated by the Ministry of Finance of the PRC in 2006 repealed simultaneously. For government grants existing as at 1 January 2017, the prospective application method shall be applied; and for newly-added government grants from 1 January 2017 to the date on which the standard came into force, adjustments shall be made according to the amended standard. As considered and approved at the 33rd meeting of the eighth session of the Board of the Company, the Group started to implement the amended standard since 12 June 2017.

The main changes in the aforementioned accounting policy are as follows: government grants relating to the ordinary activities of enterprises shall be included in other income or used to write down the related costs based on the nature of economic business. Enterprises shall separately present "other income" above "operating profit" in their income statements and the government grants included in other income shall be reflected therein. Government grants not relating to the ordinary activities of enterprises shall be included in non-operating income and expenses.

Unit: Yuan Currency: RMB

Item	**Before change of accounting policy**	**After change of accounting policy**
Other income	–	19,749,138.28
Non-operating income	19,749,138.28	–

4.2 There was no change in the scope of consolidation as compared with the latest annual report.

4.3 Financial Statements

Consolidated Balance Sheet
Prepared by: Luoyang Glass Company Limited*
30 June 2017

Unit: RMB Yuan

Item	Closing Balance	Opening Balance
Current Assets:		
Cash and cash equivalents	**90,688,037.20**	157,528,516.53
Bills receivables	**43,611,023.42**	45,986,571.00
Accounts receivables	**138,102,959.21**	101,891,329.13
Prepayments	**3,394,273.59**	1,638,352.47
Other receivables	**30,165,639.43**	107,581,717.91
Inventories	**125,052,551.31**	132,978,500.26
Other current assets	**25,249,726.39**	34,874,034.35
Total current assets	**456,264,210.55**	582,479,021.65
Non-current assets:		
Long-term receivables	**55,000,000.00**	55,000,000.00
Fixed assets	**616,035,578.26**	648,972,313.06
Construction in progress	**14,085,910.61**	–
Intangible assets	**117,744,298.48**	62,609,172.40
Long-term deferred expenses	**4,926,055.07**	3,515,290.90
Deferred income tax assets	**2,667,194.21**	4,341,222.30
Other non-current assets	**364,102.58**	–
Total non-current assets	**810,823,139.21**	774,437,998.66
Total assets	**1,267,087,349.76**	1,356,917,020.31

Item	Closing Balance	Opening Balance
Current liabilities:		
Short-term borrowings	**326,496,500.00**	20,000,000.00
Bills payables	**50,000,000.00**	90,000,000.00
Accounts payables	**32,946,511.78**	46,373,902.20
Receipts in advance	**11,271,186.74**	14,391,654.50
Employee compensation payable	**18,417,757.49**	25,743,969.95
Taxes payable	**6,744,882.37**	15,381,067.45
Interest payable	**1,717,967.40**	713,868.25
Other payables	**53,049,499.38**	42,578,922.04
Non-current liabilities due within one year	**111,407,706.89**	471,337,062.91
Total current liabilities	**612,052,012.05**	726,520,447.30
Non-current liabilities:		
Long-term borrowings	**121,722,318.19**	87,836,374.23
Deferred income	**8,865,643.54**	19,290,781.82
Total non-current liabilities	**130,587,961.73**	107,127,156.05
Total Liabilities	**742,639,973.78**	833,647,603.35

Item	**Closing Balance**	Opening Balance
Owners' equity:		
Share capital	**526,766,875.00**	526,766,875.00
Capital reserve	**1,473,105,039.50**	1,473,105,039.50
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-1,526,790,047.56**	-1,527,968,006.58
Total owners' equity attributable to owners of the Company	**524,447,375.98**	523,269,416.96
Total owners' equity	**524,447,375.98**	523,269,416.96
Total liabilities and owners' equity	**1,267,087,349.76**	1,356,917,020.31

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Zhang Chong	**Ma Yan**	**Chen Jing**

Balance Sheet of the Company
Prepared by: Luoyang Glass Company Limited*
30 June 2017

Unit: RMB Yuan

Item	Closing Balance	Opening Balance
Current Assets:		
Cash and cash equivalents	**70,744,724.85**	109,837,249.29
Bills receivables	**740,000.00**	12,832,190.32
Accounts receivables	**206,785,944.80**	207,658,323.10
Prepayments	**692,465.64**	58,700.86
Other receivables	**24,603,318.97**	82,751,723.72
Other current assets	**156,428.50**	52,829.24
Total current assets	**303,722,882.76**	413,191,016.53
Non-current assets:		
Long-term receivables	**55,000,000.00**	55,000,000.00
Long-term equity investments	**828,986,593.99**	748,986,593.99
Fixed assets	**2,688,202.10**	2,878,637.33
Intangible assets	**64,376,286.57**	6,674,333.25
Long-term deferred expenses	**216,000.00**	270,000.00
Total non-current assets	**951,267,082.66**	813,809,564.57
Total assets	**1,254,989,965.42**	1,227,000,581.10

Item	**Closing Balance**	Opening Balance
Current liabilities:		
Short-term borrowings	**321,496,500.00**	–
Bills payables	**60,000,000.00**	90,000,000.00
Accounts payables	**7,035,573.47**	15,317,580.28
Receipts in advance	**10,188,797.54**	11,625,410.24
Employee compensation payable	**5,744,367.17**	8,015,791.49
Tax payables	**551,330.73**	807,117.66
Other payables	**412,242,355.52**	281,486,640.75
Non-current liabilities due within one year	**9,146,724.30**	386,428,324.30
Total current liabilities	**826,405,648.73**	793,680,864.72
Non-current liabilities:		
Long-term borrowings	**826,297.19**	946,806.31
Total non-current liabilities	**826,297.19**	946,806.31
Total Liabilities	**827,231,945.92**	794,627,671.03
Owners' equity:		
Share capital	**526,766,875.00**	526,766,875.00
Capital reserve	**1,253,391,100.15**	1,253,391,100.15
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-1,403,765,464.69**	-1,399,150,574.12
Total owners' equity	**427,758,019.50**	432,372,910.07
Total liabilities and owners' equity	**1,254,989,965.42**	1,227,000,581.10

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Zhang Chong	**Ma Yan**	**Chen Jing**

Consolidated Income Statement
Prepared by: Luoyang Glass Company Limited*
January–June 2017

Unit: RMB Yuan

Item	January–June 2017	January–June 2016
I. Operating revenue	**154,969,277.04**	137,239,714.63
Less: Operating cost	**112,590,015.32**	128,487,520.70
Taxes and surcharges	**3,301,953.14**	192,141.99
Selling expenses	**3,261,156.57**	3,541,156.15
Administrative expenses	**37,112,773.42**	27,468,430.63
Financial expenses	**13,663,932.39**	3,217,323.22
Impairment losses of assets	**853,423.55**	1,104,320.07
Add: Other income	**19,749,138.28**	–
II. Operating profit (loss is represented by "-")	**3,935,160.93**	-26,771,178.13
Add: Non-operating income	**1,909,633.82**	4,328,879.61
Including: Gains on disposal of non-current assets	**83,418.35**	95.03
Less: Non-operating expense	**236,378.61**	140,580.22
III. Total profit (total loss is represented by "-")	**5,608,416.14**	-22,582,878.74
Less: Income tax expenses	**4,430,457.12**	3,162,715.49
IV. Net profit (net loss is represented by "-")	**1,177,959.02**	-25,745,594.23
Including: Net profit attributable to the owners of the Company	**1,177,959.02**	-25,745,594.23
Minority interests	**–**	–

Item	**January–June 2017**	January–June 2016
V. Other comprehensive income, net of tax		
Other comprehensive income attributable owners of the Company, net of tax	**–**	–
(I) Other comprehensive income that cannot be subsequently reclassified into profit and loss	**–**	–
(II) Other comprehensive income that will be subsequently reclassified into profit and loss	**–**	–
Other comprehensive income attributable to minority interests, net of tax	**–**	–
VI. Total comprehensive income	**1,177,959.02**	-25,745,594.23
Total comprehensive income Attributable to owners of the Company	**1,177,959.02**	-25,745,594.23
Total comprehensive income attributable to minority interests	**–**	–
VII. Earnings per share		
(I) Basic earnings per share	**0.0022**	-0.0491
(II) Diluted earnings per share	**–**	–

Legal representative: **Zhang Chong**

Person in charge of accounting: **Ma Yan**

Person in charge of accounting department: **Chen Jing**

Income Statement of the Company
Prepared by: Luoyang Glass Company Limited*
January–June 2017

Unit: RMB Yuan

Item	January–June 2017	January–June 2016
I. Operating revenue	**72,438,752.95**	90,696,768.06
Less: Operating cost	**72,252,825.33**	88,703,352.02
Taxes and surcharges	**401,776.30**	15,183.99
Selling expenses	**218,657.97**	337,516.41
Administrative expenses	**-1,139,669.58**	10,410,987.82
Financial expenses	**11,070,786.45**	-905,799.95
Impairment losses of assets	**600,521.20**	–
Add: Investment income	**5,515,364.92**	5,533,462.50
II. Operating profit	**-5,450,779.80**	-2,331,009.73
Add: Non-operating income	**1,036,395.35**	65,836.27
Including: Gains on disposal of non-current assets	**–**	95.03
Less: Non-operating expense	**200,506.12**	–
III. Total profit	**-4,614,890.57**	-2,265,173.46
IV. Net Profit	**-4,614,890.57**	-2,265,173.46

Item	**January– June 2017**	January– June 2016
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be subsequently reclassified into profit and loss	–	–
(II) Other comprehensive income that will be subsequently reclassified into profit and loss	–	
VI. Total comprehensive income	**-4,614,890.57**	-2,265,173.46
VII. Earnings per share		
(I) Basic earnings per share	–	–
(II) Diluted earnings per share	–	–

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Consolidated Cash Flow Statement
Prepared by: Luoyang Glass Company Limited*
January–June 2017

Unit: RMB Yuan

Item	**January–June 2017**	January–June 2016
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	**59,649,540.35**	46,357,908.63
Other cash received related to operating activities	**12,309,769.38**	5,590,870.37
Subtotal of cash inflows from operating activities	**71,959,309.73**	51,948,779.00
Cash paid for goods purchased and services rendered	**31,980,948.60**	60,010,928.46
Cash paid to and for employees	**36,826,931.46**	36,484,249.91
Cash paid for various taxes	**18,026,778.16**	15,594,521.33
Other payments related to operating activities	**7,345,032.08**	15,695,448.22
Subtotal of cash outflows from operating activities	**94,179,690.30**	127,785,147.92
Net cash flow from operating activities	**-22,220,380.57**	-75,836,368.92
II. Cash flow from investment activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**2,348,600.00**	–
Other cash received from investment activities	**23,798,268.89**	–
Subtotal of cash inflows from investment activities	**26,146,868.89**	–
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	**5,295,506.51**	148,134.20
Other cash payments related to investment activities	**–**	90,729,715.31
Subtotal of cash outflows from investment activities	**5,295,506.51**	90,877,849.51
Net cash flow from investment activities	**20,851,362.38**	-90,877,849.51

Item	**January–June 2017**	January–June 2016
III. Cash flows from financing activities:		
Cash received from investments	**–**	209,624,984.30
Proceeds from loans	**335,904,000.00**	15,000,000.00
Other cash received related to financing activities	**271,257,432.90**	81,055,772.70
Subtotal of cash inflows from financing activities	**607,161,432.90**	305,680,757.00
Cash paid for repayments of borrowings	**347,464,266.99**	54,238,626.83
Cash payment for distribution of dividends and profits or interest repayment	**9,008,431.66**	3,841,626.46
Other cash payments related to financing activities	**301,160,000.00**	86,855,497.44
Subtotal of cash outflows from financing activities	**657,632,698.65**	144,935,750.73
Net cash flow from financing activities	**-50,471,265.75**	160,745,006.27
IV. Effect of exchange rate changes on cash and cash equivalents	**-195.39**	128.15
V. Net increase in cash and cash equivalents	**-51,840,479.33**	-5,969,084.01
Add: Opening balance of cash andcash equivalents	**112,528,516.53**	42,342,860.91
VI. Closing balance of cash and cash equivalents	**60,688,037.20**	36,373,776.90

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Zhang Chong	**Ma Yan**	**Chen Jing**

Cash Flow Statement of the Company
Prepared by: Luoyang Glass Company Limited*
January–June 2017

Unit: RMB Yuan

Item	January–June 2017	January–June 2016
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	**37,301,455.04**	31,355,222.82
Other cash received related to operating activities	**37,206,581.02**	139,387,525.74
Subtotal of cash inflows from operating activities	**74,508,036.06**	170,742,748.56
Cash paid for goods purchased and services rendered	**86,900.00**	21,495,623.96
Cash paid to and for employees	**6,977,169.55**	12,015,636.74
Cash paid for various taxes	**686,886.91**	943,550.75
Other payments related to operating activities	**83,702,867.49**	165,597,696.70
Subtotal of cash outflows from operating activities	**91,453,823.95**	200,052,508.15
Net cash flow from operating activities	**-16,945,787.89**	-29,309,759.59
II. Cash flow from investment activities:		
Net cash received from disposal of fixed assets, intangible assets and other long term assets	**400,000.00**	–
Other cash received from activities related to investment	**43,164,222.88**	–
Sub-total of cash inflow from investment activities	**43,564,222.88**	–
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	**3,360,200.60**	–
Cash paid for investment	**80,000,000.00**	–
Other cash paid for activities related to investment	–	90,729,715.31
Sub-total of cash outflow from investment activities	**83,360,200.60**	90,729,715.31
Net cash flow from investment activities	**-39,795,977.72**	-90,729,715.31

Item	January–June 2017	January–June 2016
III. Cash flow from financing activities:		
Cash received from capital contributions	**–**	209,624,984.30
Proceeds from loans	**235,904,000.00**	
Other cash received from financing-related activities	**534,383,680.49**	34,555,772.70
Sub-total of cash inflow from financing activities	**770,287,680.49**	244,180,757.00
Cash paid for repayment of loans	**290,582,396.18**	21,703,058.86
Cash paid for distribution of dividends or profit or interest payments	**5,815,847.75**	17,046.53
Other cash paid for financing-related activities	**441,240,000.00**	102,800,000.00
Sub-total of cash outflow from financing activities	**737,638,243.93**	124,520,105.39
Net cash flow from financing activities	**32,649,436.56**	119,660,651.61
IV. Effects of changes in exchange rate on cash and cash equivalents	**-195.39**	128.15
V. Net increase in cash and cash equivalents	**-24,092,524.44**	-378,695.14
Add: Opening balance of cash and cash equivalents	**64,837,249.29**	422,236.77
VI. Closing balance of cash and cash equivalents	**40,744,724.85**	43,541.63

Legal representative:	*Person in charge of accounting:*	*Person in charge of accounting department:*
Zhang Chong	**Ma Yan**	**Chen Jing**

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Luoyang Glass Company Limited*

January–June 2017

Unit: RMB Yuan

January–June 2017

Item	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interests	Total shareholders' equity
	Attributable to shareholders of the Company										
I. Balance at the end of last year	**526,766,875.00**		**1,473,105,039.50**				**51,365,509.04**	**-1,527,968,006.58**	**523,269,416.96**		**523,269,416.96**
Add: Changes in accounting policies											
Effects of correction of prior period errors											
II. Balance at the beginning of the year	**526,766,875.00**		**1,473,105,039.50**				**51,365,509.04**	**-1,527,968,006.58**	**523,269,416.96**		**523,269,416.96**
III. Change for the period (decrease is indicated by "-")								**1,177,959.02**	**1,177,959.02**		**1,177,959.02**
(I) Total comprehensive income								1,177,959.02	1,177,959.02		1,177,959.02
(II) Capital contributed or reduced by shareholders											
1. Ordinary shares paid by shareholders											
(III) Profit distribution											
(IV) Internal transfers of shareholders' equity											
(V) Special reserve											
IV. Balance at the end of the period	**526,766,875.00**		**1,473,105,039.50**				**51,365,509.04**	**-1,526,790,047.56**	**524,447,375.98**		**524,447,375.98**

January–June 2016

Item	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interests	Total shareholders' equity
	Attributable to shareholders of the Company										
I. Balance at the end of last year	515,018,242.00		1,251,445,315.32				51,365,509.04	-1,539,484,070.36	278,344,996.00		278,344,996.00
Add: Changes in accounting policies											
Effects of correction of prior year errors											
II. Opening balance of the year	515,018,242.00		1,251,445,315.32				51,365,509.04	-1,539,484,070.36	278,344,996.00		278,344,996.00
III. Change for the period (decrease is indicated by "-")	11,748,633.00		197,876,351.30					-25,745,594.23	183,879,390.07		183,879,390.07
(I) Total comprehensive income								-25,745,594.23	-25,745,594.23		-25,745,594.23
(II) Capital contributed or reduced by shareholders	11,748,633.00		197,876,351.30						209,624,984.30		209,624,984.30
1. Ordinary shares paid by shareholders	11,748,633.00		197,876,351.30						209,624,984.30		209,624,984.30
(III) Profit distribution											
(IV) Internal transfers of shareholders' equity											
(V) Special reserve											
IV. Balance at the end of the period	526,766,875.00		1,449,321,666.62				51,365,509.04	-1,565,229,664.59	462,224,386.07		462,224,386.07

Legal representative: **Zhang Chong**

Person in charge of accounting: **Ma Yan**

Person in charge of accounting department: **Chen Jing**

Statement of Changes in Shareholders' Equity of the Company

Prepared by: Luoyang Glass Company Limited*

January–June 2017

Unit: RMB Yuan

January–June 2017

Item	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of last year	**526,766,875.00**		**1,253,391,100.15**				**51,365,509.04**	**-1,399,150,574.12**	**432,372,910.07**
Add: Changes in accounting policies									
Effects of correction of prior period errors									
II. Balance at the beginning of the year	**526,766,875.00**		**1,253,391,100.15**				**51,365,509.04**	**-1,399,150,574.12**	**432,372,910.07**
III. Change for the period (decrease is indicated by "-")								**-4,614,890.57**	**-4,614,890.57**
(I) Total comprehensive income								**-4,614,890.57**	**-4,614,890.57**
(II) Capital contributed or reduced by shareholders									
1. Ordinary shares paid by shareholders									
(III) Profit distribution									
(IV) Internal transfers of shareholders' equity									
(V) Special reserve									
(Ⅵ) Others									
IV. Balance at the end of the period	**526,766,875.00**		**1,253,391,100.15**				**51,365,509.04**	**-1,403,765,464.69**	**427,758,019.50**

January–June 2016

Item	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of last year	515,018,242.00		1,030,115,828.84				51,365,509.04	-1,353,434,966.46	243,064,613.42
Add: Changes in accounting policies									
Effects of correction of prior year errors									
II. Balance at the beginning of the year	515,018,242.00		1,030,115,828.84				51,365,509.04	-1,353,434,966.46	243,064,613.42
III. Change for the period (decrease is indicated by "-")	11,748,633.00		197,876,351.30					-2,265,173.46	207,359,810.84
(I) Total comprehensive income								-2,265,173.46	-2,265,173.46
(II) Capital contributed or reduced by shareholders	11,748,633.00		197,876,351.30						209,624,984.30
1. Ordinary shares paid by shareholders	11,748,633.00		197,876,351.30						209,624,984.30
(III) Profit distribution									
(IV) Internal transfers of shareholders' equity									
(V) Special reserve									
(Ⅵ) Others									
IV. Balance at the end of the period	526,766,875.00		1,227,992,180.14				51,365,509.04	-1,355,700,139.92	450,424,424.26

Legal representative: **Zhang Chong**	*Person in charge of accounting:* **Ma Yan**	*Person in charge of accounting department:* **Chen Jing**

I. BACKGROUND OF THE COMPANY

Luoyang Glass Company Limited* (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") as a joint stock limited company. The Company and its subsidiaries (collectively the "**Group**") are engaged in manufacture and sales of photoelectric glass.

II. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared on a going concern basis in respect of the actual transactions and events in accordance with the requirements of the Accounting Standards for Business Enterprises, the Application Guidelines for Accounting Standards for Business Enterprises, the Interpretations of the Accounting Standards for Business Enterprises and other regulations issued by the Ministry of Finance, and based on the following significant accounting policies and estimates.

2. Accounting period

Accounting year of the Company is the calendar year from 1 January to 31 December.

3. Functional currency

The Company's functional currency is the Renminbi ("**RMB**").

4. Preparation method of consolidated financial statements

Subsidiaries and special purpose entities under the de facto control of the Company are incorporated into the consolidated financial statements.

The consolidated financial statements of the Company are prepared in accordance with the "Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements" and relevant provisions, and all significant intra-group transactions and balances are eliminated. Interests in subsidiaries that are not attributable to owners of parent company are presented separately as minority interest in the consolidated financial statements.

Adjustments to subsidiaries' financial statements in accordance with the accounting policies or accounting period of the Company are needed when preparing consolidated financial statements if the subsidiaries' accounting policies or accounting period are different from those of the Company.

For subsidiaries acquired not under common control, when preparing consolidated financial statements, such subsidiaries' financial statements should 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 flows of acquired subsidiaries should be included in consolidated financial statements from the beginning of the year of acquisition as if the combination had taken place at the beginning of the year.

III. SEGMENT REPORTING

As the Group's revenue for the reporting period was mainly derived from the sale of photoelectric glass, the photoelectric glass segment is regarded as the only reportable segment. The management of the Group reviews the Group's performance based on such segment and regularly reviews its financial information to decide on resources allocation thereto and assess its performance.

1. Geographic segment 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 (excluding financial assets and deferred income tax assets). The geographical location of customers is stated as the location at which goods were delivered to customers. The geographical location of fixed assets, construction in progress and lease prepayments under non-current assets is determined as the physical location of the assets; the geographical location of intangible assets and exploration and evaluation assets is determined as the location of relevant operations; the geographical location of interests in associates and other investments is determined as the location of their respective operations.

	Revenue from external customers		**Non-current assets**	
Item	**January–June 2017**	January–June 2016	**30 June 2017**	31 December 2016
China	**154,969,277.04**	137,239,714.63	**753,155,945.00**	715,096,776.36
Total	**154,969,277.04**	137,239,714.63	**753,155,945.00**	715,096,776.36

2. **Major customers**

The Group has a concentrated group of major customers that the total sales to the top five customers accounted for over 50% of the Group's revenue from January to June 2017.

IV. TURNOVER

Turnover represents revenue from the invoiced value of goods sold to customers, after deduction of any trade discounts and net of value-added tax and surcharges, an analysis of which is as follows:

(1) Details of operating revenue

Item	January–June 2017	January–June 2016
Revenue from principal operations	**152,856,356.90**	135,466,204.64
Revenue from other operations	**2,112,920.14**	1,773,509.99
Total	**154,969,277.04**	137,239,714.63

(2) Details of income from principal operations by product

Products or services	January–June 2017	January–June 2016
Photoelectric glass	**152,856,356.90**	135,466,204.64
Total	**152,856,356.90**	135,466,204.64

V. OTHER INCOME

Item	January–June 2017	January–June 2016
Government subsidies	**19,749,138.28**	–
Total	**19,749,138.28**	–

VI. NON-OPERATING INCOME

Item	January–June 2017	January–June 2016
Total gain on disposal of non-current assets	**83,418.35**	95.03
Including: Gain on disposal of fixed assets	**22,266.73**	95.03
Gains on disposal of intangible assets	**61,151.62**	
Gains from debt restructuring	**1,715,899.47**	2,046.24
Government subsidies		4,294,086.69
Other gains	**110,316.00**	32,651.65
Total	**1,909,633.82**	4,328,879.61

VII. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after (charging)/crediting:

(1) Financial expenses

Item	January–June 2017	January–June 2016
Interest expense	**11,717,495.38**	4,426,071.99
Less: Interest income	**422,177.91**	2,061,988.44
Exchange loss	**74,982.72**	70,867.83
Less: Exchange gain	**0.27**	162.23
Handling charges (interests of discounted bill)	**1,164,199.93**	–
Other expenses	**1,129,432.54**	782,534.07
Total	**13,663,932.39**	3,217,323.22

(2) Operating costs

Item	January– June 2017	January– June 2016
Costs of principal operations	**111,125,433.36**	127,477,857.21
Costs of other operations	**1,464,581.96**	1,009,663.49
Total	**112,590,015.32**	128,487,520.70

(3) Taxes and surcharges

Item	January– June 2017	January– June 2016
Business tax	**–**	5,741.68
Urban construction and maintenance tax	**222,690.73**	108,800.50
Education surcharges	**159,064.81**	77,599.81
Property tax	**1,037,097.14**	–
Land-use tax	**1,641,860.37**	–
Stamp duty	**200,128.78**	–
Others	**41,111.31**	–
Total	**3,301,953.14**	192,141.99

(4) Selling expenses

Items	January– June 2017	January– June 2016
Staff remuneration	**2,379,334.16**	2,485,495.04
Depreciation expenses	**87,597.70**	118,033.97
Transportation costs	**46,118.69**	81,230.34
Loading and unloading charges	**276,093.80**	228,723.14
Material consumption	**110,190.65**	119,336.11
Other selling expenses	**361,821.57**	508,337.55
Total	**3,261,156.57**	3,541,156.15

(5) Administrative expenses

Items	January– June 2017	January– June 2016
Staff remuneration	**10,287,367.74**	12,035,425.21
Depreciation of fixed assets	**2,163,272.51**	992,385.23
Amortization of intangible asset	**1,253,978.48**	878,642.62
Intermediary engagement fees	**3,127,928.60**	2,973,674.53
Research and development expenses	**14,594,681.15**	2,264,527.32
Taxes		3,022,044.94
Other expenses	**5,685,544.94**	5,301,730.78
Total	**37,112,773.42**	27,468,430.63

(6) Impairment losses of assets

Items	**January–June 2017**	January–June 2016
Bad debt losses	**1,551,569.96**	153,921.09
Impairment losses of inventories	**-698,146.41**	950,398.98
Total	**853,423.55**	1,104,320.07

(7) Non-operating expenses

Items	**January–June 2017**	January–June 2016
Indemnities, liquidated damages and penalties	**226,243.61**	
Other expenses	**10,135.00**	140,580.22
Total	**236,378.61**	140,580.22

VIII. INCOME TAX EXPENSES

Items	**January–June 2017**	January–June 2016
Current income tax calculated according to tax laws and relevant requirements	**2,756,429.03**	1,727,874.09
Deferred income tax expenses	**1,674,028.09**	1,434,841.40
Total	**4,430,457.12**	3,162,715.49

Note: Longhai Company and Bengbu Company, both being wholly-owned subsidiaries of the Company, were recognized as high-tech enterprises in 2016 and thus enjoyed a preferential enterprise income tax rate at 15% in 2017.

IX. DIVIDEND

The board of directors of the Company does not recommend declaring dividends for the six months ended 30 June 2017.

X. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of the outstanding ordinary shares of the Company:

	January–June 2017	January–June 2016
Net profit attributable to ordinary shareholders of the Company	**1,177,959.02**	-25,745,594.23
Total shares at the end of period	**526,766,875.00**	526,766,875.00
Basic earnings per share	**0.0022**	-0.0491

There were no diluted earnings per share as the Company had no potential diluted shares for the period ended 30 June 2017.

XI. ACCOUNTS RECEIVABLES AND BILLS RECEIVABLES

1. Accounts receivables:

Items	**Closing balance**	Opening balance
Accounts receivables	**193,577,848.89**	156,466,612.01
Less: provision for bad debts	**55,474,889.68**	54,575,282.88
Accounts receivable, net	**138,102,959.21**	101,891,329.13

Generally, the Group sells its products to customers on advance payment term while 30 days of credit term is granted to a few customers.

Aged analysis of accounts receivables by date of entry:

Aging	Closing Balance	Opening Balance
Within 1 year	**134,780,501.04**	98,896,250.79
1 to 2 years	**4,746,367.28**	1,880,549.56
2 to 3 years	**2.14**	1,718,554.05
3 to 4 years	**79,720.82**	605,589.30
4 to 5 years	**605,589.30**	2,672,254.67
Over 5 years	**53,365,668.31**	50,693,413.64
Total	**193,577,848.89**	156,466,612.01

2. Classification of bills receivable

Items	Closing balance	Opening balance
Bank acceptances	**43,611,023.42**	45,586,571.00
Commercial acceptances	**–**	400,000.00
Total	**43,611,023.42**	45,986,571.00

XII. ACCOUNTS PAYABLE AND BILLS PAYABLE

1. Aged analysis of accounts payable

Items	Closing Balance	Opening Balance
Within 1 year (including 1 year)	**15,503,229.21**	17,853,268.60
Above 1 year	**17,443,282.57**	28,520,633.60
Total	**32,946,511.78**	46,373,902.20

2. Classification of bills payable

Items	Closing Balance	Opening Balance
Bank acceptances	**50,000,000.00**	90,000,000.00
Total	**50,000,000.00**	90,000,000.00

XIII. RESERVES

1. Capital reserve

Items	Opening Balance	Increase for the period	Decrease for the period	Closing Balance
I. Capital premium	1,400,804,566.23			**1,400,804,566.23**
II. Other capital reserve	72,300,473.27			**72,300,473.27**
Total	1,473,105,039.50			**1,473,105,039.50**

2. Surplus reserve

Items	Opening Balance	Increase for the period	Decrease 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	Appropriation or distribution proportion
Undistributed profit at the end of the previous period before adjustment	**-1,527,968,006.58**	
Total effects of adjustments of undistributed profits at the beginning of the period (increase expressed with +, and decrease expressed with -)		
Undistributed profit at the beginning of the period after adjustment	**-1,527,968,006.58**	
Add: net profit attributable to owners of the Company for the period	**1,177,959.02**	–
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Dividend payable ordinary shares		
Dividend on ordinary shares as converted into share capital		
Undistributed profit at the end of the period	**-1,526,790,047.56**	

XIV. SUBSEQUENT EVENTS

N/A

Chairman: **Zhang Chong**
Luoyang Glass Company Limited*
29 August 2017

As at the date of this announcement, the Board comprises four executive Directors: Mr. Zhang Chong, Mr. Ni Zhisen, Mr. Wang Guoqiang and Mr. Ma Yan; one nonexecutive Director: Mr. Xie Jun; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Liu Tianni, Mr. Ye Shuhua and Mr. He Baofeng.

* *For identification purposes only*