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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)

## **FIRST QUARTERLY REPORT 2016**

### **I. IMPORTANT NOTICE**

- 1.1 The board of directors (the “Board”), the supervisory committee, the directors (the “Directors”), supervisors and senior management members of the Company shall warrant that the information contained in this quarterly report is true, accurate, and complete without any false and misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.
- 1.2 All Directors attended the Board meeting to consider this quarterly report of the Company.
- 1.3 Zhang Chong, Person-in-charge of the Company, Sun Lei, Person-in-charge of accounting, and Chen Jing, Person-in-charge of accounting institution(head of accounting department), warrant that the financial statements in this quarterly report are true, accurate and complete.
- 1.4 This quarterly report of the Company is unaudited.

\* *For identification purposes only*

## II. MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDERS OF THE COMPANY

### 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 at the end of the reporting period as compared with the end of the previous year (%)
		After adjustment	Before adjustment	
Total assets	<b>1,353,079,108.15</b>	1,314,035,081.52	1,117,103,454.82	2.97
Net assets attributable to shareholders of the Company	<b>488,407,031.99</b>	278,344,996.00	17,381,327.47	75.47
	<b>From beginning of the year to the end of the reporting period</b>	<b>From beginning of the previous year to the end of the reporting period of the previous year</b>		<b>Year-on-year increase/decrease (%)</b>
		After adjustment	Before adjustment	
Net cash flows from operating activities	<b>-59,887,499.84</b>	-71,064,912.37	-43,524,086.16	N/A
	<b>From beginning of the year to the end of the reporting period</b>	<b>From beginning of the previous year to the end of the reporting period of the previous year</b>		<b>Year-on-year increase/decrease (%)</b>
		After adjustment	Before adjustment	
Operating income	<b>69,231,357.10</b>	154,221,286.83	122,412,046.29	-55.11
Net profit attributable to shareholders of the listed company	<b>437,051.69</b>	-25,345,398.93	-32,043,478.77	N/A
Net profit attributable to shareholders of the listed company after deducting extraordinary profit or loss	<b>-2,004,867.37</b>	-25,189,954.45	-31,876,034.29	N/A
Weighted average return on net assets (%)	<b>0.10</b>	-3.60	-96.00	Increased by 3.70 percentage points
Basic earnings per share (RMB/share)	<b>0.0008</b>	-0.0492	-0.0641	N/A
Diluted earnings per share (RMB/share)	<b>0.0008</b>	-0.0492	-0.0641	N/A

*Note: Retrospective adjustments were made to Bengbu CNBM Information Display Material Co., Ltd. (蚌埠中建材信息顯示材料有限公司) in respect of business combination under common control for the same period last year.*

## Extraordinary Items and Amounts

*Unit: yuan Currency: RMB*

<b>Extraordinary Items</b>	<b>Amount for the reporting period</b>	<b>Explanation</b>
Profit/loss from disposal of non-current assets	95.03	
Government grants credited to current profit or loss (except for those which are closely related to the Company's ordinary business, in accordance with national policies and continuously received in certain standard amounts and quantities)	3,151,576.88	
Gain from debt restructuring	2,046.24	
Entrusted fee income obtained from entrusted operation		
Other non-operating income and expenses excluding the aforesaid items	-9,777.50	
Effect of income tax	-702,021.59	
Total	<u><u>2,441,919.06</u></u>	

## 2.2 Total number of shareholders, top 10 shareholders and top 10 holders of tradable shares not subject to trading moratorium at the end of the reporting period

*Unit: Share*

Total number of shareholders 66, 275, including 66, 225 holders of A Shares and 50 holders of H Shares

### Shareholdings of the top 10 shareholders

Name of shareholders (full name)	Total number of shares held as at the end of the reporting period	Shareholding Percentage (%)	Number of shares subject to trading moratorium held	Pledged or frozen Status of shares	Number	Nature of shareholder
HKSCC Nominees Limited	248, 354, 699	47.15	0	Unknown		Overseas legal person
China Luoyang Float Glass (Group) Company Limited	174, 018, 242	33.04	15, 000, 000	Pledged	159, 018, 242	State-owned legal person
Caitong Fund-Ping An Bank-Tianrun Capital Management (Beijing) Co., Ltd. (財通基金-平安銀行-天潤資本管理(北京)有限公司)	1, 962, 130	0.37	1, 962, 130	Unknown		Domestic non-state-owned legal person
First Capital Securities Co., Ltd.-Guosen Securities-Gongying Dayan Quantified Private Placement Assembled Asset Management Plan (第一創業證券-國信證券-共盈大岩量化定增集合資產管理計劃)	1, 202, 185	0.23	1, 202, 185	Unknown		Domestic non-state-owned legal person
Agricultural Bank of China Limited-Fullgoal CSI State-owned Enterprises Reform Index Classified Fund	1, 201, 800	0.23	0	Unknown		Domestic non-state-owned legal person
Ji Wanchao (姬萬超)	1, 019, 350	0.19	0	Unknown		Domestic natural person
Liu Bibo (劉碧波)	1, 000, 000	0.19	0	Unknown		Domestic natural person
Caitong Fund-ICBC-Qiaogeli Blue Chip Selection No. 2 Assets Management Plan (財通基金-工商銀行-喬格理藍籌精選2號資產管理計劃)	981, 065	0.19	981, 065	Unknown		Unknown
Caitong Fund-Ping An Bank-Shanghai Goldstate Brilliance Asset Management Co., Ltd. (財通基金-平安銀行-上海金元百利資產管理有限公司)	735, 799	0.14	735, 799	Unknown		Domestic non-state-owned legal person
Rongtong Capital-CGB-Rongtong Capital Golden Flower No. 1 Assets Management Plan (融通資本財富-廣發銀行-融通資本金葵花1號資產管理計劃)	620, 252	0.12	0	Unknown		Unknown

## Particulars of the top 10 shareholders not subject to trading Moratorium

Name of shareholders (full name)	Number of circulating shares not subject to trading moratorium as at the end of the reporting period	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	248, 354, 699	Domestic listed foreign shares	248, 354, 699
China Luoyang Float Glass (Group) Company Limited	159, 018, 242	Ordinary shares denominated in RMB	159, 018, 242
Agricultural Bank of China Limited–Fullgoal CSI State-owned Enterprises Reform Index Classified Fund	1, 201, 800	Ordinary shares denominated in RMB	1, 201, 800
Ji Wanchao (姬萬超)	1, 019, 350	Ordinary shares denominated in RMB	1, 019, 350
Liu Bibo (劉碧波)	1, 000, 000	Ordinary shares denominated in RMB	1, 000, 000
Rongtong Capital–CGB–Rongtong Capital Golden Flower No. 1 Assets Management Plan (融通資本財富–廣發銀行–融通資本金葵花1號資產管理計畫)	620, 252	Ordinary shares denominated in RMB	620, 252
CHUK YEE MEN LIZA	374, 000	Overseas listed foreign shares	374, 000
Jin Ruiming (金瑞明)	315, 394	Ordinary shares denominated in RMB	315, 394
WONG SING TO	300, 000	Overseas listed foreign shares	300, 000
HKSCC Nominees Limited	245, 397	Ordinary shares denominated in RMB	245, 397

Explanation on connected relationship or action 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 (《上市公司股東持股變動信息披露管理辦法》) issued by CSRC 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. Shares were held by HKSCC Nominees Limited, representing its various customers.

Explanations on preference shareholders with voting rights restored and the number of shares held

None

*Note:* As at the end of the reporting period, among the top ten shareholders not subject to trading Moratorium, , HKSCC Nominees Limited had a total number of shares of 248, 600, 096 including 248, 354, 699 H shares which accounted for 99.34% of total H-share capital of the Company, and 245, 397 A shares, accounting for 0.09% of total A-share capital.

**2.3 Total number of holders of preference shares, the top 10 holders of preference shares and the top 10 holders of preference shares not subject to trading moratorium as at the end of the reporting period**

Applicable

Not Applicable

**III. SIGNIFICANT EVENTS**

**3.1 Details and reasons for material changes in the major financial statement items and financial indicators of the Company**

*Unit: yuan Currency: RMB*

<b>Item</b>	<b>Amount at the end of the period</b>	<b>Amount at the beginning of the period</b>	<b>Changes (%)</b>	<b>Explanation</b>
Accounts payable	<b>95,581,904.48</b>	71,678,942.58	33.35	The increase in the accounts payable was due to the extension of account period to certain customers during the reporting period
Prepayments	<b>1,507,738.84</b>	4,329,899.13	-65.18	Settlement of certain material accounts prepaid last year in the reporting period
Payments received in advance	<b>14,494,877.92</b>	20,132,927.79	-28.00	Settlement of certain payments received in advance last year in the reporting period
Payroll payable	<b>19,591,357.02</b>	26,291,242.89	-25.48	Payment of outstanding payroll for previous periods in the reporting period
Tax payable	<b>7,675,525.22</b>	14,961,097.35	-48.70	Decrease in value-added tax payable in the reporting period
Other accounts payable	<b>41,920,050.25</b>	166,587,026.05	-74.84	Payment of consideration payable to CLFG for the asset restructuring last year in the reporting period

Item	Amount from the beginning of the year to the end of the reporting period	Amount for the same period last year	Changes (%)	Explanation
Operating revenue	<b>69,231,357.10</b>	154,221,286.83	-55.11	Exclusion of operating revenue from common glass and silica sand segments which was exchanged out last year in the reporting period
Operating costs	<b>54,063,383.87</b>	146,009,307.11	-62.97	Exclusion of operating costs from common glass and silica sand segments which was exchanged out last year in the reporting period
Business taxes and surcharges	<b>75,860.04</b>	1,081,040.12	-92.98	The year-on-year decrease in revenue in the Reporting Period which resulted in decrease in relevant taxes accordingly
Selling expenses	<b>1,767,109.88</b>	7,153,966.60	-75.30	Narrowed consolidation scope due to exchange-out of assets in the reporting period
Administration expenses	<b>12,737,849.51</b>	25,653,584.28	-50.35	Narrowed consolidation scope due to exchange-out of assets in the reporting period
Non-operating income	<b>3,167,743.22</b>	511,979.02	518.73	Increase in government subsidy in the reporting period
Income tax expenses	<b>2,776,760.09</b>	1,633,043.85	70.04	Increase in the profit of subsidiaries in the reporting period
Net cash flows from operating activities	<b>-59,887,499.84</b>	-71,064,912.37	N/A	Decrease in current accounts paid in the reporting period
Net cash flow from investment activities	<b>-90,811,969.51</b>	-10,217,485.16	N/A	Payment of consideration payable to CLFG for the asset restructuring last year in the reporting period
Net cash flow from financing activities	<b>145,972,356.83</b>	53,420,215.74	173.25	Receipt of proceeds from issuance of shares in the reporting period

### **3.2 Analysis and explanation of progress and impact of significant events and their solutions**

On 2 February 2016, the Company completed significant asset swap and corresponding fundraising, as well as the non-public issuance of A shares of 11,748,633 shares to First Capital Securities Co., Ltd. and Caitong Fund Management Co., Ltd.. Upon completion of the issuance, the total share capital of the Company amounted to 526,766,875 shares. For details please refer to the relevant announcements published on the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) and the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on 3 February 2016.

### **3.3 Performance of undertakings of the Company and shareholders holding 5% or more of the Company's shares**

#### ***(I) Commitments on significant asset restructuring***

##### **1. Commitment on limiting horizontal competition:**

On 31 December 2014, China Luoyang Float Glass (Group) Company Limited (“CLFG”) and China National Building Materials Group Corporation (“CNBMG”) committed not to directly participate in any business same as or similar to main business of the Company or any subsidiary after the completion of asset restructuring, and that they would cause enterprises that are directly or indirectly controlled by them not to directly or indirectly participate in any business or activity that competes with or may compete with main business of the Company or its wholly-owned or directly/indirectly controlled subsidiary in the commercial field. In case that CLFG and CNBMG or their directly or indirectly controlled enterprises participate in or have the opportunity to participate in any business that competes with or may compete with main business of the Company or any of its subsidiaries, CLFG and CNBMG shall abandon or cause their directly or indirectly controlled enterprises to abandon the business or opportunity of business that may be competitive, or facilitate to offer the business or opportunity of business to the Company or its wholly-owned or controlled subsidiary on fair and reasonable terms, or transfer the business or opportunity of business to any other assisting parties that are not connected.

The aforesaid commitments have been honored as of the end of the reporting period.



2. Commitment on limiting connected transaction:

On 31 December 2014, CLFG and CNBMG committed to avoid or minimize connected transactions concluded between them and any other enterprises under their actual control or material influence and the Company following this transaction. Any inevitable connected business or transaction should be concluded on the transaction principles of openness, fairness and equity and at fair and reasonable market prices. In addition, the decision-making procedure for connected transaction should be in accordance with relevant laws, regulations, regulatory documents and Articles of Associations of the listed company, and the obligation for information disclosure should be fulfilled as required. CLFG and CNBMG committed not to transfer their own interests in the Company through connected transactions, nor to cause damage to legal rights of the listed company and other shareholders via influencing business-making processes of their own companies.

The aforesaid commitments have been honored as of the end of the reporting period.

3. Commitment on restricted share transfer:

On 31 December 2014, CLFG committed not to transfer the shares obtained through this restructuring within 36 months after the issuance.

On 2 November 2015, CLFG committed not to transfer the shares of Luoyang Glass held by it before this transaction in 12 month after this transaction was concluded. Where the shares increase as the result of bonus issue or conversion to share capital, the increased shares of Luoyang Glass would also be locked up for a 12-month period mentioned above. However, the transfer of the shares of Luoyang Glass held by CLFG between different entities under actual control of the same controller would not be subject to the limitation of 12-month period, provided that CLFG should cause the transferee to abide by aforesaid commitment on locking-up.

The aforesaid commitments have been honored as of the end of the reporting period.

4. Commitment on patent right:

On 2 November 2015, Bengbu Glass Industry Design Institute (“Bengbu Institute”) and China Triumph International Engineering Co., Ltd (“CTIEC”) made the following commitments regarding 16 patent rights jointly owned by themselves and Bengbu Company: 1) being joint owners of aforesaid 16 patent rights, Bengbu Institute and CTIEC would not use these patent rights in any form within the valid period of the patent rights. Without the approval of Bengbu Company, Bengbu Institute and CTIEC would have no right to transfer or dispose the aforesaid 16 patent rights to any other assisting parties, or permit any other assisting parties to use these patent rights. 2) Bengbu Company had the right to independently exercise the jointly owned rights, and all incomes incurred therefrom should be independently owned by Bengbu Company. 3) In case that Bengbu Institute and CTIEC violated aforesaid commitments, they should undertake corresponding legal responsibilities and make compensation to the party with damaged legal rights.

The aforesaid commitments have been honored as of the end of the reporting period.

5. Commitment on profit forecast and compensation:

On 2 November 2015, CLFG committed to make compensation to the Company in case that actual net profit is less than expected net profit in Asset Appraisal Report during 2015-2017. The period of commitment was 3 years.

The aforesaid commitments have been honored as of the end of the reporting period.

***(II) Other commitments***

1. During transfer of relevant equity interests, CNBMG undertook on 11 September 2007 that: CNBMG (including its controlled enterprises by now) would not directly or indirectly involve in any businesses which constitute competition with the Company. In the event that the business opportunities obtained would compete with the operations of the Company, it would notify the Company of such business opportunities. Save as a financial investor, CNBMG would not invest in any businesses which may constitute competition with the operations of the Company, and would take measures to prevent the possibility of substantial competition when continuing to acquire other businesses which have horizontal competition with the Company directly or indirectly under appropriate conditions. In case of violation of the above undertakings, CNBMG would fully indemnify the Company for any loss so caused.

As at the end of the reporting period, CNBMG honored its undertaking.

2. CNBMG undertook on 11 September 2007 when conducting allocation of relevant equity that: CNBM (including the controlled enterprises at present) will not directly or indirectly engage in any business in competition with the company; where there is any business opportunity to engage in or get into businesses probably in competition with the businesses that the company engages in, will notify the company of the above mentioned opportunity; except as a financial investor, will not invest in any business probably in competition with the businesses that the company engages in; in the process of continuing acquiring other businesses directly or indirectly in horizontal competition with the company at the right time as it may consider, will take measures to prevent substantial competition; in the event that the listed company suffers a loss due to its breach of aforesaid undertakings, will make adequate compensation to the company.

As at the end of the reporting period, CNBMG honored its undertaking.

3. During transfer of relevant equity interests, Kaisheng Technology Group Company (“Kaisheng Technology”), the indirect controlling shareholder of the Company, undertook on 9 December 2010 that: Kaisheng Technology and its controlled enterprises will not directly or indirectly involve in any businesses or activities in competition with the principal operations of the Company, by any means (including but not limited to the independent business, joint venture or having shares or interest in another company or enterprise). In the event that the business opportunities obtained by Kaisheng Technology or its controlled enterprises will compete with the principal operations of the Company, it will notify the Company of those matters as soon as possible and pass such business opportunities to the Company to ensure that there is no prejudice to the interests of the shareholders of the Company as a whole.

As at the end of the reporting period, Kaisheng Technology honored its undertaking.

**3.4 The warning of projection on cumulative net profit for the period from the beginning of the year to the end of the next reporting period to be at a loss or expected to have material changes as compared to the corresponding period of prior year and its explanation**

Applicable

Not applicable

Company name **Luoyang Glass Company Limited**  
*Legal Representative* **Zhang Chong**  
Date 28 April 2016

## IV. APPENDIX

### 4.1 Financial Statement

#### Consolidated Balance Sheet

31 March 2016

Prepared by: Luoyang Glass Company Limited

*Unit: yuan    Currency: RMB    Type of audit: unaudited*

<b>Item</b>	<b>Balance as at the end of the period</b>	<b>Balance as at the beginning of the year</b>
<b>Current assets:</b>		
Bank balance and cash	<b>97,615,714.45</b>	102,342,860.91
Notes receivable	<b>21,217,883.24</b>	25,230,005.90
Accounts receivable	<b>95,581,904.48</b>	71,678,942.58
Prepayments	<b>1,507,738.84</b>	4,329,899.13
Other receivables	<b>30,347,359.75</b>	28,928,810.44
Inventory	<b>235,416,634.22</b>	195,863,112.95
Other current assets	<b>58,630,296.51</b>	58,978,537.93
<b>Total current assets</b>	<b><u>540,317,531.49</u></b>	<b><u>487,352,169.84</u></b>
<b>Non-current assets:</b>		
Long-term receivables	<b>52,526,929.37</b>	51,727,535.57
Fixed assets	<b>677,699,370.98</b>	691,522,403.10
Construction in progress	<b>10,111,687.03</b>	9,828,822.54
Intangible assets	<b>64,008,218.30</b>	64,517,450.10
Long-term deferred expenses	<b>4,866,668.76</b>	4,995,326.04
Deferred income tax assets	<b>3,548,702.22</b>	4,091,374.33
<b>Total non-current assets</b>	<b><u>812,761,576.66</u></b>	<b><u>826,682,911.68</u></b>
<b>Total assets</b>	<b><u>1,353,079,108.15</u></b>	<b><u>1,314,035,081.52</u></b>

Item	Balance as at the end of the period	Balance as at the beginning of the year
<b>Current liabilities:</b>		
Short-term loans	57,930,000.00	67,930,000.00
Notes payable	115,000,000.00	110,200,000.00
Accounts payable	76,903,457.67	80,295,143.32
Payments received in advance	14,494,877.92	20,132,927.79
Staff remuneration payables	19,591,357.02	26,291,242.89
Taxes payable	7,675,525.22	14,961,097.35
Other payables	41,920,050.25	166,587,026.05
Non-current liabilities due within one year	81,097,651.66	81,097,651.66
<b>Total current liabilities</b>	<b>414,612,919.74</b>	<b>567,495,089.06</b>
<b>Non-current liabilities:</b>		
Long-term loans	439,103,203.57	459,170,134.47
Deferred income	10,955,952.85	9,024,861.99
<b>Total non-current liabilities</b>	<b>450,059,156.42</b>	<b>468,194,996.46</b>
<b>Total liabilities</b>	<b>864,672,076.16</b>	<b>1,035,690,085.52</b>
<b>Owners' equity</b>		
Share capital	526,766,875.00	515,018,242.00
Capital reserve	1,120,083,552.16	922,207,200.86
Surplus reserve	51,365,509.04	51,365,509.04
Retained earnings	-1,209,808,904.21	-1,210,245,955.90
Total equity attributable to the equity holders of the Company	488,407,031.99	278,344,996.00
<b>Total owners' equity</b>	<b>488,407,031.99</b>	<b>278,344,996.00</b>
<b>Total liabilities and owners' equities</b>	<b>1,353,079,108.15</b>	<b>1,314,035,081.52</b>

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

*Legal representative:* **Zhang Chong**      *Chief accountant:* **Sun Lei**

## Balance Sheet of the Company

31 March 2016

Prepared by: Luoyang Glass Company Limited

*Unit: yuan    Currency: RMB    Type of audit: unaudited*

<b>Item</b>	<b>Balance as at the end of the period</b>	<b>Balance as at the beginning of the year</b>
<b>Current assets:</b>		
Bank balance and cash	<b>60,475,387.78</b>	60,422,236.77
Notes receivable	<b>10,155,000.00</b>	12,298,525.67
Accounts receivable	<b>223,289,531.84</b>	209,998,506.36
Prepayments	<b>1,218,222.62</b>	204,646.95
Other receivables	<b>87,552,996.09</b>	92,782,775.21
<b>Total current assets</b>	<b><u>382,691,138.33</u></b>	<b><u>375,706,690.96</u></b>
<b>Non-current assets:</b>		
Long-term receivables	<b>52,526,929.37</b>	51,727,535.57
Long-term equity investments	<b>748,986,593.99</b>	748,986,593.99
Fixed assets	<b>3,182,400.02</b>	3,274,034.44
Intangible assets	<b>6,951,446.22</b>	7,043,817.21
Long-term deferred expenses	<b>351,000.00</b>	378,000.00
<b>Total non-current assets</b>	<b><u>811,998,369.60</u></b>	<b><u>811,409,981.21</u></b>
<b>Total assets</b>	<b><u>1,194,689,507.93</u></b>	<b><u>1,187,116,672.17</u></b>

Item	Balance as at the end of the period	Balance as at the beginning of the year
<b>Current liabilities:</b>		
Notes payable	115,000,000.00	112,100,000.00
Accounts payable	49,254,478.89	52,825,849.20
Payments received in advance	14,788,323.53	19,236,279.29
Staff remuneration payables	8,500,661.80	8,574,407.48
Taxes payable	220,716.89	1,170,093.28
Other payables	135,096,361.75	319,420,971.97
Non-current liabilities due within one year	<u>43,393,347.08</u>	<u>43,393,347.08</u>
<b>Total current liabilities</b>	<b><u>366,253,889.94</u></b>	<b><u>556,720,948.30</u></b>
<b>Non-current liabilities</b>		
Long-term loans	<u>376,467,635.31</u>	<u>387,331,110.45</u>
<b>Total non-current liabilities</b>	<b><u>376,467,635.31</u></b>	<b><u>387,331,110.45</u></b>
<b>Total liabilities</b>	<b><u>742,721,525.25</u></b>	<b><u>944,052,058.75</u></b>
<b>Owners' equity</b>		
Share capital	526,766,875.00	515,018,242.00
Capital reserve	1,190,793,186.20	992,916,834.90
Surplus reserve	51,365,509.04	51,365,509.04
Retained earnings	<u>-1,316,957,587.56</u>	<u>-1,316,235,972.52</u>
<b>Total owners' equity</b>	<b><u>451,967,982.68</u></b>	<b><u>243,064,613.42</u></b>
<b>Total liabilities and owners' equities</b>	<b><u>1,194,689,507.93</u></b>	<b><u>1,187,116,672.17</u></b>

<i>Legal representative:</i> <b>Zhang Chong</b>	<i>Chief accountant:</i> <b>Sun Lei</b>	<i>Person in charge of accounting department:</i> <b>Chen Jing</b>
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## Consolidated Income Statement

January-March 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>I. Total operating revenue</b>	<b>69,231,357.10</b>	154,221,286.83
Including: Operating revenue	<b>69,231,357.10</b>	154,221,286.83
<b>II. Total operating costs</b>	<b>69,161,485.97</b>	180,361,774.30
Including: Operating costs	<b>54,063,383.87</b>	146,009,307.11
Business taxes and surcharges	<b>75,860.04</b>	1,081,040.12
Selling expenses	<b>1,767,109.88</b>	7,153,966.60
Administration expenses	<b>12,737,849.51</b>	25,653,584.28
Finance expenses	<b>518,182.67</b>	468,335.89
Impairment loss on assets	<b>-900.00</b>	-4,459.70
Add: Gain from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)		
Among which: investment income from associates and joint ventures		
Gain from foreign currencies exchange (losses are represented by “-”)		
<b>III. Operating profit (loss is represented by “-”)</b>	<b>69,871.13</b>	-26,140,487.47
Add: Non-operating income	<b>3,167,743.22</b>	511,979.02
Including: Gain from disposal of non-current assets	<b>95.03</b>	
Less: Non-operating expenses	<b>23,802.57</b>	713,663.66
Including: Loss from disposal of non-current assets		
<b>IV. Total profit (total loss is represented by “-”)</b>	<b>3,213,811.78</b>	-26,342,172.11
Less: Income tax expenses	<b>2,776,760.09</b>	1,633,043.85

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>V. Net profit (net loss is represented by “-”)</b>	<b>437,051.69</b>	-27,975,215.96
Net profit attributable to the owners of the Parent Company	<b>437,051.69</b>	-25,345,398.93
Minority interests		-2,629,817.03
<b>VI. Net other comprehensive income after taxes</b>		
<b>VII. Total comprehensive income</b>	<b>437,051.69</b>	-27,975,215.96
Total comprehensive income attributable to owners of the Parent Company	<b>437,051.69</b>	-25,345,398.93
Total comprehensive income attributable to minority interests		-2,629,817.03
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>RMB/share</i> )	<b>0.0008</b>	-0.0492
(II) Diluted earnings per share ( <i>RMB/share</i> )	<b>0.0008</b>	-0.0492

<i>Legal representative:</i>	<i>Chief accountant:</i>	<i>Person in charge of accounting department:</i>
<b>Zhang Chong</b>	<b>Sun Lei</b>	<b>Chen Jing</b>

## Income Statement of the Company

January-March 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>I. Operating revenue</b>	<b>40,972,591.34</b>	73,247,688.07
Less: Operating costs	<b>40,296,862.59</b>	72,095,470.74
Business taxes and surcharges	<b>4,669.85</b>	173,974.13
Selling expenses	<b>194,388.94</b>	483,255.77
Administration expenses	<b>4,210,703.89</b>	5,275,743.05
Finance expenses	<b>-295,435.63</b>	-1,285,021.11
Add: Gain from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	<b>2,751,612.50</b>	4,384,048.44
Among which: investment income from associates and joint ventures		
<b>II. Operating profit (loss is represented by “-”)</b>	<b>-686,985.80</b>	888,313.93
Add: Non-operating income	<b>15,836.27</b>	30,660.38
Including: Gain from disposal of non-current assets	<b>95.03</b>	
Less: Non-operating expenses		16,344.19
Including: Loss from disposal of non-current assets		
<b>III. Total profit (total loss is represented by “-”)</b>	<b>-671,149.53</b>	902,630.12
Less: Income tax expenses	<b>50,465.51</b>	
<b>IV. Net profit (net loss is represented by “-”)</b>	<b>-721,615.04</b>	902,630.12
<b>V. Net other comprehensive income after taxes</b>		
<b>VI. Total comprehensive income</b>	<b>-721,615.04</b>	902,630.12

Legal representative:  
**Zhang Chong**

Chief accountant:  
**Sun Lei**

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

## Consolidated Cash Flow Statement

January-March 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	21,000,378.66	81,543,347.81
Other cash received from activities related to operation	3,945,717.06	3,447,140.30
Sub-total of cash inflow from operating activities	24,946,095.72	84,990,488.11
Cash paid for goods purchased and services rendered	39,575,715.63	99,090,762.18
Cash paid to and on behalf of employees	22,227,740.76	18,931,923.46
Tax payments	10,537,715.26	10,299,856.91
Other cash paid for activities related to operation	12,492,423.91	27,732,857.93
<b>Sub-total of cash outflow from operating activities</b>	<b>84,833,595.56</b>	<b>156,055,400.48</b>
<b>Net cash flow from operating activities</b>	<b>-59,887,499.84</b>	<b>-71,064,912.37</b>
<b>II. Cash flow from investment activities:</b>		
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	82,254.20	10,217,485.16
Cash paid for investment	90,729,715.31	
<b>Sub-total of cash outflow from investment activities</b>	<b>90,811,969.51</b>	<b>10,217,485.16</b>
<b>Net cash flow from investment activities</b>	<b>-90,811,969.51</b>	<b>-10,217,485.16</b>

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>III. Cash flow from financing activities:</b>		
Cash received from investments	<b>209,624,984.30</b>	
Including: cash received by subsidiaries from minority shareholders' investment		
Proceeds from loans		20,000,000.00
Other cash received from financing-related activities		171,537,671.37
Sub-total of cash inflow from financing activities	<b>209,624,984.30</b>	191,537,671.37
Cash paid for repayment of loans	<b>30,116,909.31</b>	10,978,095.35
Cash paid for dividends, profit, or interest payments	<b>2,335,718.16</b>	440,962.50
Including: dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing-related activities	<b>31,200,000.00</b>	126,698,397.78
<b>Sub-total of cash outflow from     financing activities</b>	<b><u>63,652,627.47</u></b>	<b><u>138,117,455.63</u></b>
<b>Net cash flow from financing activities</b>	<b><u>145,972,356.83</u></b>	<b><u>53,420,215.74</u></b>
<b>IV. Effects of changes in exchange rate     on cash and cash equivalents</b>	<b>-33.94</b>	455.48
<b>V. Net increase in cash and     cash equivalents</b>	<b>-4,727,146.46</b>	-27,861,726.31
Add: Opening balance of cash and cash equivalents	<b>42,342,860.91</b>	47,706,558.64
<b>VI. Closing balance of cash     and cash equivalents</b>	<b>37,615,714.45</b>	19,844,832.33

<i>Legal representative:</i> <b>Zhang Chong</b>	<i>Chief accountant:</i> <b>Sun Lei</b>	<i>Person in charge of accounting department:</i> <b>Chen Jing</b>
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**Cash Flow Statement of the Company**  
*January-March 2016*

Prepared by: Luoyang Glass Company Limited

*Unit: yuan Currency: RMB Type of audit: unaudited*

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	15,474,060.53	142,063,852.71
Other cash received from activities related to operation	<u>96,868,896.30</u>	<u>45,462,626.59</u>
<b>Sub-total of cash inflow from operating activities</b>	<b><u>112,342,956.83</u></b>	<b><u>187,526,479.30</u></b>
Cash paid for goods purchased and services rendered	18,052,824.96	3,672,755.00
Cash paid to and on behalf of employees	5,641,297.59	1,497,574.82
Tax payments	340,374.49	928,683.55
Other cash paid for activities related to operation	<u>149,020,043.75</u>	<u>47,392,237.03</u>
<b>Sub-total of cash outflow from operating activities</b>	<b><u>173,054,540.79</u></b>	<b><u>53,491,250.40</u></b>
<b>Net cash flow from operating activities</b>	<b><u>-60,711,583.96</u></b>	<b><u>134,035,228.90</u></b>
<b>II. Cash flow from investment activities:</b>		
Cash paid for investment	<u>90,729,715.31</u>	_____
<b>Sub-total of cash outflow from investment activities</b>	<b><u>90,729,715.31</u></b>	<b><u>_____</u></b>
<b>Net cash flow from investment activities</b>	<b><u>-90,729,715.31</u></b>	<b><u>_____</u></b>

Item	Reporting period (January-March)	Corresponding period last year (January-March)
<b>III. Cash flow from financing activities:</b>		
Cash received from equity investments	<b>209,624,984.30</b>	_____
<b>Sub-total of cash inflow from financing activities</b>	<b>209,624,984.30</b>	_____
Cash paid for repayment of loans	<b>10,913,453.55</b>	10,258,095.35
Cash paid for dividends, profit, or interest payments	<b>17,046.53</b>	135,000.00
Other cash paid for financing-related activities	<b>47,200,000.00</b>	123,698,397.78
<b>Sub-total of cash outflow from financing activities</b>	<b>58,130,500.08</b>	134,091,493.13
<b>Net cash flow from financing activities</b>	<b>151,494,484.22</b>	-134,091,493.13
<b>IV. Effects of changes in exchange rate on cash and cash equivalents</b>	<b>-33.94</b>	455.48
<b>V. Net increase in cash and cash equivalents</b>	<b>53,151.01</b>	-55,808.75
Add: Opening balance of cash and cash equivalents	<b>422,236.77</b>	193,116.50
<b>VI. Closing balance of cash and cash equivalents</b>	<b>475,387.78</b>	137,307.75

*Legal representative:*  
**Zhang Chong**

*Chief accountant:*  
**Sun Lei**

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

## 4.2 Audit Report

Applicable

Not Applicable

By order of the Board  
**LUOYANG GLASS COMPANY LIMITED\***  
**Zhang Chong**  
*Chairman*

Luoyang, the PRC  
28 April 2016

*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; three non-executive Directors: Mr. Zhang Chengong, Mr. Xie Jun and Mr. Tang Liwei; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Liu Tianni, Mr. Ye Shuhua and Mr. He Baofeng.*

\* For identification purposes only