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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)

THIRD 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, Ma Yan, 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 third 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	1,285,890,663.06	1,314,035,081.52	1,314,035,081.52	-2.14
Net assets attributable to shareholders of the Company	416,925,039.80	278,344,996.00	278,344,996.00	49.79
	From beginning of the year to the end of the reporting period (January–September)	After adjustment	Before adjustment	Year-on-year increase/decrease (%)
Net cash flows from operating activities	-92,860,892.88	-113,823,422.83	-89,069,803.49	N/A
	From beginning of the year to the end of the reporting period (January–September)	After adjustment	Before adjustment	Year-on-year increase/decrease (%)
Operating income	209,125,577.79	492,128,562.87	402,539,580.92	-57.51
Net profit attributable to shareholders of the listed company	-71,044,940.50	-145,785,402.27	-155,016,545.65	N/A
Net profit attributable to shareholders of the listed company after deducting extraordinary profit or loss	-73,486,273.85	-153,848,826.53	-153,848,826.53	N/A
Weighted average return on net assets (%)	-16.55	-22.63	N/A	Increased by 6.08 percentage points
Basic earnings per share (RMB/share)	-0.1352	-0.2831	-0.3100	N/A
Diluted earnings per share (RMB/share)	-0.1352	-0.2831	-0.3100	N/A

Explanations on the Major Financial Data and Financial Indicators of the Company

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

Extraordinary Items	Amount for the reporting period (July–September)	Amounts for the period from beginning of the year to the end of the reporting period (January–September)	Explanation
Profit or loss from disposal of non-current assets	311,187.93	311,282.96	
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)	1,256,440.48	5,550,527.17	
Profit or loss from debt restructuring	400,089.26	402,135.50	
Other non-operating income and expenses excluding the aforesaid items	-2,634,655.73	-2,742,584.30	
Effect of income tax	-212,637.76	-1,080,027.98	
Total	<u>-879,575.82</u>	<u>2,441,333.35</u>	

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

Unit: Share

Total number of shareholders 57,582, including 57,533 holders of A Shares and 49 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	248,660,699	47.21	0	Unknown		Overseas legal person
China Luoyang Float Glass (Group) Company Limited	174,018,242	33.04	15,000,000	Pledged	41,000,000	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		Unknown
Agricultural Bank of China Limited – Fullgoal CSI State-owned Enterprises Reform Index Classified Fund (中國農業銀行股份有限公司－富國中證國有企業改革指數分級證券投資基金)	1,464,200	0.28	0	Unknown		Unknown
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		Unknown
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
Pu Lulu (蒲露露)	832,090	0.16	0	Unknown		Domestic natural person
Zhang Lixin (張立新)	800,000	0.15	0	Unknown		Domestic natural person
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		Unknown

Particulars of the top 10 shareholders not subject to trading Moratorium

Name of shareholders	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	248,660,699	Overseas listed foreign shares	248,660,699
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 (中國農業銀行股份有限公司 – 富國中證國有企業改革指數分級證券投資基金)	1,464,200	Ordinary shares denominated in RMB	1,464,200
Liu Bibo (劉碧波)	1,000,000	Ordinary shares denominated in RMB	1,000,000
Pu Lulu (蒲露露)	832,090	Ordinary shares denominated in RMB	832,090
Zhang Lixin (張立新)	800,000	Ordinary shares denominated in RMB	800,000
Hong Kong Securities Clearing Company Limited	517,913	Ordinary shares denominated in RMB	517,913
CHUK YEE MEN LIZA	374,000	Overseas listed foreign shares	374,000
Boshi Value Growth Securities Investment Fund (博時價值增長證券投資基金)	335,500	Ordinary shares denominated in RMB	335,500
Jin Ruiming (金瑞明)	315,394	Ordinary shares denominated in RMB	315,394

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.

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

None.

Note:

- Shares held by HKSCC NOMINEES LIMITED are held on behalf of various Customers.
- The ordinary shares dominated in Renminbi held by Hong Kong Securities Clearing Company Limited are held on behalf of overseas investors who held these shares via Northbound Trading in the Shanghai-Hong Kong Stock Connect.
- On 17 October 2016, CLFG and Bengbu Institute have completed the registration procedures with China Securities Depository and Clearing Corporation Limited Shanghai Branch. CLFG transferred 69,000,000 shares of the Company (accounting for 13.10% of the total share capital of the Company) held by it to Bengbu Institute. As of the date of this Report, CLFG holds 105,018,242 shares of the Company.

III. SIGNIFICANT EVENTS

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

Item	Amount at the end of the period	Amount at the beginning of the period	Changes (%)	Explanation
Construction in progress		9,828,822.54	-100.00	Transfer of denitrification engineering and others into fixed assets in the reporting period
Deferred income tax assets	2,421,430.12	4,091,374.33	-40.82	Impairment losses from written off the assets in the reporting period
Tax payables	4,721,932.82	14,961,097.35	-68.44	Payment of tax payable for the previous period in the reporting period
Other payables	101,500,514.69	166,587,026.05	-39.07	Payment of consideration payable to CLFG for the asset restructuring last year in the reporting period
Non-current liabilities due within one year	446,716,851.66	81,097,651.66	450.84	Reclassification of the long-term loans due within one year into non-current liabilities due within one year in the reporting period
Long-term loans	32,955,619.02	459,170,134.47	-92.82	Reclassification of the long-term loans due within one year into non-current liabilities due within one 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	209,125,577.79	492,128,562.87	-57.51	mainly due to the change in consolidation scope during the reporting period, which did not include operating revenue from the companies exchanged out from the beginning of the year to the reporting period
Operating costs	218,146,294.10	505,127,696.43	-56.81	mainly due to the change in consolidation scope during the reporting period, which did not include operating costs from the companies exchanged out from the beginning of the year to the reporting period
Business taxes and surcharges	1,612,158.36	3,267,049.62	-50.65	mainly due to the year-on-year decrease in revenue from the beginning of the year to the reporting period which resulted in decrease in relevant taxes accordingly
Selling expenses	5,369,499.42	23,313,031.63	-76.97	mainly due to the exclusion of costs of the companies exchanged out from the beginning of the year to the reporting period
Administration expenses	48,535,045.69	82,527,617.83	-41.19	mainly due to the exclusion of costs of the companies exchanged out from the beginning of the year to the reporting period
Impairment losses of assets	221,998.08	21,836,838.21	-98.98	mainly due to the inclusion of the provision for depreciation of inventories for the companies exchanged out in the impairment loss on assets for the same period of last year
Non-operating income	6,289,565.87	2,356,512.34	166.90	mainly due to the increase in government subsidy from the beginning of the year to the end of 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
Income tax expenses	3,973,673.03	2,956,698.20	34.40	mainly due to the year-on-year increase of total profit of the profit-making companies from the beginning of the year to the end of the reporting period
Net cash flows from operating activities	-92,860,892.88	-113,823,422.83	N/A	mainly due to the decrease in the taxes and fees paid from the beginning of the year to the end of the reporting period
Net cash flow from investment activities	-91,006,656.29	-12,341,288.32	N/A	mainly due to the payment of consideration payable to CLFG for the asset restructuring from the beginning of the year to the end of the reporting period
Net cash flow from financing activities	166,982,573.07	101,229,947.26	64.95	mainly due to the receipt of proceeds from non-public issuance of shares from the beginning of the year to the end of the reporting period

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

Since the Company was in the process of planning a significant asset restructuring event, upon application, trading in the Company's A shares was suspended from 8 September 2016. According to the progress of the significant asset restructuring event, the Company issued Announcement in respect of Suspension of Trading in A shares in relation to a Significant Assets Restructuring of Luoyang Glass Company Limited* 《洛陽玻璃股份有限公司關於重大資產重組A股停牌公告》, Announcement in respect of Suspension of Trading in A Shares in relation to a Potential Significant Assets Restructuring of Luoyang Glass Company Limited* 《洛陽玻璃股份有限公司關於潛在重大資產重組A股停牌公告》 and Announcement in respect of Continuation of Suspension of Trading in A Shares in relation to Significant Assets Restructuring of Luoyang Glass Company Limited* 《洛陽玻璃股份有限公司關於重大資產重組A股股票繼續停牌的公告》 on 23 September 2016, 30 September 2016, 20 October 2016, respectively. At present, the Company and the related parties are advancing the related work of the significant asset restructuring program in an orderly manner.

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

1. During the transfer of relevant equity interests, CNBMG undertook on 11 September 2007 that: CNBMG (including its existing controlled enterprises) would not directly or indirectly involve in any businesses which constitute competition with the Company. Should any business opportunities enabling CNBMG to engage in or take part in any business operations that might constitute competition with those of the Company arise, it would notify the Company of the same. 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.

Until the end of the Reporting Period, CNBMG honored its undertaking.

2. CNBMG undertook on 11 September 2007 when conducting allocation of relevant equity that CNBMG and its controlled enterprises will try its best to avoid and reduce the connected transactions with the Company. For the connected transactions inevitable or due to reasonable reasons, it will comply with principles of market impartiality, fairness and openness, and enter into agreements according to laws, perform legal procedures, perform information disclosure obligation and conduct relevant reporting and approving procedures in accordance with relevant requirements, and warrants not to prejudice the legal interests of the Company and other shareholders through connected transactions.

As of the end of the Reporting Period, CNBMG honored its undertaking.

3. During transfer of relevant equity interests, Triumph Group undertook on 9 December 2010 that: Triumph Group and its controlled enterprises would 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 Triumph Group or its controlled enterprises would or might compete with the principal operations of the Company, it would notify the Company 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 of the end of the Reporting Period, Triumph Group honored its undertaking.

4. On 31 December 2014, CLFG and CNBMG committed at the time of material asset restructuring 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.

As of the end of the Reporting Period, CLFG and CNBMG honored their undertaking.

5. On 31 December 2014, CLFG and CNBMG committed at the time of material asset restructuring 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.

As of the end of the Reporting Period, CLFG and CNBMG honored their undertaking.

6. On 31 December 2014, CLFG committed at the time of material asset restructuring not to transfer the shares obtained through the restructuring within 36 months upon completion of the share issuance.

As of the end of the Reporting Period, CLFG honored its undertaking.

7. On 2 November 2015, CLFG committed at the time of material asset restructuring not to transfer the shares of Luoyang Glass held by it before the transaction within 12 month after the 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.

As of the end of the Reporting Period, CLFG honored its undertaking.

8. On 2 November 2015, Bengbu Institute and China Triumph International Engineering Co., Ltd (CTIEC) made the following commitments at the time of material asset restructuring 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.

As of the end of the Reporting Period, Bengbu Institute and CTIEC honored their undertaking.

9. On 2 November 2015, CLFG committed at the time of material asset restructuring that, as a party to the transaction, it intended to make compensation to Bengbu Company in case that actual net profit is less than expected net profit in Asset Appraisal Report during 2015–2017.

As of the end of the Reporting Period, CLFG 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

Not applicable

IV. APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet

30 September 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Bank balance and cash	70,458,060.51	102,342,860.91
Notes receivable	22,065,978.08	25,230,005.90
Accounts receivable	80,800,063.18	71,678,942.58
Prepayments	3,687,020.58	4,329,899.13
Other receivables	29,812,315.28	28,928,810.44
Inventory	227,040,923.31	195,863,112.95
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	54,364,354.31	58,978,537.93
Total current assets	488,228,715.25	487,352,169.84

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Long-term receivables	54,162,969.20	51,727,535.57
Long-term equity investment		
Investment properties		
Fixed assets	662,929,617.19	691,522,403.10
Construction in progress		9,828,822.54
Construction materials		
Disposal of fixed assets		
Intangible assets	63,111,734.69	64,517,450.10
Development expense	11,595,769.95	
Long-term deferred expenses	3,440,426.66	4,995,326.04
Deferred income tax assets	2,421,430.12	4,091,374.33
Other non-current assets		
	<hr/>	<hr/>
Total non-current assets	<u>797,661,947.81</u>	<u>826,682,911.68</u>
Total assets	<u>1,285,890,663.06</u>	<u>1,314,035,081.52</u>
Current liabilities:		
Short-term loans	70,000,000.00	67,930,000.00
Notes payable	90,000,000.00	110,200,000.00
Accounts payable	71,776,504.97	80,295,143.32
Payments received in advance	22,760,073.45	20,132,927.79
Staff remuneration payables	19,820,497.69	26,291,242.89
Taxes payable	4,721,932.82	14,961,097.35
Interests payable		
Dividends payable		
Other payables	101,500,514.69	166,587,026.05
Non-current liabilities due within one year	446,716,851.66	81,097,651.66
Other current liabilities		
	<hr/>	<hr/>
Total current liabilities	<u>827,296,375.28</u>	<u>567,495,089.06</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current liabilities:		
Long-term loans	32,955,619.02	459,170,134.47
Deferred income	8,713,628.96	9,024,861.99
Deferred income tax liabilities		
Other non-current liabilities		
	_____	_____
Total non-current liabilities	41,669,247.98	468,194,996.46
	=====	=====
Total liabilities	868,965,623.26	1,035,690,085.52
	=====	=====
Owners' equity:		
Share capital	526,766,875.00	515,018,242.00
Other equity instrument including: preferred shares perpetual bonds		
Capital reserve	1,449,321,666.62	1,251,445,315.32
Less: treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	51,365,509.04	51,365,509.04
General risk provision		
Retained earnings	-1,610,529,010.86	-1,539,484,070.36
Total equity attributable to the equity holders of the Company	416,925,039.80	278,344,996.00
Minority interests		
	=====	=====
Total owners' equity	416,925,039.80	278,344,996.00
	=====	=====
Total liabilities and owners' equities	1,285,890,663.06	1,314,035,081.52
	=====	=====

Legal representative: **Zhang Chong**
Chief accountant: **Ma Yan**

Person in charge of
accounting department:
Chen Jing

Balance Sheet of the Company

30 September 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Bank balance and cash	47,807,012.17	60,422,236.77
Notes receivable	660,000.00	12,298,525.67
Accounts receivable	233,820,057.29	209,998,506.36
Prepayments	72,208.71	204,646.95
Interests receivable		
Dividends receivable		
Other receivables	87,441,782.80	92,782,775.21
Inventories	219,741.02	
Other current assets	50,465.51	
Total current assets	<u>370,071,267.50</u>	<u>375,706,690.96</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Financial assets available for sale		
Investments held to maturity		
Long-term receivables	54,162,969.20	51,727,535.57
Long-term equity investments	748,986,593.99	748,986,593.99
Investment properties		
Fixed assets	2,979,635.69	3,274,034.44
Construction in progress		
Construction materials		
Disposal of fixed assets		
Intangible assets	6,766,704.24	7,043,817.21
Development expense		
Long-term deferred expenses	297,000.00	378,000.00
Deferred income tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	<u><u>813,192,903.12</u></u>	<u><u>811,409,981.21</u></u>
Total assets	<u><u>1,183,264,170.62</u></u>	<u><u>1,187,116,672.17</u></u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current liabilities:		
Short-term borrowings		
Notes payable	90,000,000.00	112,100,000.00
Accounts payable	37,295,237.55	52,825,849.20
Payments received in advance	19,326,348.08	19,236,279.29
Staff remuneration payables	5,840,077.71	8,574,407.48
Taxes payable	185,802.61	1,170,093.28
Other payables	192,808,588.43	319,420,971.97
Liabilities classified as held-for-sale		
Non-current liabilities due within one year	397,172,547.08	43,393,347.08
Other current liabilities		
	<hr/>	<hr/>
Total current liabilities	<u>742,628,601.46</u>	<u>556,720,948.30</u>
Non-current liabilities:		
Long-term loans	1,025,550.44	387,331,110.45
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>1,025,550.44</u>	<u>387,331,110.45</u>
Total liabilities	<u>743,654,151.90</u>	<u>944,052,058.75</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Owners' equity:		
Share capital	526,766,875.00	515,018,242.00
Other equity instruments including: preferred shares perpetual bonds		
Capital reserve	1,227,992,180.14	1,030,115,828.84
Less: treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	51,365,509.04	51,365,509.04
Retained earnings	<u>-1,366,514,545.46</u>	<u>-1,353,434,966.46</u>
Total owners' equity	<u>439,610,018.72</u>	<u>243,064,613.42</u>
Total liabilities and owners' equities	<u>1,183,264,170.62</u>	<u>1,187,116,672.17</u>

<i>Legal representative:</i> Zhang Chong	<i>Chief accountant:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing
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Consolidated Income Statement
January–September 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (July– September)	Corresponding period last year (July– September)	From the beginning of the year to the end of the Reporting period (January– September)	From the beginning of the year to the end of the Reporting period last year (January– September)
I. Total operating revenue	71,885,863.16	126,054,171.89	209,125,577.79	492,128,562.87
Including: Operating revenue	71,885,863.16	126,054,171.89	209,125,577.79	492,128,562.87
II. Total operating costs	115,707,313.83	164,769,397.92	279,718,206.59	641,495,438.78
Including: Operating costs	89,658,773.40	126,597,532.81	218,146,294.10	505,127,696.43
Business taxes and surcharges	1,420,016.37	1,051,855.28	1,612,158.36	3,267,049.62
Selling expenses	1,828,343.27	7,749,709.09	5,369,499.42	23,313,031.63
Administration expenses	21,066,615.06	28,386,630.77	48,535,045.69	82,527,617.83
Finance expenses	2,615,887.72	983,669.97	5,833,210.94	5,423,205.06
Impairment loss on assets	-882,321.99		221,998.08	21,836,838.21
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 “-”)				
III. Operating profit (loss is represented by “-”)	-43,821,450.67	-38,715,226.03	-70,592,628.80	-149,366,875.91
Add: Non-operating income	1,960,686.26	736,491.62	6,289,565.87	2,356,512.34
Including: Gain from disposal of non-current assets	322,732.92	23,621.23	322,827.95	82,566.15
Less: Non-operating expenses	2,627,624.32	369,364.74	2,768,204.54	3,065,733.47
Including: Loss from disposal of non-current assets				

Item	Reporting period (July– September)	Corresponding period last year (July– September)	From the beginning of the year to the end of the Reporting period (January– September)	From the beginning of the year to the end of the Reporting period last year (January– September)
IV. Total profit (total loss is represented by “-”)	-44,488,388.73	-38,348,099.15	-67,071,267.47	-150,076,097.04
Less: Income tax expenses	810,957.54	405,666.38	3,973,673.03	2,956,698.20
V. Net profit (net loss is represented by “-”)	-45,299,346.27	-38,753,765.53	-71,044,940.50	-153,032,795.24
Net profit attributable to the owners of the Parent Company	-45,299,346.27	-36,355,886.85	-71,044,940.50	-145,785,402.27
Minority interests		-2,397,878.68		-7,247,392.97
VI. Net other comprehensive income after taxes				
VII. Total comprehensive income	-45,299,346.27	-38,753,765.53	-71,044,940.50	-153,032,795.24
Total comprehensive income attributable to owners of the Parent Company	-45,299,346.27	-36,355,886.85	-71,044,940.50	-145,785,402.27
Total comprehensive income attributable to minority interests		-2,397,878.68		-7,247,392.97
VIII. Earnings per share:				
(I) Basic earnings per share (RMB/share)	-0.0860	-0.0752	-0.1352	-0.2831
(II) Diluted earnings per share (RMB/share)	-0.0860	-0.0752	-0.1352	-0.2831

<i>Legal representative:</i>	<i>Chief accountant:</i>	<i>Person in charge of accounting department:</i>
Zhang Chong	Ma Yan	Chen Jing

Income Statement of the Company

January–September 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (July–September)	Corresponding period last year (July–September)	From the beginning of the year to the end of the Reporting period (January–September)	From the beginning of the year to the end of the Reporting period last year (January–September)
I. Operating revenue	41,161,524.20	76,851,468.04	131,858,292.26	258,767,853.21
Less: Operating costs	40,814,162.86	75,597,286.64	129,517,514.88	253,949,895.03
Business taxes and surcharges	-	47,727.28	15,183.99	323,269.53
Selling expenses	138,769.19	579,984.52	476,285.60	1,331,966.80
Administration expenses	12,650,513.46	5,519,402.69	23,061,501.28	15,916,987.82
Finance expenses	-189,568.41	-1,015,962.09	-1,095,368.36	-3,146,666.78
Impairment loss on assets				
Add: Gain from changes in fair value (losses are represented by “-”)				
Investment income (losses are represented by “-”)	2,781,850.00	3,758,890.00	8,315,312.50	11,901,828.44
Among which: investment income from associates and joint ventures				
II. Operating profit (loss is represented by “-”)	-9,470,502.90	-118,081.00	-11,801,512.63	2,294,229.25
Add: Non-operating income	393,828.66	-	459,664.93	55,660.38
Including: Gain from disposal of non-current assets			95.03	
Less: Non-operating expenses	1,737,731.30	25,372.62	1,737,731.30	362,604.43
Including: Loss from disposal of non-current assets				

Item	Reporting period (July- September)	Corresponding period last year (July- September)	From the beginning of the year to the end of the Reporting period (January- September)	From the beginning of the year to the end of the Reporting period last year (January- September)
III. Total profit (total loss is represented by “-”) Less: Income tax expenses	-10,814,405.54	-143,453.62	-13,079,579.00	1,987,285.20
IV. Net profit (net loss is represented by “-”)	-10,814,405.54	-143,453.62	-13,079,579.00	1,987,285.20
V. Net other comprehensive income after taxes				
VI. Total comprehensive income	-10,814,405.54	-143,453.62	-13,079,579.00	1,987,285.20
VII. Earnings per share:				
(I) Basic earnings per share (RMB/share)				
(II) Diluted earnings per share (RMB/share)				

Legal representative:
Zhang Chong

Chief accountant:
Ma Yan

*Person in charge of
accounting department:*
Chen Jing

Consolidated Cash Flow Statement
January–September 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	From the beginning of the year to the end of the Reporting period (January–September)	From the beginning of the year to the end of the Reporting period last year (January–September)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	85,036,124.11	249,421,087.14
Tax refunds received	–	80.69
Other cash received from activities related to operation	6,463,039.27	11,665,323.43
Sub-total of cash inflow from operating activities	91,499,163.38	261,086,491.26
Cash paid for goods purchased and services rendered	81,215,448.28	236,583,887.75
Cash paid to and on behalf of employees	60,552,754.35	65,411,211.07
Tax payments	20,548,458.72	40,015,183.34
Other cash paid for activities related to operation	22,043,394.91	32,899,631.93
Sub-total of cash outflow from operating activities	184,360,056.26	374,909,914.09
Net cash flow from operating activities	-92,860,892.88	-113,823,422.83

Item	From the beginning of the year to the end of the Reporting period (January– September)	From the beginning of the year to the end of the Reporting period last year (January– September)
II. Cash flow from investment activities:		
Cash received from return of investments		
Cash received from investment gains		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	322,732.92	
Cash received from disposal of subsidiaries and other operating units		
Other cash received from activities related to investment		10,000,000.00
Sub-total of cash inflow from investment activities	<u>322,732.92</u>	<u>10,000,000.00</u>
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	599,673.90	22,341,288.32
Cash paid for investment		
Other cash paid for activities related to investment	90,729,715.31	
Sub-total of cash outflow from investment activities	<u>91,329,389.21</u>	<u>22,341,288.32</u>
Net cash flow from investment activities	<u>-91,006,656.29</u>	<u>-12,341,288.32</u>

Item	From the beginning of the year to the end of the Reporting period (January– September)	From the beginning of the year to the end of the Reporting period last year (January– September)
III. Cash flow from financing activities:		
Cash received from investments	209,624,984.30	
Including: cash received by subsidiaries from minority shareholders' investment		
Proceeds from loans	20,000,000.00	27,930,000.00
Cash received from issuance of securities		
Other cash received from financing-related activities	200,276,161.61	579,177,446.30
Sub-total of cash inflow from financing activities	<u>429,901,145.91</u>	<u>607,107,446.30</u>
Cash paid for repayment of loans	74,649,536.92	74,021,467.09
Cash paid for dividends, profit, or interest payments	5,913,538.48	2,127,181.25
Including: dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing-related activities	182,355,497.44	429,728,850.70
Sub-total of cash outflow from financing activities	<u>262,918,572.84</u>	<u>505,877,499.04</u>
Net cash flow from financing activities	<u>166,982,573.07</u>	<u>101,229,947.26</u>

Item	From the beginning of the year to the end of the Reporting period (January–September)	From the beginning of the year to the end of the Reporting period last year (January–September)
IV. Effects of changes in exchange rate on cash and cash equivalents	175.70	4,752.60
V. Net increase in cash and cash equivalents	-16,884,800.40	-24,930,011.29
Add: Opening balance of cash and cash equivalents	42,342,860.91	37,777,890.19
VI. Closing balance of cash and cash equivalents	25,458,060.51	12,847,878.90

<i>Legal representative:</i> Zhang Chong	<i>Chief accountant:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing
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Cash Flow Statement of the Company
January–September 2016

Prepared by: Luoyang Glass Company Limited

Unit: yuan Currency: RMB Type of audit: unaudited

Item	From the beginning of the year to the end of the Reporting period (January–September)	From the beginning of the year to the end of the Reporting period last year (January–September)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	52,270,623.48	238,047,212.23
Tax refunds received		
Other cash received from activities related to operation	267,396,926.01	373,858,163.40
Sub-total of cash inflow from operating activities	<u>319,667,549.49</u>	<u>611,905,375.63</u>
Cash paid for goods purchased and services rendered	21,503,844.96	3,860,731.18
Cash paid to and on behalf of employees	23,064,360.71	12,712,127.22
Tax payments	1,071,636.02	5,214,736.88
Other cash paid for activities related to operation	198,044,865.74	210,545,492.79
Sub-total of cash outflow from operating activities	<u>243,684,707.43</u>	<u>232,333,088.07</u>
Net cash flow from operating activities	<u>75,982,842.06</u>	<u>379,572,287.56</u>

Item	From the beginning of the year to the end of the Reporting period (January– September)	From the beginning of the year to the end of the Reporting period last year (January– September)
II. Cash flow from investment activities:		
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	53,382.45	4,120.00
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid for activities related to investment	<u>90,729,715.31</u>	
Sub-total of cash outflow from investment activities	<u><u>90,783,097.76</u></u>	<u><u>4,120.00</u></u>
Net cash flow from investment activities	<u><u>-90,783,097.76</u></u>	<u><u>-4,120.00</u></u>
III. Cash flow from financing activities:		
Cash received from investors	209,624,984.30	
Cash received from new loans		
Cash received from other financing activities	<u>39,813,771.90</u>	<u>41,296,636.10</u>
Sub-total of cash inflow from financing activities	<u><u>249,438,756.20</u></u>	<u><u>41,296,636.10</u></u>
Cash paid for repayment of loans	32,621,304.38	41,960,955.84
Cash paid for dividends, profit, or interest payments	32,596.42	336,615.79
Other cash paid for financing-related activities	<u>199,600,000.00</u>	<u>378,585,387.70</u>
Sub-total of cash outflow from financing activities	<u><u>232,253,900.80</u></u>	<u><u>420,882,959.33</u></u>
Net cash flow from financing activities	<u><u>17,184,855.40</u></u>	<u><u>-379,586,323.23</u></u>

Item	From the beginning of the year to the end of the Reporting period (January–September)	From the beginning of the year to the end of the Reporting period last year (January–September)
IV. Effects of changes in exchange rate on cash and cash equivalents	175.70	4,752.60
V. Net increase in cash and cash equivalents	2,384,775.40	-13,403.07
Add: Opening balance of cash and cash equivalents	422,236.77	193,116.50
VI. Closing balance of cash and cash equivalents	2,807,012.17	179,713.43

<i>Legal representative:</i>	<i>Chief accountant:</i>	<i>Person in charge of accounting department:</i>
Zhang Chong	Ma Yan	Chen Jing

4.2 Audit Report

Not Applicable

Company name: **LUOYANG GLASS COMPANY LIMITED***
Legal representative: **Zhang Chong**
Date: 27 October 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