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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 2017

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 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 first quarterly report of the Company is unaudited.

* *For identification purposes only*

II. BASIC INFORMATION 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 (%)
Total assets	1,244,573,294.80	1,356,917,020.31	-8.28
Net assets attributable to shareholders of the Company	524,427,714.44	523,269,416.96	0.22
	From beginning of the year to the end of the reporting period	From beginning of the previous year to the end of the reporting period of the previous year	Year-on-year increase/decrease (%)
Net cash flows from operating activities	-29,306,072.80	-59,887,499.84	N/A
	From beginning of the year to the end of the reporting period	From beginning of the previous year to the end of the reporting period of the previous year	Year-on-year increase/decrease (%)
Operating income	76,356,597.31	69,231,357.10	10.29
Net profit attributable to shareholders of the Company	1,158,297.48	437,051.69	165.03
Net profit attributable to shareholders of the Company after deducting extraordinary profit or loss	-1,508,949.54	-2,004,867.37	N/A
Weighted average return on net assets (%)	0.22	0.10	Increased by 0.12 percentage points
Basic earnings per share (RMB/share)	0.0022	0.0008	175.00
Diluted earnings per share (RMB/share)	0.0022	0.0008	175.00

Extraordinary Items and Amounts

Unit: yuan Currency: RMB

Items	Amount for the reporting period	Explanation
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)	1,633,064.61	
Profit or loss from debt restructuring	1,334,671.27	
Entrusted fee income obtained from entrusted operation		
Other non-operating income and expenses excluding the aforesaid items	-113,618.62	
Effect of income tax	-186,870.24	
Total	<u>2,667,247.02</u>	

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

Unit: Share

Total number of shareholders 59,981, including 59,933 holders of A Shares and 48 holders of H Shares

Shareholdings of the top 10 shareholders

Name of shareholders (full name)	Number of shares held as at the end of the reporting period	Shareholding percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	Number	Nature of shareholder
HKSCC NOMINEES LIMITED	248,670,699	47.21	0	Unknown		Overseas legal person
China Luoyang Float Glass (Group) Company Limited	105,018,242	19.94	15,000,000	Pledged	41,000,000	State-owned legal person
Bengbu Glass Industry Design Institute	69,000,000	13.10	0	Nil		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)	1,066,637	0.20	0	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)	924,600	0.18	0	Unknown		Unknown
Liu Bibo (劉碧波)	900,000	0.17	0	Unknown		Domestic natural person
Wang Jinnan (王進南)	808,550	0.15	0	Unknown		Domestic natural person
Zhang Lixin (張立新)	800,000	0.15	0	Unknown		Domestic natural person
Hong Kong Securities Clearing Company Limited	693,019	0.13	0	Unknown		Overseas legal person
Pu Lulu (蒲露露)	380,000	0.07	0	Unknown		Domestic natural persona

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

Name of shareholders (full name)	Number of circulating shares not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	248,670,699	Overseas listed foreign shares	248,670,699
China Luoyang Float Glass (Group) Company Limited	90,018,242	Ordinary shares denominated in RMB	90,018,242
Bengbu Glass Industry Design Institute	69,000,000	Ordinary shares denominated in RMB	69,000,000
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)	1,066,637	Ordinary shares denominated in RMB	1,066,637
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)	924,600	Ordinary shares denominated in RMB	924,600
Liu Bibo (劉碧波)	900,000	Ordinary shares denominated in RMB	900,000
Wang Jinnan (王進南)	808,550	Ordinary shares denominated in RMB	808,550
Zhang Lixin (張立新)	800,000	Ordinary shares denominated in RMB	800,000
Hong Kong Securities Clearing Company Limited	693,019	Ordinary shares denominated in RMB	693,019
Pu Lulu (蒲露露)	380,000	Ordinary shares denominated in RMB	380,000
Explanation on connected relationship or action acting in concert among the aforesaid shareholders	China Luoyang Float Glass (Group) Company Limited and Bengbu Glass Industry Design Institute are connected parties 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》) among the top ten shareholders of the Company. 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:* 1. Shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers.
2. 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.

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

Item	Amount at the end of the period	Amount at the beginning of the period	Changes (%)	Explanation
Bank balance and cash	56,199,860.78	157,528,516.53	-64.32	Honoring of notes upon maturity and repayment of loans and interests due in the reporting period
Other receivables	30,327,853.30	107,581,717.91	-71.81	Receipt of performance compensation for the Group and transfer of deposit for the land to intangible assets in the reporting period
Intangible assets	120,442,067.15	62,609,172.40	92.37	Increase in the land use rights in the reporting period
Short-term loans	346,240,250.00	20,000,000.00	1631.20	Increase in loans for working capital in the reporting period
Notes payable	30,000,000.00	90,000,000.00	-66.67	Honoring of certain notes due in the reporting period
Staff remuneration payables	16,656,077.14	25,743,969.95	-35.30	Payment of staff remuneration payables provided in the previous period in the reporting period
Tax payables	9,277,749.05	15,381,067.45	-39.68	Payment of income tax and VAT payable at the end of the previous period in the reporting period
Other payables	73,477,866.66	42,578,922.04	72.57	Increase in advances payable to related parties in the reporting period
Non-current liabilities due within one year	98,433,412.71	471,337,062.91	-79.12	Repayment of long-term loans due 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
Administration expenses	19,692,785.06	12,737,849.51	54.60	Increased investment in R&D in the reporting period
Finance expenses	4,869,699.98	518,182.67	839.77	Increase in interest-bearing liabilities in the reporting period
Net cash flows from operating activities	-29,306,072.80	-59,887,499.84	N/A	Decrease in cash paid for purchasing of commodities in the reporting period
Net cash flow from investment activities	23,219,327.88	-90,811,969.51	N/A	Payment of differences for asset swap consideration in the same period last year
Net cash flow from financing activities	-65,241,861.01	145,972,356.83	-144.69	Receipt of proceeds from non-public issuance of shares in the same period last year

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

Not applicable

3.3 Undertakings not fully performed during the reporting period

Not applicable

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

31 March 2017

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	56,199,860.78	157,528,516.53
Notes receivable	51,767,516.23	45,986,571.00
Accounts receivable	116,042,228.90	101,891,329.13
Prepayments	1,717,037.33	1,638,352.47
Other receivables	30,327,853.30	107,581,717.91
Inventory	136,380,517.74	132,978,500.26
Other current assets	30,328,308.55	34,874,034.35
Total current assets	<u>422,763,322.83</u>	<u>582,479,021.65</u>
Non-current assets:		
Long-term receivables	55,000,000.00	55,000,000.00
Fixed assets	637,317,230.93	648,972,313.06
Construction in progress	1,676,278.60	
Intangible assets	120,442,067.15	62,609,172.40
Long-term deferred expenses	3,033,172.99	3,515,290.90
Deferred income tax assets	4,341,222.30	4,341,222.30
Total non-current assets	<u>821,809,971.97</u>	<u>774,437,998.66</u>
Total assets	<u>1,244,573,294.80</u>	<u>1,356,917,020.31</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current liabilities:		
Short-term loans	346,240,250.00	20,000,000.00
Notes payable	30,000,000.00	90,000,000.00
Accounts payable	35,845,736.33	46,373,902.20
Payments received in advance	12,710,314.66	14,391,654.50
Staff remuneration payables	16,656,077.14	25,743,969.95
Taxes payable	9,277,749.05	15,381,067.45
Interests payable	489,843.75	713,868.25
Other payables	73,477,866.66	42,578,922.04
Non-current liabilities due within one year	98,433,412.71	471,337,062.91
Total current liabilities	623,131,250.30	726,520,447.30
Non-current liabilities:		
Long-term loans	79,356,612.85	87,836,374.23
Deferred income	17,657,717.21	19,290,781.82
Total non-current liabilities	97,014,330.06	107,127,156.05
Total liabilities	720,145,580.36	833,647,603.35
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
Retained earnings	-1,526,809,709.10	-1,527,968,006.58
Total equity attributable to the equity holders of the Company	524,427,714.44	523,269,416.96
Total owners' equity	524,427,714.44	523,269,416.96
Total liabilities and owners' equities	1,244,573,294.80	1,356,917,020.31

Legal representative: **Zhang Chong**

Chief accountant: **Ma Yan**

Person in charge of
accounting department:
Chen Jing

Balance Sheet of the Company

31 March 2017

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	41,187,946.43	109,837,249.29
Notes receivable	15,617,070.26	12,832,190.32
Accounts receivable	214,982,627.75	207,658,323.10
Prepayments		58,700.86
Other receivables	11,266,583.45	82,751,723.72
Other current assets		52,829.24
Total current assets	<u>283,054,227.89</u>	<u>413,191,016.53</u>
Non-current assets:		
Long-term receivables	55,000,000.00	55,000,000.00
Long-term equity investments	748,986,593.99	748,986,593.99
Fixed assets	2,783,223.99	2,878,637.33
Intangible assets	64,849,560.28	6,674,333.25
Long-term deferred expenses	243,000.00	270,000.00
Total non-current assets	<u>871,862,378.26</u>	<u>813,809,564.57</u>
Total assets	<u>1,154,916,606.15</u>	<u>1,227,000,581.10</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current liabilities:		
Short-term loans	326,240,250.00	
Notes payable	30,000,000.00	90,000,000.00
Accounts payable	8,185,573.47	15,317,580.28
Payments received in advance	10,240,070.40	11,625,410.24
Staff remuneration payables	5,686,205.38	8,015,791.49
Taxes payable	79,208.02	807,117.66
Other payables	309,854,477.81	281,486,640.75
Non-current liabilities due within one year	<u>35,898,724.30</u>	<u>386,428,324.30</u>
Total current liabilities	<u>726,184,509.38</u>	<u>793,680,864.72</u>
Non-current liabilities:		
Long-term loans	<u>800,377.93</u>	946,806.31
Total non-current liabilities	<u>800,377.93</u>	<u>946,806.31</u>
Total liabilities	<u>726,984,887.31</u>	<u>794,627,671.03</u>
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
Retained earnings	<u>-1,403,591,765.35</u>	<u>-1,399,150,574.12</u>
Total owners' equity	<u>427,931,718.84</u>	<u>432,372,910.07</u>
Total liabilities and owners' equities	<u>1,154,916,606.15</u>	<u>1,227,000,581.10</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 to March 2017

Prepared by: Luoyang Glass Company Limited*

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
I. Total operating revenue	76,356,597.31	69,231,357.10
Including: Operating revenue	76,356,597.31	69,231,357.10
II. Total operating costs	76,094,977.87	69,161,485.97
Including: Operating costs	48,455,244.04	54,063,383.87
Business taxes and surcharges	1,360,396.77	75,860.04
Selling expenses	1,716,852.02	1,767,109.88
Administration expenses	19,692,785.06	12,737,849.51
Finance expenses	4,869,699.98	518,182.67
Impairment loss on assets		-900.00
III. Operating profit (loss is represented by “-”)	261,619.44	69,871.13
Add: Non-operating income	3,078,051.88	3,167,743.22
Including: Gain from disposal of non-current assets		95.03
Less: Non-operating expenses	223,934.62	23,802.57
IV. Total profit (total loss is represented by “-”)	3,115,736.70	3,213,811.78
Less: Income tax expenses	1,957,439.22	2,776,760.09

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
V. Net profit (net loss is represented by “-”)	1,158,297.48	437,051.69
Net profit attributable to the owners of the Parent Company	1,158,297.48	437,051.69
VI. Net other comprehensive income after taxes		
VII. Total comprehensive income	1,158,297.48	437,051.69
Total comprehensive income attributable to owners of the Parent Company	1,158,297.48	437,051.69
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB/share</i>)	0.0022	0.0008
(II) Diluted earnings per share (<i>RMB/share</i>)	0.0022	0.0008

<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 to March 2017

Prepared by: Luoyang Glass Company Limited*

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
I. Operating revenue	33,313,480.41	40,972,591.34
Less: Operating costs	33,255,965.48	40,296,862.59
Business taxes and surcharges	27,780.77	4,669.85
Selling expenses	94,330.23	194,388.94
Administration expenses	4,233,106.69	4,210,703.89
Finance expenses	3,700,752.70	-295,435.63
Investment income (losses are represented by “-”)	2,721,375.00	2,751,612.50
II. Operating profit (loss is represented by “-”)	-5,277,080.46	-686,985.80
Add: Non-operating income	1,036,395.35	15,836.27
Including: Gain from disposal of non-current assets		95.03
Less: Non-operating expenses	200,506.12	
III. Total profit (total loss is represented by “-”)	-4,441,191.23	-671,149.53
Less: Income tax expenses		50,465.51
IV. Net profit (net loss is represented by “-”)	-4,441,191.23	-721,615.04
V. Net other comprehensive income after taxes		
VI. Total comprehensive income	-4,441,191.23	-721,615.04
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 to March 2017

Prepared by: Luoyang Glass Company Limited*

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	24,963,866.18	21,000,378.66
Other cash received from activities related to operation	2,982,582.53	3,945,717.06
Sub-total of cash inflow from operating activities	27,946,448.71	24,946,095.72
Cash paid for goods purchased and services rendered	15,443,021.75	39,575,715.63
Cash paid to and on behalf of employees	20,222,559.51	22,227,740.76
Tax payments	13,913,250.55	10,537,715.26
Other cash paid for activities related to operation	7,673,689.70	12,492,423.91
Sub-total of cash outflow from operating activities	57,252,521.51	84,833,595.56
Net cash flow from operating activities	-29,306,072.80	-59,887,499.84
II. Cash flow from investment activities:		
Other cash received from activities related to investment	23,783,372.88	
Sub-total of cash inflow from investment activities	23,783,372.88	
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	564,045.00	82,254.20
Cash paid for investment		90,729,715.31
Sub-total of cash outflow from investment activities	564,045.00	90,811,969.51
Net cash flow from investment activities	23,219,327.88	-90,811,969.51

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
III. Cash flow from financing activities:		
Cash received from investments		209,624,984.30
Proceeds from loans	235,904,000.00	
Other cash received from financing-related activities	216,421,616.20	
Sub-total of cash inflow from financing activities	452,325,616.20	209,624,984.30
Cash paid for repayment of loans	287,215,718.68	30,116,909.31
Cash paid for dividends, profit, or interest payments	3,751,758.53	2,335,718.16
Other cash paid for financing-related activities	226,600,000.00	31,200,000.00
Sub-total of cash outflow from financing activities	517,567,477.21	63,652,627.47
Net cash flow from financing activities	-65,241,861.01	145,972,356.83
IV. Effects of changes in exchange rate on cash and cash equivalents	-49.82	-33.94
V. Net increase in cash and cash equivalents	-71,328,655.75	-4,727,146.46
Add: Opening balance of cash and cash equivalents	112,528,516.53	42,342,860.91
VI. Closing balance of cash and cash equivalents	41,199,860.78	37,615,714.45
<i>Legal representative:</i> Zhang Chong	<i>Chief accountant:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing

Cash Flow Statement of the Company
January to March 2017

Prepared by: Luoyang Glass Company Limited*

Unit: yuan Currency: RMB Type of audit: unaudited

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	16,410,823.92	15,474,060.53
Tax refunds received		
Other cash received from activities related to operation	<u>27,446,323.19</u>	<u>96,868,896.30</u>
Sub-total of cash inflow from operating activities	<u>43,857,147.11</u>	<u>112,342,956.83</u>
Cash paid for goods purchased and services rendered	86,900.00	18,052,824.96
Cash paid to and on behalf of employees	4,602,692.60	5,641,297.59
Tax payments	3,835,366.26	340,374.49
Other cash paid for activities related to operation	<u>69,741,649.69</u>	<u>149,020,043.75</u>
Sub-total of cash outflow from operating activities	<u>78,266,608.55</u>	<u>173,054,540.79</u>
Net cash flow from operating activities	<u>-34,409,461.44</u>	<u>-60,711,583.96</u>

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
II. Cash flow from investment activities:		
Other cash received from activities related to investment	23,783,372.88	
Sub-total of cash inflow from investment activities	23,783,372.88	
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	561,545.00	
Cash paid for investment		90,729,715.31
Sub-total of cash outflow from investment activities	561,545.00	90,729,715.31
Net cash flow from investment activities	23,221,827.88	-90,729,715.31
III. Cash flow from financing activities:		
Cash received from investments		209,624,984.30
Proceeds from loans	235,904,000.00	
Other cash received from financing- related activities	331,301,260.71	
Sub-total of cash inflow from financing activities	567,205,260.71	209,624,984.30
Cash paid for repayment of loans	259,052,533.59	10,913,453.55
Cash paid for dividends, profit, or interest payments	2,134,346.60	17,046.53
Other cash paid for financing-related activities	333,480,000.00	47,200,000.00
Sub-total of cash outflow from financing activities	594,666,880.19	58,130,500.08
Net cash flow from financing activities	-27,461,619.48	151,494,484.22
IV. Effects of changes in exchange rate on cash and cash equivalents	-49.82	-33.94

Item	Reporting period (January to March 2017)	Corresponding period last year (January to March 2016)
V. Net increase in cash and cash equivalents	-38,649,302.86	53,151.01
Add: Opening balance of cash and cash equivalents	64,837,249.29	422,236.77
VI. Closing balance of cash and cash equivalents	26,187,946.43	475,387.78

<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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4.2 Audit Report

Not Applicable

Company name: **LUOYANG GLASS COMPANY LIMITED***
Legal representative: **Zhang Chong**
Date: 28 April 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; 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*