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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)

2018 INTERIM RESULTS ANNOUNCEMENT

1 IMPORTANT NOTICE

- 1.1** This interim results announcement is extracted from the full text of the interim report. For details, investor are advised to read carefully the full text of the interim report which will be published simultaneously on the website of the Shanghai Stock Exchange and other websites designated by China Securities Regulatory Commission.
- 1.2** This interim results of the Company for the six months ended 30 June 2018 are unaudited but have been reviewed and approved by the audit committee under the board of directors (the “**Board**”) of the Company.

1.3 Company Profile

Stock Abbreviation	Luoyang Glass (A Share(s))	Luoyang Glass (H Share(s))
Stock Code	600876	01108
Listing Exchange	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Secretary to the Board	Securities Affairs Representative
Name	Wu Zhixin	Zhao Zhiming
Contact address	Secretary Office of the Board of Luoyang Glass Company Limited*, No. 9 Tanggong Middle Road, Xigong District, Luoyang City, Henan Province, the PRC	Secretary Office of the Board of Luoyang Glass Company Limited*, No. 9 Tanggong Middle Road, Xigong District, Luoyang City, Henan Province, the PRC
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2. MAJOR FINANCIAL DATA AND INFORMATION OF SHAREHOLDERS

2.1 Major financial data

Unit: Yuan Currency: RMB

Major accounting data	Reporting period (January to June)	Same period last year		Increase/decrease over the same period last year (%)
		After adjustment	Before adjustment	
Operating income	702,362,390.74	704,459,882.70	154,969,277.04	-0.30
Net profit attributable to shareholders of the Company	21,977,671.03	19,733,938.23	1,177,959.02	11.37
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	3,027,972.41	-18,229,205.65	-18,229,205.65	N/A
Net cash flow from operating activities	-75,340,564.25	-253,446,524.14	-22,220,380.57	N/A

	At the end of the reporting period	At the end of the previous year		Increase/decrease from the end of the previous year (%)
		After adjustment	Before adjustment	
Net assets attributable to shareholders of the Company	1,262,704,496.44	1,131,687,647.58	559,139,146.36	11.58
Total assets	3,886,034,474.06	3,998,223,959.03	1,373,132,245.83	-2.81

The Company completed a significant asset restructuring during the reporting period, it incorporated CNBM (Hefei) New Energy Co., Ltd., CNBM(Tongcheng) New Energy Materials Co., Ltd. and CNBM (Yixing) New Energy Resources Co., Ltd. into its consolidated statements as business combinations under common control and restated its comparative figures retrospectively. All the financial figures for the beginning of the reporting period and the same period of last year were represented by the adjusted ones.

2.2 Number and shareholdings of shareholders

2.2.1 Number of shareholders

Total number of shareholders as at the end of the reporting period	54,813, including 54,767 holders of A shares and 46 holders of H shares
Total number of holders of preferred shares with restored voting rights as at the end of the reporting period	0

2.2.2 Shareholdings of top ten shareholders

Unit: shares

Name of shareholder (Full name)	Shareholdings of top ten shareholders						Nature of shareholder
	Increase/ decrease during the reporting period	Number of shares at the end of reporting period	Proportion (%)	Number of shares held subject to trading moratorium	Pledged or frozen Status	Number	
HKSCC NOMINEES LIMITED	0	248,680,699	44.42	0	Unknown	0	Overseas legal person
China Luoyang Float Glass (Group) Co., Ltd.	+10,097,588	115,115,830	20.56	25,097,588	Pledged	41,000,000	State-owned legal person
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	+2,365,976	71,365,976	12.75	2,365,976	Nil	0	State-owned legal person
Triumph Technology Group Co., Ltd.	+7,508,991	7,508,991	1.34	7,508,991	Nil	0	State-owned legal person
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	+6,377,490	6,377,490	1.14	6,377,490	Nil	0	State-owned legal person
Hefei Gaoxin Development and Investment Group Company*	+3,029,276	3,029,276	0.54	3,029,276	Nil	0	State-owned legal person
Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	+1,877,247	1,877,247	0.34	1,877,247	Nil	0	State-owned legal person
GCL System Integration Technology Co., Ltd.	+1,065,338	1,065,338	0.19	1,065,338	Nil	0	Domestic non-state-owned legal person
China Triumph International Engineering Co., Ltd.	+708,610	708,610	0.13	708,610	Nil	0	Domestic non-state-owned legal person
Hong Kong Securities Clearing Co., Ltd.	-157,715	442,575	0.08	0	Unknown	0	Overseas legal person

Shareholdings of top 10 shareholders not subject to trading moratorium

Name of shareholder	Number of circulating shares not subject to trading moratorium	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED	248,680,699	Overseas listed foreign shares	248,680,699
China Luoyang Float Glass (Group) Co., Ltd.	90,018,242	Ordinary shares denominated in RMB	90,018,242
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	69,000,000	Ordinary shares denominated in RMB	69,000,000
Hong Kong Securities Clearing Co., Ltd.	442,575	Ordinary shares denominated in RMB	442,575
CHUK YEE MEN LIZA U/D	374,000	Overseas listed foreign shares	374,000
Liu Bibo	300,000	Ordinary shares denominated in RMB	300,000
Yin Tierong	286,000	Ordinary shares denominated in RMB	286,000
Zhao Shengqi	284,100	Ordinary shares denominated in RMB	284,100
Jin Ruiming	280,294	Ordinary shares denominated in RMB	280,294
Zhao Yueling	278,800	Ordinary shares denominated in RMB	278,800

Explanation on related relationship or action acting in concert among the aforesaid shareholders	Among the top 10 shareholders of the Company, China Luoyang Float Glass (Group) Co., Ltd. and CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd., Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd., Triumph Technology Group Co., Ltd. and China Triumph International Engineering Co., Ltd. are related parties or persons acting in concert as defined under the Regulations for Disclosure of Changes in Shareholding of Listed Companies (《上市公司股東持股變動信息披露管理辦法》). The Company is not aware of any parties acting in concert or any related relationship among other holders of circulating shares.
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Notes:

- 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 Co., Ltd. are held on behalf of overseas investors who held these shares via Northbound Trading in the Shanghai-Hong Kong Stock Connect.

Number of shares held by top 10 holders of shares subject to trading moratorium and trading moratorium

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Time available for listing and trading	Shares subject to trading moratorium available for listing and trading	Trading moratorium
				Number of additional shares available for listing and trading	
1	China Luoyang Float Glass (Group) Co., Ltd.	25,097,588	29 December 2018 17 April 2021	15,000,000 10,097,588	Non-transferable within 36 months from the completion date of the issuance
2	Triumph Technology Group Co., Ltd.	7,508,991	17 April 2021	7,508,991	Non-transferable within 36 months from the completion date of the issuance
3	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	6,377,490	17 April 2021	6,377,490	Non-transferable within 36 months from the completion date of the issuance
4	Hefei Gaoxin Development and Investment Group Company*	3,029,276	17 April 2019	3,029,276	Non-transferable within 12 months from the completion date of the issuance
5	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	2,365,976	17 April 2021	2,365,976	Non-transferable within 36 months from the completion date of the issuance

Shares subject to trading moratorium available for listing and trading					
No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Time available for listing and trading	Number of additional shares available for listing and trading	Trading moratorium
6	Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	1,877,247	17 April 2021	1,877,247	Non-transferable within 36 months from the completion date of the issuance
7	GCL System Integration Technology Co., Ltd.	1,065,338	17 April 2021	1,065,338	Non-transferable within 36 months from the completion date of the issuance
8	China Triumph International Engineering Co., Ltd.	708,610	17 April 2021	708,610	Non-transferable within 36 months from the completion date of the issuance
Explanation on related relationship or action acting in concert among the aforesaid shareholders		China Luoyang Float Glass (Group) Co., Ltd. and CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd., Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd., Triumph Technology Group Co., Ltd. and China Triumph International Engineering Co., Ltd. are related parties or persons acting in concert as defined under the Regulations for Disclosure of Changes in Shareholding of Listed Companies (《上市公司股東持股變動信息披露管理辦法》).			

3. MANAGEMENT DISCUSSION AND ANALYSIS

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

During the reporting period, the Company continued following the management principles of “integration and optimization, quality improvement and benefit increase” and insisted on operation policies of “price stabilization, quantity assurance, cost reduction, receivables collection, inventory control, adjustment”. On this basis, the Company maintained stable production and operation with progresses so as to achieve the goals and tasks of the year.

The Company successfully completed assets acquisition by issuance of shares, which diversified the product structure and broadened the scope of business. On 15 March 2018, the assets acquisition by issuance of shares and supporting funds raising (related party transaction) by the Company were approved by the CSRC. The Company completed the delivery of the assets in the assets acquisition by issuance of shares and the issuance of new shares in April 2018. Through this restructuring, the Company increased photovoltaic glass business on the basis of its existing information display glass business. The successful implementation of the restructuring broadened the scope of application of the Company’s new glass products, diversified product categories and customer base. With the expansion of the size of and the improvement of the quality of the assets of the Company, it is expected to further enhance the stability and sustainability of future business development, and enhance profitability and overall competitiveness.

The Company proactively coped with competitions in the ultrathin glass market, improved weak links, and carried out production line transformation and technological upgrading project. During the reporting period, the Company stably implemented the technological transformation and upgrading of the ultra-thin electronic glass production line of Longhai Electronic Glass, a subsidiary of the Company. The completion of a new generation of information display ultra-thin glass substrate production line will further optimize and improve production technology and core equipment of the Company. It is expected that the project will be completed and put into production within the year.

The Company expanded new energy materials business and sped up in the construction of the ultra-white solar thermal materials project. At present, domestic glass manufacturers haven't engaged in the production of ultra-white solar thermal materials. In order to closely follow the development trend of the solar thermal industry and expand the product line, the Company focused on advancing the Ultra-White Solar Thermal Material Project in Puyang County. The project has obtained a subsidy of RMB100 million from the central government on special technology transformation programs of the NDRC and great support from the government of Puyang County. The construction of the project is expected to complete within the year.

Through new product R&D and quality improvement projects, the Company consistently carried out "improving efficiency, cutting expenditures and reducing costs" and the production and operation remained stable with progresses. The Company's operating revenue amounted to RMB702,362,390.74, representing year-on-year decrease of 0.30%; operating profit amounted to RMB37,815,921.75, representing a year-on-year increase of 19.72%; net profit attributable to the shareholders of the Company amounted to RMB21,977,671.03, representing a year-on-year increase of 11.37%; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.0395. Gearing ratio was 64.93%, representing a decrease of 1.40 percentage points from the beginning of the reporting period.

3.2 Analysis of principal operating activities

3.2.1 Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for corresponding period last year	Change (%)
Operating revenue	702,362,390.74	704,459,882.70	-0.30
Operating costs	518,623,907.37	548,925,924.41	-5.52
Cost of sales	21,923,965.83	28,053,678.63	-21.85
Administrative expenses	46,521,293.38	45,271,254.41	2.76
Financial expenses	39,740,414.80	34,959,536.18	13.68
Net cash flow from operating activities	-75,340,564.25	-253,446,524.14	N/A
Net cash flow from investment activities	-100,402,554.79	-748,185.99	N/A
Net cash flow from financing activities	54,547,568.00	150,365,351.63	-63.72
R&D expenses	38,443,281.67	28,683,561.88	34.03
Other income	7,120,982.47	22,925,533.47	-68.94
Credit impairment losses	-4,173,671.55	–	-100.00

Reasons for change in operating revenue: basically the same as compared with that of the corresponding period last year.

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

Reasons for change in cost of sales: a decrease in transportation costs in the reporting period.

Reasons for change in administrative expenses: an increase in staff remuneration in the reporting period.

Reasons for change in financial expenses: an increase in interests of discounted bills in the reporting period.

Reasons for change in net cash flow from operating activities: an increase in cash received from sales of goods or rendering of services in the reporting period.

Reasons for change in net cash flow from investment activities: an increase in project investments in the reporting period.

Reasons for change in net cash flow from financing activities: a year-on-year decrease in net proceeds from financing activities in the reporting period.

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

Reasons for change in other income: a year-on-year decrease in government subsidies received in the reporting period.

Reasons for change in credit impairment losses: a reversal of provision for expected credit losses in the reporting period.

3.2.2 Others

- (1) *Explanations for other substantial changes in the composition of profits or source of profits of the Company*

Inapplicable

- (2) *Analysis of principal operations by business or product*

Unit: Yuan Currency: RMB

Principal operations by industry						
By industry	Revenue from principal operations	Costs of principal operations	Gross profit margin (%)	Year-on-year increase/decrease in revenue from principal operations (%)	Year-on-year increase/decrease in costs of principal operations (%)	Year-on-year increase/decrease in gross profit margin (%)
New materials	677,653,373.40	494,773,813.82	26.99	0.09	-5.66	Increased by 4.45 percentage points

Principal operations by product						
By product	Revenue from principal operations	Costs of principal operations	Gross profit margin (%)	Year-on-year increase/decrease in revenue from principal operations (%)	Year-on-year increase/decrease in costs of principal operations (%)	Year-on-year increase/decrease in gross profit margin (%)
Information display glass	163,048,829.34	117,783,730.61	27.76	6.67	5.99	Increased by 0.46 percentage point
New energy glass	514,604,544.06	376,990,083.21	26.74	-1.83	-8.80	Increased by 5.60 percentage points

3.3 Analysis of investments

3.3.1 Overall analysis of external equity investment

(1) Significant equity investment

During the reporting period, the Company completed a significant asset restructuring. It acquired 100% equity interest in CNBM (Hefei) New Energy Co., Ltd., 100% equity interest in CNBM (Tongcheng) New Energy Materials Co., Ltd. and 70.99% equity interest in CNBM (Yixing) New Energy Resources Co., Ltd. held by eight counterparties including CLFG by means of issuance of shares to develop photovoltaic glass business on the basis of the ultra-thin glass substrate business.

(2) Analysis of major controlled and investee companies

Company name	Industry	Major products or services	Registered capital	Total assets	Net assets	Net profit
CLFG Longhai Electronic Glass Limited	New materials	Information display glass	100,000,000.00	187,208,051.04	160,014,204.27	-5,833,580.15
CLFG Longmen Glass Co. Ltd.	New materials	Information display glass	20,000,000.00	133,754,145.57	-546,026,862.11	1,011,935.41
Bengbu China National Building Materials Information Display Materials Co., Ltd.	New materials	Information display glass	632,764,300.00	975,007,900.73	773,920,935.72	11,422,871.99
CNBMG (Puyang) Photoelectric Material Co., Ltd.	New materials	New energy glass	240,000,000.00	292,429,254.49	181,859,410.66	667,625.00
CNBM (Hefei) New Energy Co., Ltd.	New materials	New energy glass	130,000,000.00	1,173,917,787.63	224,546,355.23	17,178,910.39
CNBM (Tongcheng) New Energy Materials Co., Ltd.	New materials	New energy glass	133,388,980.00	498,885,342.49	245,000,532.44	11,067,925.69
CNBM (Yixing) New Energy Resources Co., Ltd	New materials	New energy glass	313,700,000.00	949,331,661.97	345,138,666.28	10,582,092.83

3.3.2 Others

(1) Bank borrowings and other loans

Short-term loans: as at the end of this reporting period, the balance of short-term loans was RMB813,234,000.00, including secured loans of RMB38,500,000.00 and guaranteed loans of RMB774,734,000.00.

Long-term loans: the balance of long-term loans was RMB511,427,821.76 (including the balance of long-term loans due within one year amounting to RMB197,080,091.76), of which: the balance of bank loans of RMB350,743,175.76 and the balance of secured loans from non-bank financial institutions of RMB160,684,646.00.

(2) Liquidity and capital resources

As at 30 June 2018, the Group had cash and cash equivalents of RMB77,602,290.74, including US dollar deposits of RMB2,245,942.33 (31 December 2017: RMB7,638,541.49), HK dollar deposits of RMB6,041.02 (31 December 2017: RMB5,989.20) and Euro deposits of RMB0.38 (31 December 2017: RMB111,635.78), representing a decrease of RMB121,195,497.34 compared with the total amount of RMB198,797,788.08 as at 31 December 2017.

Cash inflows of the Group in the reporting period mainly came from sales revenue and financial borrowings, which were mainly used for production and operation and for repayment of bank loans.

(3) Gearing ratio

Gearing ratio is calculated based on the total liabilities at the end of the reporting period less the balance of cash and cash equivalents and divided by net assets attributable to the parent. The gearing ratio of the Group calculated under this formula was 193.68% as at 30 June 2018, compared to 216.78% as at 31 December 2017.

(4) Contingent liabilities

As at 30 June 2018, the Group has no material contingent liabilities.

(5) Risk of exchange rate fluctuations

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

(6) Employees of the Company

As at 30 June 2018, the number of employees listed on the payroll register of the Group was 2,227, of which 1,561 were production staff, 405 were sales, finance and technical staff, and 261 were administrative staff. 40.64% of the Group's staff were college graduates or above.

4. MATTERS RELATING TO FINANCIAL REPORT

4.1 Change in the accounting policies during the reporting period

Since March 2017, the Ministry of Finance successively made amendments to Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Cai Kuai [2017] No. 7), Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets (Cai Kuai [2017] No. 8) and Accounting Standards for Business Enterprises No. 24 – Hedge Accounting (Cai Kuai [2017] No. 9) since 31 March 2017, and released the revised Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (Cai Kuai [2017] No. 14) on 2 May 2017 (the four standards above are collectively referred to as “New FI Standards”), and on 5 July 2017 released the revised Accounting Standard for Business Enterprises No. 14 – Revenue (Cai Kuai [2017] No. 22) (hereafter referred to as “New Revenue Standard”).

In 2018, the Ministry of Finance newly issued the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for the year 2018 (Cai Kuai [2018] No. 15) (hereinafter referred to as the “Presentation Adjustments”).

The Company has applied the above-mentioned new revenue standards and four new financial standards since 1 January 2018 and made amendments to accounting policies relating to revenue and financial instruments. It also prepared its financial statements in accordance with the required format of financial statements under Cai Kuai [2018] No. 15.

(1) New Revenue Standard

The New Revenue Standard replaces Accounting Standards for Business Enterprises No. 14 – Revenue and Accounting Standards for Business Enterprises No. 15 – Construction Contracts issued by the Ministry of Finance in 2006 (collectively referred to as the “old revenue standards”).

Under the old revenue standards, the Company recognised revenue when the risks and rewards had passed to the customers. The Company’s revenue from sales of goods was recognised when the following conditions were met: the significant risks and rewards of ownership of the goods had been transferred to the customer, the amount of revenue and related costs could be reliably measured, the relevant economic benefits would probably flow to the Company and the Company retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from rendering of services and revenue from construction contracts were recognised by reference to the stage of completion of the transaction at the balance sheet date.

Under the New Revenue Standard, revenue is recognised when the Company transfers the control over goods or services to the customers: Revenue is recognised when the Company satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. The Company determines a performance obligation as to be satisfied over time if certain criteria is met; or otherwise, a performance obligation is satisfied at a point in time. Where a contract has two or more performance obligations, the Company determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Company recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The transaction price recognised by the Group does not exceed the amount in the accumulated revenue is likely not to be significantly reversed when the relevant uncertainty is eliminated. Where there are significant financing components in the contract, the Group determines the transaction price based on the amount payable assumed to be paid by the client in cash the moment the latter takes control of the goods or services. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

The Company adjusted relevant accounting policies pursuant to the requirements regarding special events or transactions as specified under the New Revenue Standard. In accordance with the requirements of the New Revenue Standard, the Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance of obligations and the payment by customers.

The Company assessed the impact of the New Revenue Standard on its financial statements based on a review of its revenue sources and performance process of contracts with customers. Since the Company derives its revenue mainly from sales of products under sales contracts entered into with customers, revenue is recognized when the control of the products is transferred to relevant customer. The adoption of the New Revenue Standard has no material impact on the financial statements of the Company.

(2) *New FI Standards*

The New FI Standards classify financial assets into three basic categories: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss. Under the New FI Standards, the classification of financial assets is determined based on the business model of the Company's management of financial assets and the contractual cash flow characteristics of the assets. The New FI Standards remove the three categories of held-to-maturity investments, loans and accounts receivables and available-for-sale financial assets as defined in the original financial instruments standards. The adoption of the New FI Standards has no significant impact on the accounting policies of the Company regarding the financial liabilities.

The New FI Standards replace the "loss incurred" model in the original financial instrument standard with the "expected credit loss" model. The "expected credit loss" model requires continuous assessment of the credit risk involved in financial assets. Therefore, under the New FI Standards, the credit loss of the Company is recognized earlier than that under the original financial instrument standard.

In accordance with the New FI Standards, the Company made retrospective adjustments to the classification and measurement of financial instruments (including impairment) besides certain specific circumstances, thereby the difference between the original book value of financial instruments and the new book value as at the implementation date of the New FI Standards (i.e. 1 January 2018) is included in the retained earnings as at the beginning of 2018. At the same time, the Company did not adjust the data in the comparative financial statement.

(3) Impact of amendments to the accounting standards and Cai Kuai [2018] No. 15 on the presentation of financial statements

Impact on items of the consolidated balance sheet and the balance sheet of the Company is summarized as follows:

Unit: Yuan Currency: RMB

Items of the consolidated balance sheet	Balance as at 31 December 2017 prior to the changes in accounting policies	Impact of the New Revenue Standard	Impact of the New FI Standards	Impact of the Presentation Adjustments	Balance as at 1 January 2018 following the changes in accounting policies
Assets:					
Notes receivable	490,712,129.45			-490,712,129.45	-
Accounts receivable	531,850,536.95			-531,850,536.95	-
Notes and accounts receivable			-15,394,947.77	1,022,562,666.40	1,007,167,718.63
Other receivables	90,685,860.01		-1,802,629.38		88,883,230.63
Available-for-sale financial assets	0.00				-
Other investments in equity instruments			0.00		0.00
Deferred income tax assets	2,504,761.54		2,782,426.31		5,287,187.85
Construction in progress	282,004,319.33			13,980.58	282,018,299.91
Engineering materials	13,980.58			-13,980.58	
Liabilities:					
Notes payable	139,568,673.34			-139,568,673.34	
Accounts payable	572,025,989.83			-572,025,989.83	
Notes and accounts payable				711,594,663.17	711,594,663.17
Payments received in advance	21,475,187.43	-21,475,187.43			
Contract liabilities		21,475,187.43			21,475,187.43
Interest payable	3,418,456.33			-3,418,456.33	
Other payables	373,590,908.16			3,418,456.33	377,009,364.49
Shareholders' equity					
Retained earnings	-1,338,290,605.36		-11,706,971.58		-1,349,997,576.94
Minority interest	214,501,306.52		-2,708,179.26		211,793,127.26

Item of the balance sheet of the Company	Balance as at 31 December 2017 prior to the change in the accounting policies	Impact of the New Revenue Standard	Impact of the New FI Standards	Impact of the Presentation Adjustments	Balance as at 1 January 2018 following the change in accounting policies
Assets:					
Notes receivable	7,469,611.05			-7,469,611.05	-
Accounts receivable	204,327,727.83			-204,327,727.83	-
Notes and accounts receivable	-		-156,945.53	211,797,338.88	211,640,393.35
Other receivables	31,131,296.66		-310,594.67		30,820,701.99
Available-for-sale financial assets	0.00				
Other investments in equity instruments			0.00		0.00
Liabilities:					
Accounts payable	5,062,801.26			-5,062,801.26	-
Notes and accounts payable				5,062,801.26	5,062,801.26
Payments received in advance	7,813,062.37	-7,813,062.37			-
Contract liabilities		7,813,062.37			7,813,062.37
Interest payable	472,432.69			-472,432.69	-
Other payables	465,380,879.74			472,432.69	465,853,312.43
Shareholders' equity					
Retained earnings	-1,396,267,053.32		-467,540.20		-1,396,734,593.52

Impact of Cai Kuai [2018] No. 15 on the items of the 2017 interim consolidated income statement of the Company is as follows:

Items of the consolidated income statement	Amounts before adjustment	Adjusted amounts	Amounts after adjustment
Administrative expenses	73,954,816.29	-28,683,561.88	45,271,254.41
Research and development expenses	-	28,683,561.88	28,683,561.88

4.2 Retrospective restatement of material accounting errors during the reporting period.

Nil

4.3 Change in the scope of consolidation as compared with the latest annual report.

Three subsidiaries were added into the consolidation scope of the Company due to the business combination under common control during the reporting period, namely CNBM (Hefei) New Energy Company Limited (中 建 材 (合 肥) 新 能 源 有 限 公 司), CNBM (Tongcheng) New Energy Materials Company Limited (中 國 建 材 桐 城 新 能 源 材 料 有 限 公 司) and CNBM (Yixing) New Energy Company Limited (中 建 材 (宜 興) 新 能 源 有 限 公 司), among which, CNBM (Hefei) New Energy Company Limited and CNBM (Tongcheng) New Energy Materials Company Limited were held as to 100% by the Company, and CNBM (Yixing) New Energy Company Limited was held as to 70.99% by the Company.

4.4 Financial Statements

Consolidated Balance Sheet

30 June 2018

Prepared by: Luoyang Glass Company Limited*

Unit: Yuan Currency: RMB

Item	Closing Balance	Opening Balance
Current assets:		
Cash and cash equivalents	179,161,146.31	204,245,757.54
Notes and accounts receivables	772,458,749.92	1,022,562,666.40
Prepayments	26,031,059.93	20,321,794.16
Other receivables	35,319,051.98	90,685,860.01
Inventories	261,049,375.38	180,924,918.81
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	38,492,497.72	41,988,762.45
Total current assets	1,312,511,881.24	1,560,729,759.37

Item	Closing Balance	Opening Balance
Non-current assets:		
Long-term receivables	55,000,000.00	55,000,000.00
Long-term equity investments		
Available-for-sale financial assets		
Other equity instrument investment		
Other non-current financial assets		
Investment properties		
Fixed assets	1,705,333,363.47	1,766,535,573.58
Construction in progress	443,066,812.69	282,018,299.91
Intangible assets	359,130,243.89	317,529,993.66
Long-term deferred expenses	4,176,191.65	5,539,138.34
Deferred income tax assets	4,437,422.74	2,504,761.54
Other non-current assets	2,378,558.38	8,366,432.63
Total non-current assets	2,573,522,592.82	2,437,494,199.66
Total assets	3,886,034,474.06	3,998,223,959.03
Current liabilities:		
Short-term borrowings	813,234,000.00	812,509,000.00
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes and accounts payables	738,300,969.77	711,594,663.17
Receipts in advance		21,475,187.43
Contract liabilities	17,078,230.96	
Employee compensation payable	18,046,154.98	21,985,112.19
Taxes payable	24,875,091.43	31,525,000.52
Other payables	292,721,258.65	377,009,364.49
Liabilities held for sale		
Non-current liabilities due within one year	197,080,091.76	196,946,248.22
Total current liabilities		
Total current liabilities	2,101,335,797.55	2,173,044,576.02

Item	Closing Balance	Opening Balance
Non-current liabilities:		
Long-term borrowings	314,347,730.00	370,796,745.65
Deferred income	107,521,722.98	108,193,683.26
Deferred tax liabilities	—	—
Other non-current liabilities	—	—
Total non-current liabilities	<u>421,869,452.98</u>	<u>478,990,428.91</u>
Total Liabilities	<u>2,523,205,250.53</u>	<u>2,652,035,004.93</u>
Owners' equity		
Share capital	559,797,391.00	526,766,875.00
Capital reserve	1,979,561,502.31	1,891,845,868.90
Special reserve		
Surplus reserve	51,365,509.04	51,365,509.04
Undistributed profit	-1,328,019,905.91	-1,338,290,605.36
Total equity attributable to owners of the parent company	<u>1,262,704,496.44</u>	<u>1,131,687,647.58</u>
Minority interests	100,124,727.09	214,501,306.52
Total owners' equity	<u>1,362,829,223.53</u>	<u>1,346,188,954.10</u>
Total liabilities and owners' equity	<u>3,886,034,474.06</u>	<u>3,998,223,959.03</u>

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Balance Sheet of the Company*30 June 2018*

Prepared by: Luoyang Glass Company Limited*

Unit: Yuan Currency: RMB

Item	Closing Balance	Opening Balance
Current Assets:		
Cash and cash equivalents	58,626,381.07	52,744,789.07
Held-for-trading financial assets		
Derivative financial assets		
Notes and accounts receivables	208,834,799.30	211,797,338.88
Prepayments	48,970.54	30,238.87
Other receivables	19,440,208.59	31,131,296.66
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		489,663.39
Total current assets	<u>286,950,359.50</u>	<u>296,193,326.87</u>

Item	Closing Balance	Opening Balance
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables	55,000,000.00	55,000,000.00
Long-term equity investments	1,690,841,658.35	868,986,593.99
Available-for-sale financial assets		
Other equity instrument investment		
Other non-current financial assets		
Investment properties		
Fixed assets	2,333,775.55	2,508,762.95
Construction in progress		
Intangible assets	34,806,717.25	63,612,709.86
Long-term deferred expenses	108,000.00	162,000.00
Deferred income tax assets		
Other non-current assets		
Total non-current assets	<u>1,783,090,151.15</u>	<u>990,270,066.80</u>
Total assets	<u>2,070,040,510.65</u>	<u>1,286,463,393.67</u>

Item	Closing Balance	Opening Balance
Current liabilities:		
Short-term loans	240,234,000.00	347,509,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes and accounts payables	84,381,266.17	5,062,801.26
Receipts in advance		7,813,062.37
Contract liabilities	9,190,171.11	
Employee compensation payable	4,973,834.12	8,089,982.67
Taxes payable	2,779,353.69	566,122.59
Other payables	511,849,198.35	465,853,312.43
Liabilities held for sale		
Non-current liabilities due within one year	793,175.76	404,406.94
Other current liabilities		
Total current liabilities	<u>854,200,999.20</u>	<u>835,298,688.26</u>
Non-current liabilities:		
Long-term borrowings		606,605.65
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities		<u>606,605.65</u>
Total Liabilities	<u>854,200,999.20</u>	<u>835,905,293.91</u>

Item	Closing Balance	Opening Balance
Owners' equity:		
Share capital	559,797,391.00	526,766,875.00
Capital reserve	1,958,137,769.14	1,268,692,769.04
Special reserve		
Surplus reserve	51,365,509.04	51,365,509.04
Undistributed profit	-1,353,461,157.73	-1,396,267,053.32
Total owners' equity	<u>1,215,839,511.45</u>	<u>450,558,099.76</u>
Total liabilities and owners' equity	<u>2,070,040,510.65</u>	<u>1,286,463,393.67</u>
<i>Legal representative:</i> Zhang Chong	<i>Person in charge of accounting:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing

Consolidated Income Statement
January–June 2018

Unit: Yuan Currency: RMB

Item	Amount for current period	Amount for previous period
I. Operating revenue	702,362,390.74	704,459,882.70
Less: Operating costs	518,623,907.37	548,925,924.41
Taxes and surcharges	10,712,485.92	9,179,632.20
Selling expenses	21,923,965.83	28,053,678.63
Administration expenses	46,521,293.38	45,271,254.41
Research and development expenses	38,443,281.67	28,683,561.88
Finance expenses	39,740,414.80	34,959,536.18
Including: Interest expenses	32,742,684.84	31,890,768.84
Interest income	299,301.46	723,069.67
Impairment losses of assets	6,849.19	807,634.48
Impairment losses of credit	-4,173,671.55	
Add: Other income	7,120,982.47	22,925,533.47
Investment income (loss is represented by “-”)		
Gain on disposal of assets (loss is represented by “-”)	131,075.15	83,418.35
II. Operating profit (loss is represented by “-”)	37,815,921.75	31,587,612.33
Add: Non-operating income	1,775,280.73	2,277,775.59
Less: Non-operating expense	211,374.72	236,378.61
III. Total profit (total loss is represented by “-”)	39,379,827.76	33,629,009.31
Less: Income tax expenses	11,139,879.23	9,351,246.98

Item	Amount for current period	Amount for previous period
IV. Net profit (net loss is represented by “-”)	28,239,948.53	24,277,762.33
(I) Classified on going concern basis		
1. Net profit from continued operation (Net loss is represented by “-”)	28,239,948.53	24,277,762.33
2. Net profit from discontinued operation (Net loss is represented by “-”)		
(II) Classified by ownership		
1. Net profit attributable to the owners of the Company	21,977,671.03	19,733,938.23
2. Profit or loss attributable to minority interests	6,262,277.50	4,543,824.10
V. Other comprehensive income net of tax		
VI. Total comprehensive income	28,239,948.53	24,277,762.33
Total comprehensive income attributable to owners of the Company	21,977,671.03	19,733,938.23
Total comprehensive income attributable to minority interests	6,262,277.50	4,543,824.10
VII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.0395	0.0356
(II) Diluted earnings per share (RMB/share)	0.0395	0.0356

The net profit realized by the the parties being absorbed prior to the business combinations under common control was RMB20,491,900.89 during the period and RMB23,099,803.31 for the previous period.

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

Income Statement of the Company
January–June 2018

Unit: Yuan Currency: RMB

Item	Amount for current period	Amount for previous period
I. Operating revenue	95,220,475.78	72,438,752.95
Less: Operating costs	93,268,219.61	72,252,825.33
Taxes and surcharges	1,808,074.05	401,276.30
Selling expenses	289,822.76	218,657.97
Administration expenses	7,831,861.37	-1,139,169.58
Finance expenses	15,262,010.17	11,070,786.45
Including: interest expenses	15,876,387.44	11,624,028.23
Interest income	690,274.80	710,664.50
Impairment losses of assets		600,521.20
Impairment losses of credit	-614,549.07	
Add: Other income		
Investment income (loss is represented by “-”)	64,557,772.91	5,515,364.92
Gain on disposal of assets (loss is represented by “-”)	1,181,645.71	
II. Operating Profit (losses are represented by “-”)	43,114,455.51	-5,450,779.80
Add: Non-operating income	211,035.14	1,036,395.35
Less: Non-operating expenses	52,054.86	200,506.12
III. Total profit (total loss is represented by “-”)	43,273,435.79	-4,614,890.57
Less: Income tax expenses		

Item	Amount for current period	Amount for previous period
IV. Net profit (net loss is represented by “-”)	43,273,435.79	-4,614,890.57
1. Net profit from continued operation (Net loss is represented by “-”)	43,273,435.79	-4,614,890.57
2. Net profit from discontinued operation (Net loss is represented by “-”)		
V. Other comprehensive income net of tax		
VI. Total comprehensive income	43,273,435.79	-4,614,890.57
VII. Earnings per share		
(I) Basic earnings per share (RMB/share)		
(II) Diluted earnings per share (RMB/share)		
<i>Legal representative:</i> Zhang Chong	<i>Person in charge of accounting:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing

Consolidated Cash Flow Statement
January–June 2018

Unit: Yuan Currency: RMB

Item	Amount for current period	Amount for previous period
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	505,851,432.02	182,391,041.41
Tax refunds received	2,669,017.17	
Other cash received from activities related to operation	8,641,685.83	15,840,180.22
Subtotal of cash inflows from operating activities	517,162,135.02	198,231,221.63
Cash paid for purchase of goods and services rendered	442,219,267.54	305,273,932.19
Cash paid to and on behalf of employees	93,074,618.07	87,503,010.17
Tax payments	40,094,190.76	32,572,578.33
Other cash paid for activities related to operation	17,114,622.90	26,328,225.08
Sub-total of cash outflow from operating activities	592,502,699.27	451,677,745.77
Net cash flow from operating activities	-75,340,564.25	-253,446,524.14

Item	Amount for current period	Amount for previous period
II. Cash flow from investment activities:		
Cash from recovery of investment		
Cash received from return of investment		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,348,600.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash received from investment activities	18,117,140.63	23,798,268.89
Subtotal of cash inflows from investment activities	18,117,140.63	26,146,868.89
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	118,519,695.42	26,895,054.88
Cash paid for investment		
Other cash payments related to investment activities		
Subtotal of cash outflows from investment activities	118,519,695.42	26,895,054.88
Net cash flow from investment activities	-100,402,554.79	-748,185.99

Item	Amount for current period	Amount for previous period
III. Cash flows from financing activities:		
Cash received from investment		
Including: cash received by subsidiaries from investments of minority interests		
Proceeds from loans	455,500,000.00	736,404,000.00
Cash received from issuing bonds		
Other cash received related to financing activities	213,210,823.26	326,257,432.90
Subtotal of cash inflows from financing activities	668,710,823.26	1,062,661,432.90
Cash paid for repayments of borrowings	495,781,773.73	586,899,266.99
Cash payment for distribution of dividends and profits or repayment of interest	32,215,589.37	24,236,814.28
Other cash payments related to financing activities	86,165,892.16	301,160,000.00
Subtotal of cash outflows from financing activities	614,163,255.26	912,296,081.27
Net cash flow from financing activities	54,547,568.00	150,365,351.63
IV. Effect of exchange rate changes on cash and cash equivalents	53.70	-195.39
V. Net increase in cash and cash equivalents	-121,195,497.34	-103,829,553.89
Add: Opening balance of cash and cash equivalents	198,797,788.08	191,575,911.27
VI. Closing balance of cash and cash equivalents	77,602,290.74	87,746,357.38

Legal representative:
Zhang Chong

*Person in charge of
accounting:*
Ma Yan

*Person in charge of
accounting department:*
Chen Jing

Cash Flow Statement of the Company
January–June 2018

Unit: Yuan Currency: RMB

Item	Amount for current period	Amount for previous period
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	53,148,277.00	37,301,455.04
Tax refunds received		
Other cash received from activities related to operation	39,883,041.15	37,206,581.02
Sub-total of cash inflow from operating activities	93,031,318.15	74,508,036.06
Cash paid for goods purchased and services rendered		86,900.00
Cash paid to and on behalf of employees	8,175,903.64	6,977,169.55
Tax payments	2,543,491.32	686,886.91
Other cash paid for activities related to operation	36,646,792.98	83,702,867.49
Sub-total of cash outflow from operating activities	47,366,187.94	91,453,823.95
Net cash flow from operating activities	45,665,130.21	-16,945,787.89

Item	Amount for current period	Amount for previous period
II. Cash flow from investment activities:		
Cash from recovery of investment		
Cash received from return of investment		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		400,000.00
Other cash received from investment activities	18,117,140.63	43,164,222.88
Subtotal of cash inflows from investment activities	18,117,140.63	43,564,222.88
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets		3,360,200.60
Cash paid for investment	70,000,000.00	80,000,000.00
Other cash payments related to investment activities		
Subtotal of cash outflows from investment activities	70,000,000.00	83,360,200.60
Net cash flow from investment activities	-51,882,859.37	-39,795,977.72

Item	Amount for current period	Amount for previous period
III. Cash flows from financing activities:		
Cash received from investment		
Proceeds from loans	235,084,000.00	235,904,000.00
Cash received from issuing bonds		
Other cash received related to financing activities	469,544,537.84	534,383,680.49
Subtotal of cash inflows from financing activities	704,628,537.84	770,287,680.49
Cash paid for repayment of borrowings	342,561,214.41	290,582,396.18
Cash payment for distribution of dividends and profits or interest repayment	6,087,032.33	5,815,847.75
Other cash payments related to financing activities	381,081,023.64	441,240,000.00
Subtotal of cash outflows from financing activities	729,729,270.38	737,638,243.93
Net cash flow from financing activities	-25,100,732.54	32,649,436.56
IV. Effects of changes in exchange rate on cash and cash equivalents	53.70	-195.39
V. Net increase in cash and cash equivalents	-31,318,408.00	-24,092,524.44
Add: Opening balance of cash and cash equivalents	51,344,789.07	64,837,249.29
VI. Closing balance of cash and cash equivalents	20,026,381.07	40,744,724.85
<i>Legal representative:</i> Zhang Chong	<i>Person in charge of accounting:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing

Consolidated Statement of Changes in Owners' Equity

January–June 2018

Unit: Yuan Currency: RMB

Item	Current Period											
	Attributable to owners of the Parent Company											
	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit	Minority interests	Total owners' equity
	Share capital	Preferential shares	Perpetual bonds									
I. Balance at the end of last year	526,766,875.00			1,488,406,708.39				51,365,509.04		-1,507,399,946.07		559,139,146.36
Add: Changes in accounting policies										-11,706,971.58	-2,708,179.26	-14,415,150.84
Effects of correction of prior period errors												
Business combination under common control				403,439,160.51						169,109,340.71	214,501,306.52	787,049,807.74
Others												
II. Balance at the beginning of the year	526,766,875.00			1,891,845,868.90				51,365,509.04		-1,349,997,576.94	211,793,127.26	1,331,773,803.26
III. Change for the period (decrease is indicated by "-")	33,030,516.00			87,715,633.41						21,977,671.03	-111,668,400.17	31,055,420.27
(I) Total comprehensive income										21,977,671.03	6,262,277.50	28,239,948.53
(II) Owners' contribution and decrease in capital	33,030,516.00			87,715,633.41							-117,930,677.67	2,815,471.74
1. Ordinary shares paid by shareholders	33,030,516.00			84,900,161.67							-117,930,677.67	
2. Capital contributed by holders of other equity instruments												
3. A mount of share-based payments recognised in owners' equity												
4. Others				2,815,471.74								2,815,471.74
(III) Profit distribution												
(IV) Internal carry-forward of owners' equity												
(V) Special reserve												
(VI) Others												
IV. Balance at the end of the period	559,797,391.00			1,979,561,502.31				51,365,509.04		-1,328,019,905.91	100,124,727.09	1,362,829,223.53

Item	Last Period												
	Equity attributable to owners of the Parent Company												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit	Minority interest	Total owner's equity
		Preferential shares	Perpetual bonds	Others									
I. Balance at the end of last year	526,766,875.00				1,473,105,039.50				51,365,509.04		-1,527,968,006.58		523,269,416.96
Add: Changes in accounting policies													
Effects of correction of prior period errors													
Business combination under common control					403,439,160.51						102,005,138.39	197,085,680.58	702,529,979.48
Others													
II. Balance at the beginning of the year	526,766,875.00				1,876,544,200.01				51,365,509.04		-1,425,962,868.19	197,085,680.58	1,225,799,396.44
III. Change for the period (decrease is indicated by "-")											19,733,938.23	4,543,824.10	24,277,762.33
(I) Total comprehensive income											19,733,938.23	4,543,824.10	24,277,762.33
(II) Owners' contribution and decrease in capital													
(III) Profit distribution													
(IV) Internal carry-forward of owners' equity													
(V) Special reserve													
IV. Balance at the end of the period	526,766,875.00				1,876,544,200.01				51,365,509.04		-1,406,228,929.96	201,629,504.68	1,250,077,158.77

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Statement of Changes in Owners' Equity of the Company

January – June 2018

Unit: Yuan Currency: RMB

Item	Current Period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Preferential shares	Perpetual bonds	Others							
I. Balance at the end of last year	526,766,875.00				1,268,692,769.04				51,365,509.04	-1,396,267,053.32	450,558,099.76
Add: Changes in accounting policies										-467,540.20	-467,540.20
Effects of correction of prior period errors											
Others											
II. Balance at the beginning of the year	526,766,875.00				1,268,692,769.04				51,365,509.04	-1,396,734,593.52	450,090,559.56
III. Change for the period (decrease is indicated by “-”)	33,030,516.00				689,445,000.10					43,273,435.79	765,748,951.89
(I) Total comprehensive income										43,273,435.79	43,273,435.79
(II) Owners' contribution and decrease in capital	33,030,516.00				689,445,000.10						722,475,516.10
1. Ordinary shares paid by shareholders	33,030,516.00				686,629,528.36						719,660,044.36
2. Capital contributed by holders of other equity instruments											
3. A mount of share-based payment recognised in owners' equity											
4. Others					2,815,471.74						2,815,471.74
(III) Profit distribution											
(IV) Internal carry-forward of owners' equity											
(V) Special reserve											
IV. Balance at the end of the period	559,797,391.00				1,958,137,769.14				51,365,509.04	-1,353,461,157.73	1,215,839,511.45

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

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

NOTES TO THE FINANCIAL STATEMENTS

Interim report for the half year ended 30 June 2018 (Expressed in Renminbi)

I. BACKGROUND OF THE COMPANY

Luoyang Glass Company Limited* (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) as a joint stock limited company. The Company and its subsidiaries (collectively the “Group”) are engaged in manufacture and sales of information display glass and new energy glass.

II. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

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

2. Accounting period

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

3. Functional currency

The Company’s functional currency is the Renminbi (“RMB”).

4. Preparation method of consolidated financial statements

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

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

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

For subsidiaries acquired not under common control combinations, when preparing consolidated financial statements, such subsidiaries' financial statements should be adjusted on the basis of the fair value of identifiable net assets on the date of acquisition. For subsidiaries acquired under common control combinations, the assets, liabilities, operating results and cash flows of acquired subsidiaries should be included in consolidated financial statements from the beginning of the year of acquisition as if the combination had taken place at the beginning of the year.

III. SEGMENT REPORTING

For management purposes, the Company has two operating segments. The management of the Company regularly reviews the financial information of each segment to make decisions about resources to be allocated to the segment and to assess its performance.

The operating segments of the Company include the information display glass segment and the new energy glass segment.

Segment assets exclude deferred income tax assets, and segment liabilities exclude deferred income tax liabilities.

Inter-segment transfers are measured by reference to sales to third parties.

1. Segment information for the half year ended 30 June 2018 is set out as follows:

Item	Information display glass	New energy glass	Unallocated items	Offset	Total
1. Revenue from external customers	163,502,480.94	538,859,909.80			702,362,390.74
2. Revenue from inter-segment transactions	2,255,580.86			-2,255,580.86	
3. Interest income	43,142.55	196,596.07	690,274.80	-630,711.96	299,301.46
4. Interest expenses	10,660,858.82	21,174,930.08	15,876,387.44	-14,969,491.50	32,742,684.84
5. Impairment losses of assets and impairment losses of credit	-97,691.09	-3,454,582.20	-614,549.07		-4,166,822.36
6. Depreciation expenses and amortization expenses	24,077,499.78	39,510,097.13	948,425.72	-1,969.41	64,534,053.22
7. Total profit (loss is represented by “-”)	11,344,953.95	48,088,300.06	41,321,179.62	-61,374,605.87	39,379,827.76
8. Income tax expenses	2,548,133.08	8,591,746.15			11,139,879.23
9. Net profit (loss is represented by “-”)	8,796,820.87	39,496,553.91	41,321,179.62	-61,374,605.87	28,239,948.53
10. Total assets	1,502,917,348.81	2,902,448,822.81	1,865,594,163.55	-2,384,925,861.11	3,886,034,474.06
11. Total liabilities	1,001,633,256.74	1,908,404,762.57	760,629,561.92	-1,147,462,330.70	2,523,205,250.53

2. Segment information for the half year ended 30 June 2017 is set out as follows:

Item	Information display glass	New energy glass	Unallocated items	Offset	Total
1. Revenue from external customers	154,969,277.04	549,490,605.66			704,459,882.70
2. Revenue from inter-segment transactions					
3. Interest income	4,761,655.00	303,247.93	710,664.50	-5,052,497.76	723,069.67
4. Interest expenses	10,661,329.83	20,173,273.46	11,624,028.23	-10,567,862.68	31,890,768.84
5. Impairment losses of assets	-604,842.56	811,955.84	600,521.20		807,634.48
6. Depreciation expenses and amortization expenses	24,710,592.22	37,901,028.74	817,678.51		63,429,299.47
7. Total profit (loss is represented by “-”)	10,908,504.27	27,772,574.56	-4,800,818.19	-251,251.33	33,629,009.31
8. Income tax expenses	4,430,457.12	4,920,789.86			9,351,246.98
9. Net profit (loss is represented by “-”)	6,478,047.15	22,851,784.70	-4,800,818.19	-251,251.33	24,277,762.33
10. Total assets	1,579,026,709.81	2,620,050,340.65	1,050,121,218.27	-1,485,245,352.04	3,763,952,916.69
11. Total liabilities	1,061,782,116.71	1,737,324,015.42	750,007,574.91	-1,114,127,454.88	2,434,986,252.16

3. Geographic information

The following table sets out information about the geographical location of the Company's revenue from external customers and the Company's non-current assets (excluding deferred income tax assets). The geographical location of customers is stated as the location at which goods were delivered to customers. The geographical location of fixed assets, construction in progress and lease prepayments under non-current assets is determined as the physical location of the assets; the geographical location of intangible assets and exploration and evaluation assets is determined as the location of relevant operations; and the geographical location of interests in associates and other investments is determined as the location of their respective operations.

Item	Revenue from external customers		Non-current assets	
	January– June 2018	January– June 2017	30 June 2018	31 December 2017
China	677,234,348.38	692,985,336.96	2,569,085,170.08	2,434,989,438.12
Overseas	25,128,042.36	11,474,545.74		
Total	<u>702,362,390.74</u>	<u>704,459,882.70</u>	<u>2,569,085,170.08</u>	<u>2,434,989,438.12</u>

4. Major customers

The Company has a diversified customer base. From January to June 2018, the transaction amount of two customers exceeds 50% of the Company's revenue.

IV. TURNOVER

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

(1) Details of operating revenue

Item	Amount for current period	Amount for previous period
Revenue from principal operations	677,653,373.40	677,059,416.85
Revenue from other operations	24,709,017.34	27,400,465.85
Total	<u>702,362,390.74</u>	<u>704,459,882.70</u>

(2) Details of income from principal operations by product

Products or services	Amount for current period	Amount for previous period
Information display glass	163,048,829.34	152,856,356.90
New energy glass	514,604,544.06	524,203,059.95
Total	677,653,373.40	677,059,416.85

V. OTHER INCOME

Item	Amount for current period	Amount for previous period
Government subsidies	7,120,982.47	22,925,533.47
Total	7,120,982.47	22,925,533.47

VI. GAIN ON DISPOSAL OF ASSETS

Item	Amount for current period	Amount for previous period
Gain or loss on disposal of fixed assets	131,075.15	22,266.73
Gains or loss on disposal of intangible assets		61,151.62
Total	131,075.15	83,418.35

VII. NON-OPERATING INCOME

Item	Amount for current period	Amount for previous period
Gains from debt restructuring	259,661.53	1,715,899.47
Government subsidies	1,024,500.00	451,000.00
Other gains	491,119.20	110,876.12
Total	1,775,280.73	2,277,775.59

VIII. PROFIT BEFORE INCOME TAX

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

(1) Financial expenses

Item	Amount for current period	Amount for previous period
Interest expense	32,742,684.84	31,890,768.84
Less: Interest income	299,301.46	723,069.67
Exchange loss (less: exchange gain)	407,753.75	83,224.66
Interests of discounted bill	5,530,410.54	1,948,914.46
Other expenses	1,358,867.13	1,759,697.89
Total	<u>39,740,414.80</u>	<u>34,959,536.18</u>

(2) Operating costs

Item	Amount for current period	Amount for previous period
Costs of principal operations	494,773,813.82	524,481,322.72
Costs of other operations	23,850,093.55	24,444,601.69
Total	<u>518,623,907.37</u>	<u>548,925,924.41</u>

(3) Taxes and surcharges

Item	Amount for current period	Amount for previous period
Urban construction and maintenance tax	1,175,289.39	229,690.37
Education surcharges	839,492.44	100,452.28
Property tax	2,332,894.94	3,045,593.32
Land-use tax	4,609,679.86	5,240,465.33
Others	1,755,129.29	563,430.90
Total	<u>10,712,485.92</u>	<u>9,179,632.20</u>

(4) Selling expenses

Item	Amount for current period	Amount for previous period
Staff remuneration	3,963,638.15	3,719,428.48
Depreciation expenses	107,906.06	111,401.02
Transportation costs	16,618,440.70	22,602,321.77
Loading and unloading charges	160,431.82	276,093.80
Travel expenses	514,471.46	225,994.19
Other selling expenses	559,077.64	1,118,439.37
	<hr/>	<hr/>
Total	21,923,965.83	28,053,678.63
	<hr/> <hr/>	<hr/> <hr/>

(5) Administrative expenses

Item	Amount for current period	Amount for previous period
Staff remuneration	24,819,974.27	21,063,210.83
Depreciation of fixed assets	4,082,818.74	5,987,535.37
Amortization of intangible asset	4,096,310.54	3,898,671.08
Intermediary engagement and consulting fees	4,050,874.97	3,637,267.05
Repairing cost	446,535.58	569,311.04
Other expenses	9,024,779.28	10,115,259.04
	<hr/>	<hr/>
Total	46,521,293.38	45,271,254.41
	<hr/> <hr/>	<hr/> <hr/>

(6) Research and development expenses

Item	Amount for current period	Amount for previous period
Ultra-thin Substrate for Information Display	1,956,653.43	2,424,670.95
Research on the Production Technology and Key Technology in the Industrialization of 0.15mm Ultra-Thin Float Electronic Glass	10,401,109.68	1,559,772.85
R&D and Application of Key Technology in ITO Ultra-thin Electronic Glass		7,804,867.35
Research on the Production Technology of Industrialization of 0.2mm High Strength Electronic Glass		1,517,736.98
Research on the Production Technology of 3D Wear-Resistant Glass Substrate		1,287,633.02
Research on Key Technology and Industrialization of Ultra-thin and Anti-reflective Photovoltaic Glass with High Hardness and Wide Spectrum Used in Double-glass Modules	11,658,652.74	
Production Technology Development of 650D/T Energy-saving and Ultra-white Rolled Glass in Oxy-fuel Combustion		1,420,263.95
Development of New Ultra-thin Photovoltaic Glass		2,551,715.50
Technology Research on Improving Desulphurization Efficiency of the Operating Desulfurizing Tower		1,117,279.61
Ultra-thin and Anti-reflective Glass	4,238,078.15	
Mirrored Single-suede Glass	2,174,420.66	
Silk-screen Printing in Double-glass Back Plate Punching	1,020,287.98	
R&D of Intelligent Ultra-thin Glass	1,857,602.55	5,844,118.10
R&D of Solar Photovoltaic Glass	3,870,789.72	1,463,445.18
Others	1,265,686.76	1,692,058.39
Total	38,443,281.67	28,683,561.88

(7) Impairment losses of assets

Item	Amount for current period	Amount for previous period
Impairment losses of inventories	6,849.19	-698,146.41
Bad debt losses	<u>–</u>	<u>1,505,780.89</u>
Total	<u>6,849.19</u>	<u>807,634.48</u>

(8) Impairment losses of credit

Item	Amount for current period	Amount for previous period
Bad debt losses	<u>-4,173,671.55</u>	<u>–</u>
Total	<u>-4,173,671.55</u>	<u>–</u>

(9) Non-operating expenses

Item	Amount for current period	Amount for previous period
Indemnities, liquidated damages and penalties	201,092.46	226,243.61
Other expenses	<u>10,282.26</u>	<u>10,135.00</u>
Total	<u>211,374.72</u>	<u>236,378.61</u>

IX. INCOME TAX EXPENSES

Item	Amount for current period	Amount for previous period
Current income tax expenses calculated according to tax laws and relevant requirements	10,290,114.12	7,596,067.12
Deferred income tax expenses	849,765.11	1,755,179.86
Total	11,139,879.23	9,351,246.98

Note: CLFG Longhai Electronic Glass Limited, Bengbu China National Building Materials Information Display Materials Co., Ltd., CNBM (Hefei) New Energy Co., Ltd. and CNBM (Tongcheng) New Energy Materials Co., Ltd., all being wholly-owned subsidiaries of the Company, were recognized as high-tech enterprises in 2016 and 2017, and thus enjoyed a preferential enterprise income tax rate at 15% in 2018.

X. DIVIDEND

The board of directors of the Company does not recommend declaring dividends for the six months ended 30 June 2018.

XI. BASIC EARNINGS PER SHARE

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

Item	Amount for current period	Amount for previous period
Net profit attributable to ordinary shareholders of the Company	21,977,671.03	19,733,938.23
Weighted average number of the outstanding ordinary shares of the Company	556,811,460.50	553,825,530.00
Basic earnings per share	0.0395	0.0356

There were no diluted earnings per share as the Company had no potential dilutive shares as at 30 June 2018.

XII. ACCOUNTS RECEIVABLES AND NOTES RECEIVABLES

Item	Closing balance	Opening balance
Bills receivables	260,915,704.64	490,712,129.45
Accounts receivables	582,341,935.34	590,089,930.96
Less: provision for bad debts	70,798,890.06	58,239,394.01
	<hr/>	<hr/>
Total	772,458,749.92	1,022,562,666.40
	<hr/> <hr/>	<hr/> <hr/>

1. Notes receivables

Item	Closing balance	Opening balance
Bank acceptances	121,707,012.71	253,818,723.44
Commercial acceptances	139,208,691.93	236,893,406.01
Less: provision for bad debts	2,784,173.83	
	<hr/>	
Total	258,131,530.81	490,712,129.45
	<hr/> <hr/>	<hr/> <hr/>

2. Accounts receivables

Item	Carrying amount	Opening balance
Accounts receivables	582,341,935.34	590,089,930.96
Less: provision for bad debts	68,014,716.23	58,239,394.01
	<hr/>	<hr/>
Accounts receivable, net	514,327,219.11	531,850,536.95
	<hr/> <hr/>	<hr/> <hr/>

The Company generally provides credit period of 1–6 month(s) for major customers, and generally sells by receiving advances for new customers and customers with less business volume.

1. Aged analysis of accounts receivables by date of entry:

Aging	Closing balance	Opening balance
Within 1 year	498,579,201.94	488,644,458.85
1 to 2 years	7,026,717.31	44,380,200.16
2 to 3 years	21,330,384.12	2,094,598.73
3 to 4 years	434,958.75	567,285.02
4 to 5 years	567,285.02	1,037,719.89
Over 5 years	54,403,388.20	53,365,668.31
Subtotal	582,341,935.34	590,089,930.96
Less: provision for bad debts	68,014,716.23	58,239,394.01
Total	<u>514,327,219.11</u>	<u>531,850,536.95</u>

XIII. NOTES PAYABLE AND ACCOUNTS PAYABLE

Item	Closing balance	Opening balance
Notes payable	219,211,373.39	139,568,673.34
Accounts payable	519,089,596.38	572,025,989.83
Total	<u>738,300,969.77</u>	<u>711,594,663.17</u>

1. Notes payable

Item	Closing balance	Opening balance
Bank acceptances	84,111,047.78	87,689,925.89
Commercial acceptances	95,100,325.61	51,878,747.45
Letter of credit	40,000,000.00	—
Total	<u>219,211,373.39</u>	<u>139,568,673.34</u>

2. Aged analysis of accounts payable by date of entry:

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	242,617,597.81	242,103,670.03
Above 1 year	276,471,998.57	329,922,319.80
Total	<u>519,089,596.38</u>	<u>572,025,989.83</u>

XIV. RESERVES

1. Capital reserve

Item	Opening Balance	Increase for the period	Decrease for the period	Closing Balance
I. Capital premium	1,819,545,395.63	111,958,816.67	27,058,655.00	1,904,445,557.30
II. Other capital reserve	<u>72,300,473.27</u>	<u>2,815,471.74</u>	<u></u>	<u>75,115,945.01</u>
Total	<u><u>1,891,845,868.90</u></u>	<u><u>114,774,288.41</u></u>	<u><u>27,058,655.00</u></u>	<u><u>1,979,561,502.31</u></u>

2. Surplus reserve

Item	Opening Balance	Increase for the period	Decrease for the period	Closing Balance
Statutory surplus reserve	<u>51,365,509.04</u>	<u></u>	<u></u>	<u>51,365,509.04</u>
Total	<u><u>51,365,509.04</u></u>	<u><u></u></u>	<u><u></u></u>	<u><u>51,365,509.04</u></u>

3. Undistributed profit

Item	Closing Balance	
	Amount	Appropriation or distribution proportion
Undistributed profit at the end of the previous period before adjustment	-1,507,399,946.07	
Total effects of adjustments of undistributed profits at the beginning of the period (increase expressed with +, and decrease expressed with -)	157,402,369.13	
Undistributed profit at the beginning of the period after adjustment	-1,349,997,576.94	
Add: net profit attributable to owners of the Company for the period	21,977,671.03	
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Dividend payable in respect of ordinary shares		
Dividend on ordinary shares as converted into share capital		
Undistributed profit at the end of the period	-1,328,019,905.91	

XV. SUBSEQUENT EVENTS

Nil.

Chairman: Zhang Chong
Luoyang Glass Company Limited*
29 August 2018

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

* for identification purposes only