

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)

## **2019 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 2019 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
	<b>Secretary to the Board</b>	<b>Securities Affairs Representative</b>
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
Telephone	86-379-63908588, 63908637	86-379-63908833
Facsimile	86-379-63251984	86-379-63251984
E-mail	lywzhx@126.com	lybl600876@163.com

## 2 MAJOR FINANCIAL DATA AND INFORMATION OF SHAREHOLDERS

### 2.1 Major financial data

*Unit: Yuan Currency: RMB*

<b>Major accounting data</b>	<b>Reporting period (January to June)</b>	<b>Same period last year</b>	<b>Increase/ decrease over the same period last year (%)</b>
Operating income	<b>859,386,141.43</b>	702,362,390.74	22.36
Net profit attributable to shareholders of the Company	<b>15,631,196.06</b>	21,977,671.03	-28.88
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	<b>-1,360,458.41</b>	3,027,972.41	-144.93
Net cash flow from operating activities	<b>-144,853,706.23</b>	-75,340,564.25	N/A

	<b>At the end of the reporting period</b>	At the end of the previous year	Increase/ decrease from the end of the previous year (%)
Net assets attributable to shareholders of the Company	<b>1,260,847,680.67</b>	1,245,216,484.61	1.26
Total assets	<b>4,875,723,715.96</b>	4,504,181,920.36	8.25

## **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	46,171, including 46,126 holders of A shares and 45 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)	Increase/ decrease during the reporting period	Shareholdings of top ten shareholders			Pledged or frozen		Nature of shareholder
		Number of shares at the end of reporting period	Proportion (%)	Number of shares held subject to trading moratorium	Status	Number	
HKSCC NOMINEES LIMITED	0	248,730,699	44.43	0	Unknown	-	Overseas legal person
China Luoyang Float Glass (Group) Co., Ltd.	0	115,115,830	20.56	10,097,588	Pledged	41,000,000	State-owned legal person
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	0	71,365,976	12.75	71,365,976	Nil	-	State-owned legal person
Triumph Technology Group Co., Ltd.	0	7,508,991	1.34	7,508,991	Nil	-	State-owned legal person
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	0	6,377,490	1.14	6,377,490	Nil	-	State-owned legal person
Hefei Gaoxin Development and Investment Group Company*	0	3,029,276	0.54	0	Nil	-	State-owned legal person
Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	0	1,877,247	0.34	1,877,247	Nil	-	State-owned legal person
GCL System Integration Technology Co., Ltd.	0	1,065,338	0.19	1,065,338	Nil	-	Domestic non-state- owned legal person
Wang Jinnan (王進南)	-319,540	952,750	0.17	0	Unknown	-	Domestic natural person
China Triumph International Engineering Co., Ltd.	0	708,610	0.13	708,610	Nil	-	Domestic non-state- owned 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	248,730,699	Overseas listed foreign shares	248,730,699
China Luoyang Float Glass (Group) Co., Ltd.	105,018,242	Ordinary shares denominated in RMB	105,018,242
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	69,000,000	Ordinary shares denominated in RMB	69,000,000
Hefei Gaoxin Development and Investment Group Company*	3,029,276	Ordinary shares denominated in RMB	3,029,276
Wang Jinnan (王進南)	952,750	Ordinary shares denominated in RMB	952,750
Hong Kong Securities Clearing Co., Ltd.	668,749	Ordinary shares denominated in RMB	668,749
Shi Xiumin (石秀民)	533,500	Ordinary shares denominated in RMB	533,500
CHUK YEE MEN LIZA U/D	374,000	Overseas listed foreign shares	374,000
Zhao Fenfei (趙奮飛)	368,300	Ordinary shares denominated in RMB	368,300
Zhang Yanyu(張燕瑜)	336,000	Ordinary shares denominated in RMB	336,000

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資訊披露管理辦法》). The Company is not aware of any parties acting in concert or any related relationship among other holders of circulating shares.

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

None

*Notes:*

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 Co., Ltd. are held on behalf of overseas investors who held these shares via Northbound Trading in the Shanghai-Hong Kong Stock Connect.
3. As at 18 July 2019, CLFG, the controlling shareholder of the Company, pledged 16,557,915 shares to Triumph Technology Group Co., Ltd.. Upon the pledge, CLFG has pledged 57,557,915 shares in total.

***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	Number of additional shares available for listing and trading	
1	China Luoyang Float Glass (Group) Co., Ltd.	10,097,588	17 April 2021	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	

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		
4	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
5	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
6	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
7	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資訊披露管理辦法》).

### **3. MANAGEMENT DISCUSSION AND ANALYSIS**

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

In the first half year of 2019, the Company resolutely implemented the working guideline of “maintaining steady growth, focusing on the optimization, promoting reforms, and enhancing Party building” and the management measures of “price stabilisation, cost reduction, quantity guarantee, inventory control and optimization”, so as to achieve stable and steady growth in the overall production and operation.

The production line of Longhai Glass completed technological transformation and was put into operation. The production line of ultra-thin information display substrate of Longhai Glass was successfully put into operation on 28 April 2019. The technological transformation was mainly carried out in the upgrade of intelligent, green industrialization and process technology, which enabled the production line to reach a new level of automation and intelligence.

The technological transformation project of solar raw glass production line of Tongcheng New Energy was completed. After three months of upgrade and transformation, the production line of solar raw glass of Tongcheng New Energy was successfully put into operation on 20 June 2019. The technological transformation has optimized and improved the production capacity and technical performance of the original production line, which is beneficial to the improvement of product quality, the diversification of product structure, and the reduction of energy consumption level and product cost.

The Ultra-White Solar Thermal Material Project in Puyang County continued to proceed. The basic construction of the plant and ancillary facilities of the Ultra-White Solar Thermal Material Project in Puyang County has been substantially completed, and the installation of the key equipment has been 70% completed, which is expected to be put into operation during the year.



During the reporting period, the market environment was complicated and volatile, and the opportunities and challenges coexisted in the industrial transformation and upgrading and the structural adjustment. Under the direction of high-quality development, the Company made great efforts to promote the adjustment and optimization of all business segments, accelerated the research and development of new products, and continued to “improving efficiency, cutting expenditures and reducing costs”. As of 30 June 2019, the Group recorded operating revenue of RMB859,386,141.43, representing a year-on-year increase of 22.36%. The operating profit amounted to RMB23,530,401.98, representing a year-on-year decrease of 37.78%. Net profit attributable to shareholders of the Company amounted to RMB15,631,196.06, representing a year-on-year decrease of 28.88%. Basic earnings per share attributable to shareholders of the Company was RMB0.0279.

## **3.2 Corporate Governance**

### ***(1) Repurchase, Sale and Redemption of Shares***

Having been considered and approved at the general meeting of the Company, the Company will carry out share repurchase and cancellation matters in accordance with the compensation scheme for 2018 unfulfilled profit guarantee in respect of the target assets under the significant assets restructuring, and the number of shares to be repurchased is 7,400,882 shares. The repurchase has not yet been completed currently.

Save as disclosed above, the Company and its subsidiaries did not carry out other repurchase, sale or redemption of any securities of the Company.

### ***(2) Audit Committee***

The audit committee of the Board of the Company has reviewed this interim report.

### ***(3) Compliance with the Corporate Governance Code***

During the reporting period, the Company has complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rule of the Stock Exchange.

#### **(4) Compliance with the Model Code**

Having made specific enquiries to all Directors and Supervisors, all Directors and Supervisors have confirmed that they have complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of the Stock Exchange during the reporting period.

### **3.3 Analysis of principal operating activities**

#### **3.3.1 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	<b>859,386,141.43</b>	702,362,390.74	22.36
Operating costs	<b>687,191,474.77</b>	518,623,907.37	32.50
Cost of sales	<b>27,898,577.87</b>	21,923,965.83	27.25
Administrative expenses	<b>51,131,055.26</b>	46,521,293.38	9.91
Financial expenses	<b>46,950,410.26</b>	39,740,414.80	18.14
R&D expenses	<b>30,735,729.09</b>	38,443,281.67	-20.05
Net cash flow from operating activities	<b>-144,853,706.23</b>	-75,340,564.25	N/A
Net cash flow from investment activities	<b>-59,957,409.82</b>	-100,402,554.79	N/A
Net cash flow from financing activities	<b>213,833,904.78</b>	54,547,568.00	292.01
Other income	<b>9,277,934.32</b>	7,120,982.47	30.29
Credit impairment losses	<b>-1,383,725.31</b>	4,173,671.55	-133.15
Gain on disposal of assets	<b>12,318,957.84</b>	131,075.15	9,298.39

Reasons for change:

Reasons for change in operating revenue: an increase in revenue as a result of the increase in sales volume of new energy glass in the reporting period

Reasons for change in operating costs: an increase in costs as a result of an increase in sales volume of new energy glass in the reporting period

Reasons for change in cost of sales: an increase in transportation costs and incentive remuneration as a result of the increase in sales volume of new energy glass in the reporting period

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

Reasons for change in R&D expenses: less investment in research and development in the reporting period as compared with that of the corresponding period last year

Reasons for change in net cash flow from operating activities: a decrease 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: a decrease in project investment expenditure in the reporting period

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

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

Reasons for change in credit impairment losses: an increase in the accounts receivables, resulting in the corresponding increase in the expected credit loss in the reporting period

Reasons for change in gain on disposal of assets: gain received from the relocation of the office building of a subsidiary in the reporting period

### 3.3.2 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

By industry	Principal operations 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	821,558,042.61	654,771,879.54	20.30	21.24	32.34	Decreased by 6.69 percentage points

By product	Principal operations 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	121,452,362.95	98,874,776.05	18.59	-25.51	-16.05	Decreased by 9.17 percentage points
New energy glass	700,105,679.66	555,897,103.49	20.60	36.05	47.46	Decreased by 6.14 percentage points

## 3.4 Analysis of investments

### 3.4.1 Overall analysis of external equity investment

Having been considered and approved at the fifth meeting of the ninth session of the Board of the Company, the Company contributed additional capital of RMB138,000,000 to Hefei New Energy, a wholly-owned subsidiary of the Company. As at the end of the reporting period, an amount of RMB138,000,000 has been contributed in cash. Upon the completion of cash contribution, the registered capital of Hefei New Energy increased from RMB130,000,000 to RMB268,000,000.

### 3.4.2 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	427,029,684.00	151,202,358.02	-4,282,056.65
CLFG Longmen Glass Co. Ltd.	New materials	Information display glass	70,000,000.00	141,699,033.83	-484,256,988.77	12,680,888.09
Bengbu China National Building Materials Information Display Materials Co., Ltd.	New materials	Information display glass	632,764,300.00	911,664,620.27	735,449,863.55	-769,853.28
CNBMG (Puyang) Photoelectric Material Co., Ltd.	New materials	New energy glass	240,000,000.00	494,932,931.44	183,178,386.82	1,446,881.26
CNBM (Hefei) New Energy Co., Ltd.	New materials	New energy glass	268,000,000.00	1,279,854,638.81	371,034,605.77	16,184,850.13
CNBM (Tongcheng) New Energy Materials Co., Ltd.	New materials	New energy glass	133,388,980.00	610,060,723.84	245,669,931.72	3,367,559.44
CNBM (Yixing) New Energy Resources Co., Ltd	New materials	New energy glass	313,700,000.00	1,142,804,179.97	355,306,848.48	10,168,563.07

### 3.5 Business outlook for the second half of the year

In the second half of 2019, due to the impact of Sino-US trade frictions and lower market expectations, the downward pressure of China's economy is further increased, but the resilience of China's economic growth remains strong. It is estimated that the domestic economic growth will remain in a reasonable range in the second half of the year. With the domestic photovoltaic market gradually maintaining healthier growth momentum, the photovoltaic industry ushers in the trend of recovery and rebound as a whole. It is expected that the demand for photovoltaic glass will experience gradual growth with its price on the gradual rebound in the second half of the year. The ultra-thin electronic substrate glass market in China is expected to show a rising trend in the second half of the year.

The Company will continue to promote management measures of "price stabilisation, cost reduction, quantity guarantee, inventory control and optimization and work out various measures such as quality improvement and consumption reduction as well as market expansion, so as to ensure the high-quality launch of products from Longhai production line to the market and accelerate the early completion and production of Puyang Project. Meanwhile, the Company will constantly increase its investments in the research and development and lead the market with new products and new technologies, so as to enhance its core competitiveness.

### **3.6 Other disclosures**

#### **(1) Bank borrowings and other loans**

Short-term loans: as at the end of this reporting period, the balance of short-term loans was RMB1,146,130,907.32, including secured loans of RMB75,839,653.13, guaranteed loans of RMB1,020,291,254.19 and credit loans of RMB50,000,000.00.

Long-term loans: the balance of long-term loans was RMB758,085,718.80 (including the balance of long-term loans due within one year amounting to RMB291,613,166.01), of which: the balance of bank loans of RMB537,706,877.67 and the balance of secured loans from non-bank financial institutions of RMB220,378,841.13.

#### **(2) Liquidity and capital resources**

As at 30 June 2019, the Group had cash and cash equivalents of RMB169,204,079.56, including US dollar deposits of RMB2,164,364.68 (31 December 2018: RMB3,359,278.14), HK dollar deposits of RMB6,303.62 (31 December 2018: RMB6,278.51) and Euro deposits of RMB0.39 (31 December 2018: RMB0.39), representing an increase of RMB9,135,730.94 compared with the total amount of RMB160,068,348.62 as at 31 December 2018.

#### **(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 265.11% as at 30 June 2019, compared to 240.82% as at 31 December 2018.

#### **(4) Contingent liabilities**

As at 30 June 2019, 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 2019, the number of employees listed on the payroll register of the Group was 2,208, of which 1,646 were production staff, 366 were sales, finance and technical staff, and 196 were administrative staff.

- (7) Save as disclosed herein, pursuant to paragraph 40 of Appendix 16 to the Hong Kong Listing Rules, the Company confirms that there were no material differences between the existing information of the Company relating to the matters as set out in paragraph 32 of Appendix 16 to the Hong Kong Listing Rules and the relevant information disclosed in the Company's 2018 annual report.

## 4 MATTERS RELATING TO FINANCIAL REPORT

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

#### 1. *Leases*

On 7 December 2018, the MOF revised the “ASBE 21 – Leases” (“New ASBE on Leases”). Enterprises listed in both domestic and overseas markets and enterprises listed overseas adopting International Financial Reporting Standards or ASBEs for preparation of financial statements are required to adopt the New ASBE on Leases with effect from 1 January 2019.

Under the New ASBE on Leases, at the date of commencement of the lease term, lessees shall recognise right-of-use assets and lease liabilities for the leases, except for those using simplified approach to account for short-term leases and low-value asset leases. The Company added new line items of “right-of-use assets” and “lease liabilities” according to the requirements of the New ASBE on Leases. Right-of-use assets shall be initially measured at cost, and subsequently measured by using cost model. Depreciation shall be provided for the right-of-use assets according to the relevant depreciation provisions of ASBE No. 4 – Fixed Assets. According to ASBE No. 8 – Impairment of Assets, an entity shall determine whether there are impairments of the right-of-use assets, and carry out accounting treatment to the impairment losses identified. Lease liabilities shall be initially measured at the present value of the amount of lease payment outstanding on the date of commencement of the lease term, and lessees shall calculate interest expenses of the lease liabilities for each period of the lease term at a fixed cyclical rate and the interest expenses shall be charged into profit or loss for the respective periods.

For operating leases prior to the date of initial implementation of which the lease assets are low-value assets, or operating leases that will be completed within 12 months, the Group adopts simplified treatment and does not recognize the right-of-use assets and lease liabilities. The adoption of the New ASBE on Leases did not have significant impact on the financial statements of the Company for the current period.

## **2. *Format of Financial Statements***

On 30 April 2019, the MOF issued the Notice of the Revised Format of Financial Statements for General Business Enterprises for 2019 (Cai Kuai [2019] No. 6) (“New Format Of Financial Statements”) to revise the format of financial statements for general business enterprises, which is applicable to the 2019 interim financial statement and annual financial statements and financial statements for subsequent periods prepared by non-financial enterprises in accordance with ASBE.

- (1) In the balance sheet, the item “notes receivable and accounts receivable” shall be split into “notes receivable” and “accounts receivable”, the item “notes payables and accounts payable” shall be split into “notes payable” and “accounts payable”;
- (2) A new item of “accounts receivable financing” is added to the balance sheet to reflect the notes receivable and accounts receivable measured at fair value through other comprehensive income as at the balance sheet date of the Company, A new item of “right-of-use assets” is added to reflect the carrying amount of right-of-use assets held by the Company as at the balance sheet date as at the end of the period. A new item of “lease liabilities” is added to reflect the carrying amount of lease payments yet to be paid by the Company as at the balance sheet date as at the end of the period;
- (3) The item of “Less: credit impairment loss” in the income statement is changed to “Add: credit impairment loss (losses are indicated by ‘-’)”. The item of “Less: asset impairment loss” in the income statement is changed to “Add: asset impairment loss (losses are indicated by ‘-’)”;
- (4) An item of “Derecognition income of the financial assets measured at amortised cost” is added under the investment income to reflect gain or loss of the Company arising from the derecognition of financial assets at amortised cost as a result of transfers.

The adoption of the New Format of Financial Statements only has impact on the items presented in the financial statements but has no impact on the net profit or shareholders’ interests of the Company. The Company will adjust the presentation of items of the above financial statements according to the requirements of the New Format of Financial Statements and make adjustments to the comparable data for the comparable accounting period.



### **3. Exchange of Non-monetary Assets**

On 9 May 2019, the MOF issued the revised Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets (the “**New Standards for Exchange of Non-monetary Assets**”). The revised standards shall be applied from 10 June 2019. No retroactive adjustment shall be made to the non-monetary asset exchange occurred before 1 January 2019. Adjustments shall be made to the non-monetary asset exchange occurred from 1 January 2019 to the application date in accordance with the newly revised standards.

The New Standards for Exchange of Non-monetary Assets revised the definition of exchange of non-monetary assets, clarified the scope of application of the standard, stipulated the timing of recognition of exchange of non-monetary asset, and refined the accounting treatment of exchange of non-monetary assets.

The implementation of the New Standards for Exchange of Non-monetary Assets has no significant impact on the current financial statements of the Company.

### **4. Debt Restructuring**

On 16 May 2019, the MOF issued the revised Accounting Standards for Business Enterprises No. 12 –Debt Restructuring (the “**New Standards for Debt Restructuring**”). The revised standards shall be applied from 17 June 2019. No retroactive adjustment shall be made to the debt restructuring occurred before 1 January 2019. Adjustments shall be made to the debt restructuring occurred from 1 January 2019 to the application date in accordance with the newly revised standards.

The New Standards for Debt Restructuring revised the definition of debt restructuring, clarified the scope of application of the standard, revised the accounting treatment of debt restructuring and simplified the disclosure requirements for debt restructuring.

The implementation of the New Standards for Debt Restructuring has no significant impact on the current financial statements of the Company.

#### 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.

#### 4.4 Financial Statements

##### Consolidated Balance Sheet

30 June 2019

Prepared by: Luoyang Glass Company Limited\*

*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Current assets:</b>		
Cash and cash equivalents	<b>341,798,905.48</b>	276,132,689.62
Notes receivable	<b>164,206,082.50</b>	168,650,511.63
Accounts receivable	<b>683,842,432.84</b>	492,277,446.70
Accounts receivable financing	<b>94,430,290.10</b>	104,046,358.38
Prepayments	<b>75,956,572.19</b>	62,462,228.34
Other receivables	<b>83,216,759.64</b>	46,186,737.52
Inventories	<b>276,305,636.93</b>	245,395,799.98
Other current assets	<b>62,877,710.02</b>	70,237,506.22
<b>Total current assets</b>	<b><u>1,782,634,389.70</u></b>	<b><u>1,465,389,278.39</u></b>

<b>Item</b>	<b>30 June 2019</b>	31 December 2018
<b>Non-current assets:</b>		
Long-term receivables	<b>55,000,000.00</b>	55,000,000.00
Fixed assets	<b>1,735,882,577.02</b>	1,915,114,403.91
Construction in progress	<b>912,462,750.90</b>	680,485,100.59
Intangible assets	<b>351,887,013.19</b>	356,370,051.76
Research and development expenses	<b>23,809,384.69</b>	15,075,276.42
Long-term deferred expenses	<b>7,746,854.91</b>	7,923,897.51
Deferred income tax assets	<b>6,300,745.55</b>	6,109,809.23
Other non-current assets	–	2,714,102.55
<b>Total non-current assets</b>	<b><u>3,093,089,326.26</u></b>	<u>3,038,792,641.97</u>
<b>Total assets</b>	<b><u>4,875,723,715.96</u></b>	<u>4,504,181,920.36</u>
<b>Current liabilities:</b>		
Short-term borrowings	<b>1,146,130,907.32</b>	851,888,356.04
Notes payable	<b>377,558,490.40</b>	305,058,652.43
Accounts payable	<b>683,405,602.83</b>	678,096,403.19
Employee compensation payable	<b>16,424,201.92</b>	24,115,765.81
Taxes payable	<b>19,222,802.00</b>	18,769,988.13
Other payables	<b>382,110,126.51</b>	387,488,441.66
Including: Interest payable	–	3,971,724.81
Contract liabilities	<b>23,236,818.14</b>	29,020,814.15
Liabilities held for sale		
Non-current liabilities due within one year	<b><u>291,613,166.01</u></b>	<u>236,037,605.59</u>
<b>Total current liabilities</b>	<b><u>2,939,702,115.13</u></b>	<u>2,530,476,027.00</u>
<b>Non-current liabilities:</b>		
Long-term borrowings	<b>466,472,552.79</b>	521,429,305.35
Deferred income	<b>105,626,850.62</b>	106,935,486.80
<b>Total non-current liabilities</b>	<b><u>572,099,403.41</u></b>	<u>628,364,792.15</u>
<b>Total liabilities</b>	<b><u>3,511,801,518.54</u></b>	<u>3,158,840,819.15</u>

Item	30 June 2019	31 December 2018
<b>Owners' equity (or shareholders' equity):</b>		
Paid-up capital (or share capital)	559,797,391.00	559,797,391.00
Capital reserve	1,971,137,887.30	1,971,137,887.30
Surplus reserve	51,365,509.04	51,365,509.04
Undistributed profit	<u>-1,321,453,106.67</u>	<u>-1,337,084,302.73</u>
 Total equity attributable to owners of the parent company (or shareholders' equity)	 <u><u>1,260,847,680.67</u></u>	 <u><u>1,245,216,484.61</u></u>
 Minority interests	 103,074,516.75	 100,124,616.60
<b>Total owners' equity (or shareholders' equity)</b>	<b><u><u>1,363,922,197.42</u></u></b>	<b><u><u>1,345,341,101.21</u></u></b>
 <b>Total liabilities and owners' equity (or shareholders' equity)</b>	 <b><u><u>4,875,723,715.96</u></u></b>	 <b><u><u>4,504,181,920.36</u></u></b>

*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 2019

Prepared by: Luoyang Glass Company Limited\*

Unit: Yuan Currency: RMB

Item	30 June 2019	31 December 2018
<b>Current assets:</b>		
Cash and cash equivalents	138,014,603.01	107,734,602.60
Notes receivable	–	–
Accounts receivable	234,580,936.31	194,884,664.69
Accounts receivable financing	2,899,232.08	8,859,660.98
Prepayments	34,645.79	67,501.58
Other receivables	225,272,381.22	343,017,501.55
Other current assets	1,563,404.01	111,464.47
<b>Total current assets</b>	<b>602,365,202.42</b>	<b>654,675,395.87</b>
Long-term receivables	55,000,000.00	55,000,000.00
Long-term equity investments	1,828,841,658.35	1,690,841,658.35
Fixed assets	2,072,474.73	2,179,571.19
Intangible assets	33,610,482.55	34,013,794.93
Long-term deferred expenses	–	54,000.00
<b>Total non-current assets</b>	<b>1,919,524,615.63</b>	<b>1,782,089,024.47</b>
<b>Total assets</b>	<b>2,521,889,818.05</b>	<b>2,436,764,420.34</b>

<b>Item</b>	<b>30 June 2019</b>	31 December 2018
<b>Current liabilities:</b>		
Short-term borrowings	<b>305,860,000.00</b>	224,284,000.00
Notes payable	<b>217,000,000.00</b>	160,000,000.00
Accounts payable	<b>39,452,828.15</b>	4,767,691.66
Contract liabilities	<b>5,387,197.81</b>	9,166,122.06
Employee compensation payable	<b>4,701,918.86</b>	7,023,662.82
Taxes payable	<b>370,410.51</b>	367,234.35
Other payables	<b>441,188,421.49</b>	634,347,385.84
Including: Interest payable	–	646,964.51
Non-current liabilities due within one year	<b>5,355,714.69</b>	610,104.27
<b>Total current liabilities</b>	<b><u>1,019,316,491.51</u></b>	<b><u>1,040,566,201.00</u></b>
<b>Non-current liabilities:</b>		
Long-term borrowings	<b>265,049,449.41</b>	200,000,000.00
<b>Total non-current liabilities</b>	<b><u>265,049,449.41</u></b>	<b><u>200,000,000.00</u></b>
<b>Total liabilities</b>	<b><u>1,284,365,940.92</u></b>	<b><u>1,240,566,201.00</u></b>

Item	30 June 2019	31 December 2018
<b>Owners' equity (or shareholders' equity):</b>		
Paid-up capital (or share capital)	<b>559,797,391.00</b>	559,797,391.00
Capital reserve	<b>1,950,590,599.30</b>	1,950,590,599.30
Surplus reserve	<b>51,365,509.04</b>	51,365,509.04
Undistributed profit	<b><u>-1,324,229,622.21</u></b>	<u>-1,365,555,280.00</u>
<b>Total owners' equity (or shareholders' equity)</b>	<b><u>1,237,523,877.13</u></b>	<u>1,196,198,219.34</u>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>	<b><u>2,521,889,818.05</u></b>	<u>2,436,764,420.34</u>
<i>Legal representative:</i> <b>Zhang Chong</b>	<i>Person in charge of accounting:</i> <b>Ma Yan</b>	<i>Person in charge of accounting department:</i> <b>Chen Jing</b>

**Consolidated Income Statement**  
*January–June 2019*

*Unit: Yuan Currency: RMB*

Item	Half year of 2019	Half year of 2018
<b>I. Total revenue</b>	<b>859,386,141.43</b>	702,362,390.74
Including: revenue	<b>859,386,141.43</b>	702,362,390.74
<b>II. Total operating costs</b>	<b>856,068,906.30</b>	675,965,348.97
Including: Operating costs	<b>687,191,474.77</b>	518,623,907.37
Taxes and surcharges	<b>12,161,659.05</b>	10,712,485.92
Selling expenses	<b>27,898,577.87</b>	21,923,965.83
Administration expenses	<b>51,131,055.26</b>	46,521,293.38
Research and development expenses	<b>30,735,729.09</b>	38,443,281.67
Finance expenses	<b>46,950,410.26</b>	39,740,414.80
Including: Interest expenses	<b>40,478,584.53</b>	32,742,684.84
Interest income	<b>1,756,094.19</b>	299,301.46
Add: Other income	<b>9,277,934.32</b>	7,120,982.47
Impairment losses of credit (loss is represented by “-”)	<b>-1,383,725.31</b>	4,173,671.55
Impairment losses of assets (loss is represented by “-”)		-6,849.19
Gain on disposal of assets (loss is represented by “-”)	<b>12,318,957.84</b>	131,075.15
<b>III. Operating profit (loss is represented by “-”)</b>	<b>23,530,401.98</b>	37,815,921.75
Add: Non-operating income	<b>1,538,461.08</b>	1,775,280.73
Less: Non-operating expense	<b>1,913,959.04</b>	211,374.72
<b>IV. Total profit (total loss is represented by “-”)</b>	<b>23,154,904.02</b>	39,379,827.76
Less: Income tax expenses	<b>4,573,807.81</b>	11,139,879.23



Item	Half year of 2019	Half year of 2018
<b>V. Net profit (net loss is represented by “-”)</b>	<b>18,581,096.21</b>	28,239,948.53
(I) Classified on going concern basis		
1. Net profit from continued operation (Net loss is represented by “-”)	<b>18,581,096.21</b>	28,239,948.53
(II) Classified by ownership	-	-
1. Net profit attributable to the owners of the Company (Net loss is represented by “-”)	<b>15,631,196.06</b>	21,977,671.03
2. Profit or loss attributable to minority interests (Net loss is represented by “-”)	<b>2,949,900.15</b>	6,262,277.50
<b>VI. Other comprehensive income net of tax</b>		
<b>VII. Total comprehensive income</b>	<b>18,581,096.21</b>	28,239,948.53
Total comprehensive income attributable to owners of the Company	<b>15,631,196.06</b>	21,977,671.03
Total comprehensive income attributable to minority interests	<b>2,949,900.15</b>	6,262,277.50
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>RMB/share</i> )	<b>0.0279</b>	0.0395
(II) Diluted earnings per share ( <i>RMB/share</i> )	<b>0.0279</b>	0.0395

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

**Income Statement of the Company**  
*January–June 2019*

*Unit: Yuan Currency: RMB*

Item	Half year of 2019	Half year of 2018
<b>I. Revenue</b>	<b>168,701,859.45</b>	95,220,475.78
Less: Operating costs	<b>167,167,323.94</b>	93,268,219.61
Taxes and surcharges	<b>479,085.17</b>	1,808,074.05
Selling expenses	<b>228,144.82</b>	289,822.76
Administration expenses	<b>5,859,579.75</b>	7,831,861.37
Finance expenses	<b>14,101,401.01</b>	15,262,010.17
Including: Interest expenses	<b>21,722,026.93</b>	15,876,387.44
Interest income	<b>7,734,797.10</b>	690,274.80
Add: Other income	<b>232,307.00</b>	
Investment income (loss is represented by “-”)	<b>60,000,000.00</b>	64,557,772.91
Impairment losses of credit (loss is represented by “-”)	<b>200,644.57</b>	614,549.07
Gain on disposal of assets (loss is represented by “-”)	<b>26,325.18</b>	1,181,645.71
<b>II. Operating profit (loss is represented by “-”)</b>	<b>41,325,601.51</b>	43,114,455.51
Add: Non-operating income	<b>56.28</b>	211,035.14
Less: Non-operating expense	-	52,054.86
<b>III. Total profit (total loss is represented by “-”)</b>	<b>41,325,657.79</b>	43,273,435.79
<b>IV. Net profit (net loss is represented by “-”)</b>	<b>41,325,657.79</b>	43,273,435.79
1. Net profit from continued operation (Net loss is represented by “-”)	<b>41,325,657.79</b>	43,273,435.79
2. Net profit from discontinued operation (Net loss is represented by “-”)	-	-
<b>V. Other comprehensive income net of tax</b>		
<b>VI. Total comprehensive income</b>	<b>41,325,657.79</b>	43,273,435.79
<b>VII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>RMB/share</i> )	-	-
(II) Diluted earnings per share ( <i>RMB/share</i> )	-	-

*Legal representative:*  
**Zhang Chong**

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

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

**Consolidated Cash Flow Statement**  
*January–June 2019*

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Half year of 2019</b>	Half year of 2018
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>348,541,965.92</b>	505,851,432.02
Tax refunds received	<b>1,530,948.21</b>	2,669,017.17
Other cash received from activities related to operation	<b>26,060,808.89</b>	8,641,685.83
Subtotal of cash inflows from operating activities	<b><u>376,133,723.02</u></b>	<u>517,162,135.02</u>
Cash paid for purchase of goods and services rendered	<b>334,027,302.11</b>	442,219,267.54
Cash paid to and on behalf of employees	<b>112,998,300.13</b>	93,074,618.07
Tax payments	<b>36,359,649.16</b>	40,094,190.76
Other cash paid for activities related to operation	<b>37,602,177.85</b>	17,114,622.90
Sub-total of cash outflow from operating activities	<b><u>520,987,429.25</u></b>	<u>592,502,699.27</u>
Net cash flow from operating activities	<b><u><u>-144,853,706.23</u></u></b>	<u><u>-75,340,564.25</u></u>

Item	Half year of 2019	Half year of 2018
<b>II. Cash flow from investment activities:</b>		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>14,252,170.15</b>	–
Other cash received from investment activities	–	18,117,140.63
Subtotal of cash inflows from investment activities	<u><b>14,252,170.15</b></u>	<u>18,117,140.63</u>
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	<b>74,209,579.97</b>	118,519,695.42
Subtotal of cash outflows from investment activities	<u><b>74,209,579.97</b></u>	<u>118,519,695.42</u>
Net cash flow from investment activities	<u><b>-59,957,409.82</b></u>	<u>-100,402,554.79</u>
<b>III. Cash flows from financing activities:</b>		
Proceeds from loans	<b>977,860,000.00</b>	455,500,000.00
Other cash received related to financing activities	<b>248,194,190.52</b>	213,210,823.26
Subtotal of cash inflows from financing activities	<u><b>1,226,054,190.52</b></u>	<u>668,710,823.26</u>
Cash paid for repayments of borrowings	<b>689,780,177.44</b>	495,781,773.73
Cash payment for distribution of dividends and profits or repayment of interest	<b>43,231,912.87</b>	32,215,589.37
Other cash payments related to financing activities	<b>279,208,195.43</b>	86,165,892.16
Subtotal of cash outflows from financing activities	<u><b>1,012,220,285.74</b></u>	<u>614,163,255.26</u>
Net cash flow from financing activities	<u><b>213,833,904.78</b></u>	<u>54,547,568.00</u>

Item	Half year of 2019	Half year of 2018
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>112,942.21</b>	53.70
<b>V. Net increase in cash and cash equivalents</b>	<b>9,135,730.94</b>	-121,195,497.34
Add: Opening balance of cash and cash equivalents	<b>160,068,348.62</b>	198,797,788.08
<b>VI. Closing balance of cash and cash equivalents</b>	<b><u>169,204,079.56</u></b>	<b><u>77,602,290.74</u></b>

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

## Cash Flow Statement of the Company

January–June 2019

Unit: Yuan Currency: RMB

Item	Half year of 2019	Half year of 2018
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>23,434,798.38</b>	53,148,277.00
Other cash received from activities related to operation	<b>11,079,103.62</b>	39,883,041.15
Subtotal of cash inflows from operating activities	<b><u>34,513,902.00</u></b>	<u>93,031,318.15</u>
Cash paid for purchase of goods and services rendered	<b>5,548,780.44</b>	
Cash paid to and on behalf of employees	<b>7,145,703.58</b>	8,175,903.64
Tax payments	<b>515,656.34</b>	2,543,491.32
Other cash paid for activities related to operation	<b>20,755,532.64</b>	36,646,792.98
Sub-total of cash outflow from operating activities	<b><u>33,965,673.00</u></b>	<u>47,366,187.94</u>
Net cash flow from operating activities	<b><u><u>548,229.00</u></u></b>	<u><u>45,665,130.21</u></u>

Item	Half year of 2019	Half year of 2018
<b>II. Cash flow from investment activities:</b>		
Other cash received from investment activities	–	18,117,140.63
Subtotal of cash inflows from investment activities	<u>–</u>	<u>18,117,140.63</u>
Cash paid for investment	<b>138,000,000.00</b>	70,000,000.00
Subtotal of cash outflows from investment activities	<b><u>138,000,000.00</u></b>	<u>70,000,000.00</u>
Net cash flow from investment activities	<b><u><u>-138,000,000.00</u></u></b>	<b><u><u>-51,882,859.37</u></u></b>
<b>III. Cash flows from financing activities:</b>		
Proceeds from loans	<b>375,860,000.00</b>	235,084,000.00
Other cash received related to financing activities	<b>1,182,574,374.46</b>	469,544,537.84
Subtotal of cash inflows from financing activities	<b><u>1,558,434,374.46</u></b>	<u>704,628,537.84</u>
Cash paid for repayments of borrowings	<b>224,477,855.86</b>	342,561,214.41
Cash payment for distribution of dividends and profits or repayment of interest	<b>10,903,081.46</b>	6,087,032.33
Other cash payments related to financing activities	<b>1,150,384,690.80</b>	381,081,023.64
Subtotal of cash outflows from financing activities	<b><u>1,385,765,628.12</u></b>	<u>729,729,270.38</u>
Net cash flow from financing activities	<b><u><u>172,668,746.34</u></u></b>	<b><u><u>-25,100,732.54</u></u></b>

Item	Half year of 2019	Half year of 2018
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>25.07</b>	53.70
<b>V. Net increase in cash and cash equivalents</b>	<b>35,217,000.41</b>	-31,318,408.00
Add: Opening balance of cash and cash equivalents	<b>36,334,602.60</b>	51,344,789.07
<b>VI. Closing balance of cash and cash equivalents</b>	<b><u>71,551,603.01</u></b>	<b><u>20,026,381.07</u></b>

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



## Consolidated Statement of Changes in Owners' Equity

### January–June 2019

Unit: Yuan      Currency: RMB

Item	Half year of 2019														
	Attributable to owners of the Parent Company														
	Other equity instruments			Less:											
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Others	Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of last year	559,797,391.00			1,971,137,887.30	1,971,137,887.30				51,365,509.04	-1,337,084,302.73	1,245,216,484.61		1,245,216,484.61	100,124,616.60	1,345,341,101.21
II. Balance at the beginning of the year	559,797,391.00			1,971,137,887.30	1,971,137,887.30				51,365,509.04	-1,337,084,302.73			1,245,216,484.61	100,124,616.60	1,345,341,101.21
III. Change for the period (decrease is indicated by “-”)															
(I) Total comprehensive income											15,631,196.06		15,631,196.06	2,949,900.15	18,581,096.21
(II) Owners' contribution and decrease in capital											15,631,196.06		15,631,196.06	2,949,900.15	18,581,096.21
(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			1,971,137,887.30	1,971,137,887.30				51,365,509.04	-1,321,453,106.67			1,260,847,680.67	103,074,516.75	1,363,922,197.42

Half year of 2018

Item	Attributable to owners of the Parent Company										Total owners' equity			
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Other equity instruments	Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions		Undistributed profit	Others	Subtotal
<b>I. Balance at the end of last year</b>	526,766,875.00				1,488,406,708.39			51,365,509.04		-1,507,399,946.07		559,139,146.36		559,139,146.36
Add: Changes in accounting policies										-11,706,971.58		-11,706,971.58		-2,708,179.26
Business combination under common control					403,439,160.51					169,109,340.71		572,548,501.22		214,501,306.52
<b>II. Balance at the beginning of the year</b>	526,766,875.00				1,891,845,868.90			51,365,509.04		-1,349,997,576.94		1,119,980,676.00		211,793,127.26
<b>III. Change for the period (decrease is indicated by “-”)</b>	33,030,516.00				87,715,633.41					21,977,671.03		142,723,820.44		-111,668,400.17
(I) Total comprehensive income										21,977,671.03				
(II) Owners' contribution and decrease in capital	33,030,516.00				87,715,633.41									
1 Ordinary shares contributed by owners														
2 Others	33,030,516.00				84,900,161.67									
(III) Profit distribution					2,815,471.74									
(IV) Internal carry-forward of owners' equity														
(V) Special reserve														
(VI) Others														
<b>IV. Balance at the end of the period</b>	559,797,391.00				1,979,561,502.31			51,365,509.04		-1,328,019,905.91		1,262,704,496.44		100,124,727.09

**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 2019*

*Unit: Yuan      Currency: RMB*

Item	Half year of 2019						Total owner's equity		
	Paid-in capital (or share capital)	Preferential shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income			
		Perpetual bonds	Others			Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of last year	559,797,391.00			1,950,590,599.30			51,365,509.04	-1,365,555,280.00	1,196,198,219.34
II. Balance at the beginning of the year	559,797,391.00			1,950,590,599.30			51,365,509.04	-1,365,555,280.00	1,196,198,219.34
III. Change for the period (decrease is indicated by “-”)									
(I) Total comprehensive income									
(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	559,797,391.00			1,950,590,599.30			51,365,509.04	-1,324,229,622.21	1,237,523,877.13

Half year of 2018

Item	Other equity instruments				Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
	Paid-in capital (or share capital)	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
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 “-”)										
(I) Total comprehensive income	33,030,516.00				689,445,000.10				43,273,435.79	765,748,951.89
(II) Owners' contribution and decrease in capital	33,030,516.00				689,445,000.10				43,273,435.79	43,273,435.79
1 Ordinary shares contributed by owners										
2 Others	33,030,516.00				689,445,000.10				43,273,435.79	43,273,435.79
(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				1,958,137,769.14			51,365,509.04	-1,353,461,157.73	1,215,839,511.45

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 2019 (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 2019 is set out as follows:**

<b>Item</b>	<b>Information display glass</b>	<b>New energy glass</b>	<b>Unallocated items</b>	<b>Offset</b>	<b>Total</b>
1. Operating income	131,322,857.80	728,063,283.63			859,386,141.43
2. Revenue from inter-segment transactions	21,709,712.92	78,401,171.07		-100,110,883.99	
3. Interest income	8,265,916.44	1,330,789.08	445,156.65	-8,285,767.98	1,756,094.19
4. Interest expenses	1,978,368.73	32,353,597.30	14,432,386.48	-8,285,767.98	40,478,584.53
5. Credit impairment losses	-329,530.01	1,727,112.54	-200,644.57	186,787.35	1,383,725.31
6. Depreciation expenses and amortization expenses	23,951,985.45	46,862,522.49	604,787.42		71,419,295.36
7. Total profit	9,836,952.00	33,725,826.53	41,325,657.79	-61,733,532.30	23,154,904.02
8. Income tax expenses	501,997.90	4,099,828.01		-28,018.10	4,573,807.81
9. Net profit	9,334,954.10	29,625,998.52	41,325,657.79	-61,705,514.20	18,581,096.21
10. Total assets	1,968,919,854.66	3,030,459,881.72	820,230,528.70	-943,886,546.12	4,875,723,715.96
11. Total liabilities	1,383,525,477.32	2,058,595,781.72	1,053,548,309.92	-983,868,050.42	3,511,801,518.54

**2. 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

**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 2019	January– June 2018	30 June 2019	31 December 2018
China	<b>827,184,867.89</b>	677,234,348.38	<b>3,086,788,580.71</b>	3,032,682,832.74
Overseas	<b>32,201,273.54</b>	25,128,042.36		
Total	<b><u>859,386,141.43</u></b>	<b><u>702,362,390.74</u></b>	<b><u>3,086,788,580.71</u></b>	<b><u>3,032,682,832.74</u></b>

#### 4. Major customers

The Company has a diversified customer base. From January to June 2019, 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	<b>821,558,042.61</b>	677,653,373.40
Revenue from other operations	<b>37,828,098.82</b>	24,709,017.34
Total	<b><u>859,386,141.43</u></b>	<b><u>702,362,390.74</u></b>

(2) Details of income from principal operations by product

<b>Products or services</b>	<b>Amount for current period</b>	Amount for previous period
Information display glass	<b>121,452,362.95</b>	163,048,829.34
New energy glass	<b>700,105,679.66</b>	514,604,544.06
Total	<b><u>821,558,042.61</u></b>	<b><u>677,653,373.40</u></b>

**V. OTHER INCOME**

<b>Item</b>	<b>Amount for current period</b>	Amount for previous period
Government subsidies	<b>9,277,934.32</b>	7,120,982.47
Total	<b><u>9,277,934.32</u></b>	<b><u>7,120,982.47</u></b>

**VI. GAIN ON DISPOSAL OF ASSETS**

<b>Item</b>	<b>Amount for current period</b>	Amount for previous period
Gain or loss on disposal of fixed assets	<b>11,860,229.63</b>	131,075.15
Gains or loss on disposal of intangible assets	<b>694,847.96</b>	
Gains or loss on disposal of construction in progress	<b>-236,119.75</b>	
Total	<b><u>12,318,957.84</u></b>	<b><u>131,075.15</u></b>

## VII. NON-OPERATING INCOME

<b>Item</b>	<b>Amount for current period</b>	Amount for previous period
Gains from debt restructuring		259,661.53
Government subsidies	<b>1,519,100.00</b>	1,024,500.00
Other gains	<b>19,361.08</b>	491,119.20
	<hr/>	<hr/>
Total	<b><u>1,538,461.08</u></b>	<b><u>1,775,280.73</u></b>

## VIII. PROFIT BEFORE INCOME TAX

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

### (1) Financial expenses

<b>Item</b>	<b>Amount for current period</b>	Amount for previous period
Interest expense	<b>40,478,584.53</b>	32,742,684.84
Less: Interest income	<b>1,756,094.19</b>	299,301.46
Exchange loss (less: exchange gain)	<b>159,826.36</b>	407,753.75
Interests of discounted bill	<b>6,773,323.77</b>	5,530,410.54
Other expenses	<b>1,294,769.79</b>	1,358,867.13
	<hr/>	<hr/>
Total	<b><u>46,950,410.26</u></b>	<b><u>39,740,414.80</u></b>

### (2) Operating costs

<b>Item</b>	<b>Amount for current period</b>	Amount for previous period
Costs of principal operations	<b>654,771,879.54</b>	494,773,813.82
Costs of other operations	<b>32,419,595.23</b>	23,850,093.55
	<hr/>	<hr/>
Total	<b><u>687,191,474.77</u></b>	<b><u>518,623,907.37</u></b>

**(3) Taxes and surcharges**

<b>Item</b>	<b>Amount for current period</b>	<b>Amount for previous period</b>
Urban construction and maintenance tax	<b>1,645,229.49</b>	1,175,289.39
Education surcharges	<b>1,175,290.70</b>	839,492.44
Property tax	<b>3,660,424.58</b>	2,332,894.94
Land-use tax	<b>4,496,961.46</b>	4,609,679.86
Others	<b>1,183,752.82</b>	1,755,129.29
Total	<b><u>12,161,659.05</u></b>	<b><u>10,712,485.92</u></b>

**(4) Selling expenses**

<b>Item</b>	<b>Amount for current period</b>	<b>Amount for previous period</b>
Staff remuneration	<b>7,566,183.28</b>	3,963,638.15
Depreciation expenses	<b>103,727.28</b>	107,906.06
Transportation costs	<b>17,371,736.58</b>	16,618,440.70
Loading and unloading charges	<b>257,197.70</b>	160,431.82
Travel expenses	<b>303,956.21</b>	514,471.46
Other selling expenses	<b>2,295,776.82</b>	559,077.64
Total	<b><u>27,898,577.87</u></b>	<b><u>21,923,965.83</u></b>

**(5) Administrative expenses**

<b>Item</b>	<b>Amount for current period</b>	<b>Amount for previous period</b>
Staff remuneration	<b>27,927,970.96</b>	24,819,974.27
Depreciation of fixed assets	<b>4,024,822.03</b>	4,082,818.74
Amortization of intangible asset	<b>4,507,136.28</b>	4,096,310.54
Intermediary engagement and consulting fees	<b>3,468,692.27</b>	4,050,874.97
Repairing cost	<b>657,122.36</b>	446,535.58
Other expenses	<b>10,545,311.36</b>	9,024,779.28
Total	<b><u>51,131,055.26</u></b>	<b><u>46,521,293.38</u></b>

(6) **Research and development expenses**

<b>Item</b>	<b>Amount for current period</b>	<b>Amount for previous period</b>
R&D of High Strength Solar Photovoltaic Glass	<b>2,823,600.16</b>	
R&D of Composite Clarificant (Decoder)	<b>1,632,217.40</b>	
R&D of Definition and Utilisation of Low-iron Silica Sand and Ultra-thin Powder	<b>2,657,523.23</b>	
Recycling and Utilisation of Grinding Glass Powder	<b>1,027,919.12</b>	
Research on the Production Technology of Industrialization of 0.2mm High Strength Electronic Glass	<b>9,458,430.91</b>	
Research on the Quality Improvement of Tempered Glass Products	<b>4,719,468.88</b>	
the Key Technology and Industrialization Research of the Special Glass for the New Photovoltaic Ultra-thin (Cover) Back Plate	<b>4,611,844.65</b>	
Ultra-thin Substrate for Information Display	<b>1,711,025.48</b>	1,956,653.43
Research on the Production Technology and Key Technology in the Industrialization of 0.15mm Ultra- Thin Float Electronic Glass		10,401,109.68
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
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
R&D of Solar Photovoltaic Glass		3,870,789.72
Others	<b>2,093,699.26</b>	1,265,686.76
<b>Total</b>	<b><u>30,735,729.09</u></b>	<b><u>38,443,281.67</u></b>



## 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	<b>4,764,744.13</b>	10,290,114.12
Deferred income tax expenses	<b>-190,936.32</b>	849,765.11
Total	<b><u>4,573,807.81</u></b>	<b><u>11,139,879.23</u></b>

*Note:* Longhai Company, Bengbu CNBM Information Display Materials and Hefei New Energy, all being wholly-owned subsidiaries of the Company, were approved as high-tech enterprises in 2016 and paid the enterprise income tax at a tax rate of 15% in 2019 ; Tongcheng New Energy, a wholly-owned subsidiary of the Company, was approved as a high-tech enterprise in 2017 and paid the enterprise income tax at a tax rate of 15% in 2019.

## X. DIVIDEND

The board of directors of the Company does not recommend declaring dividends for the six months ended 30 June 2019.

## 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	<b>15,631,196.06</b>	21,977,671.03
Weighted average number of the outstanding ordinary shares of the Company	<b><u>559,797,391.00</u></b>	<u>556,811,460.50</u>
Basic earnings per share	<b><u>0.0279</u></b>	<u>0.0395</u>

There were no diluted earnings per share as the Company had no potential dilutive shares as at 30 June 2019.

## XII. NOTES RECEIVABLES

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Commercial acceptances	<b>167,557,227.04</b>	176,542,954.73
Less: provision for bad debts	<b>3,351,144.54</b>	7,892,443.10
Total	<b><u>164,206,082.50</u></b>	<b><u>168,650,511.63</u></b>

## XIII. ACCOUNTS RECEIVABLES

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Accounts Receivables	<b>760,946,056.58</b>	564,480,038.18
Less: provision for bad debts	<b>77,103,623.74</b>	72,202,591.48
Accounts receivable, net	<b><u>683,842,432.84</u></b>	<b><u>492,277,446.70</u></b>

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:

<b>Aging</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	<b>663,200,195.15</b>	473,659,958.81
1 to 2 years	<b>17,756,568.37</b>	10,468,899.75
2 to 3 years	<b>22,522,079.19</b>	23,813,794.31
3 to 4 years	<b>2,984,114.99</b>	1,914,277.29
4 to 5 years	<b>432,130.59</b>	219,720.82
Over 5 years	<b>54,050,968.29</b>	54,403,387.20
Subtotal	<b>760,946,056.58</b>	564,480,038.18
Less: provision for bad debts	<b>77,103,623.74</b>	72,202,591.48
Total	<b><u>683,842,432.84</u></b>	<b><u>492,277,446.70</u></b>



#### XIV. RECEIVABLES FINANCING

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Bank acceptances	<u>94,430,290.10</u>	<u>104,046,358.38</u>
Total	<u><u>94,430,290.10</u></u>	<u><u>104,046,358.38</u></u>

#### XV. NOTES PAYABLES

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Bank acceptances	<u>364,192,734.39</u>	<u>290,624,432.61</u>
Commercial acceptances	<u>13,365,756.01</u>	<u>14,434,219.82</u>
Total	<u><u>377,558,490.40</u></u>	<u><u>305,058,652.43</u></u>

#### XVI. AGED ANALYSIS OF ACCOUNTS PAYABLE BY DATE OF ENTRY:

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year (including 1 year)	<u>448,538,835.76</u>	<u>425,891,609.33</u>
Above 1 year	<u>234,866,767.07</u>	<u>252,204,793.86</u>
Total	<u><u>683,405,602.83</u></u>	<u><u>678,096,403.19</u></u>

#### XVII. RESERVES

##### 1. Capital reserve

<b>Item</b>	<b>Opening Balance</b>	<b>Increase for the period</b>	<b>Decrease for the period</b>	<b>Closing Balance</b>
I. Capital premium	1,896,021,942.29			<u>1,896,021,942.29</u>
II. Other capital reserve	<u>75,115,945.01</u>			<u>75,115,945.01</u>
Total	<u><u>1,971,137,887.30</u></u>			<u><u>1,971,137,887.30</u></u>

## 2. Surplus reserve

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

## 3. Undistributed profit

Item	Amount	Closing Balance Appropriation or distribution proportion
Undistributed profit at the end of the previous period before adjustment	-1,337,084,302.73	
Total effects of adjustments of undistributed profits at the beginning of the period (increase expressed with +, and decrease expressed with -)		
Undistributed profit at the beginning of the period after adjustment	-1,337,084,302.73	
Add: net profit attributable to owners of the Company for the period	15,631,196.06	-
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	-1,321,453,106.67	

## **XVIII. SUBSEQUENT EVENTS**

Nil

**Chairman: Zhang Chong**  
**Luoyang Glass Company Limited\***  
30 August 2019

*As at the date of this announcement, the Board comprises five executive Directors: Mr. Zhang Chong, Mr. Xie Jun, Mr. Ma Yan, Mr. Wang Guoqiang and Mr. Zhang Rong; two non-executive Directors: Mr. Ren Hongcan and Mr. Chen Yong; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Ye Shuhua, Mr. He Baofeng and Ms. Zhang Yajuan.*

\* *For identification purposes only*