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: 1108)

ANNOUNCEMENT OF RESULTS FOR THE FIRST HALF OF 2009 AND SUMMARY OF 2009 INTERIM REPORT

1 IMPORTANT NOTICE

1.1 The board of directors (the "Board") and supervisory committee of the Company and its directors (the "Directors"), supervisors and senior management warrant that there is no false representation and misleading statement in or material omission from this report and jointly and severally accept responsibilities for the truthfulness, accuracy and completeness of the content contained herein.

This interim report summary is extracted from the interim report, the full text of which (as disclosed under the Rules Governing the Listing of Securities on the Shanghai Stock Exchange ("Shanghai Listing Rules")) has been published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn). Investors should carefully read the full text of the interim report for details.

1.2 All Directors attended the Board meetings.

1.3 The interim financial statements of the Company are unaudited, but have been reviewed and approved for issuance by the Audit Committee of the Board.

1.4 Mr. Song Jianming, the Chairman of the Company, Ms. Song Fei, the Chief Financial Controller, and Ms. Hai Sumin, the Head of Finance Department, warrant the authenticity and completeness of the financial statements set out in the 2009 A-Share interim report and financial data in this announcement.

2 COMPANY PROFILE

2.1 Basic information

Stock abbreviation	*ST Luoyang Glass	Luoyang Glass
Stock code	600876	1108
Place of listing	Shanghai Stock Exchange ("Shanghai Stock Exchange")	The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange")
	Secretary to the Board	Securities affairs representative
Name	Song Fei	Zhang Kefeng
Correspondence address	Secretary Office of the Board of Luoyang Glass Company Limited, No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang City, Henan Province, the PRC	Secretary Office of the Board of Luoyang Glass Company Limited, No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang City, Henan Province, the PRC
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2.2 Major financial data and indicators (unaudited)

2.2.1 Major accounting data and financial indicators

(1) Major accounting data and financial indicators (prepared in accordance with the PRC Accounting Standards and Regulations):

(Unit: RMB)

	As at 30 June 2009	As at 31 December 2008	Increase/ (decrease) as at 30 June 2009 from the beginning of the year *(%)*
Total assets	1,865,884,521.25	2,003,149,707.07	(6.85)
Owners' equity (or shareholders' equity)	124,243,446.16	259,880,560.77	(52.19)
Net assets per share *(RMB)*	0.248	0.52	(52.31)

	Reporting period (January-June)	Corresponding period last year	Increase/ (decrease) for this reporting period from the corresponding period last year *(%)*
Operating loss	(96,647,755.60)	(119,826,317.11)	Decreased by 19.34
Total loss	(95,991,760.83)	(64,732,324.09)	Increased by 48.29
Net loss	(95,991,760.83)	(64,732,324.09)	Increased by 48.29
Net loss after non-recurring items	(113,005,620.90)	(105,923,064.81)	Increased by 6.69
Loss per share-basic *(RMB)*	(0.175)	(0.102)	Increased by 71.57
Loss per share after non-recurring items-basic *(RMB)*	(0.226)	(0.212)	Increased by 6.60
Loss per share-diluted *(RMB)*	(0.175)	(0.102)	Increased by 71.57
Return on net assets *(%)*	(74.85)	(30.88)	Increased by 43.97
Net cash flow generated from operating activities	(21,178,515.44)	10,285,806.44	N/A
Net cash flow generated from operating activities per share	(0.042)	0.021	N/A

Note 1 From the end of the Reporting Period to the publication date of this report, there were no changes in share capital of the Company.

(2) Non-recurring items and their amounts (Prepared under the PRC Accounting Standards and Regulations)

(Unit: RMB)

Non-recurring item	**Amount**
Profit/(loss) on disposal of non-current assets	25,032,310.64
Government subsidies through profit/(loss) for the reporting period	—
Other non-operating income and expenses	624,393.79
Effect of non-recurring profit/(loss) on minority interest	—
Total	25,656,704.43

(3) Differences between the PRC Accounting Standards and International Financial Reporting Standards (IFRS)

(Unit: RMB)

	PRC Accounting Standards	**IFRSs**
Net profit/(loss)	(95,991,760.83)	(95,029,872.77)
Net assets	124,243,446.16	92,035,188.61

Explanations of the difference	The reason for the major difference: the land use right disclosed under the PRC Accounting Standards is measured at fair value, with revaluation surplus of the land use right (allocated by the holding company at nil consideration) through assessment. But under IFRS, cost model is adopted, which represents the cost of such land as nil and causes differences in both cost and amortization. Under the PRC Accounting Standards, the revaluation surplus was reflected directly as shareholders' equity through fair value, but IFRS does not recognise the revaluation surplus as shareholders' equity.

3 CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

3.1 Changes in share capital

☐ Applicable ☑ Not Applicable

3.2 Particulars of the top 10 shareholders, top 10 holders of circulating shares or shares not subject to trading moratorium

Shareholdings of the top 10 shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage	Total number of shares held	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
HKSCC Nominees Limited	Foreign shareholder	49.40%	246,998,998	—	Nil
China Luoyang Float Glass (Group) Company Limited ("CLFG")	Holder of state-owned shares	35.80%	179,018,242	179,018,242	179,018,242
Yang Yuxian	Others	0.241%	1,203,500	—	Nil
Ma Li	Others	0.117%	585,449	—	Nil
Jiang Zhongshan	Others	0.088%	438,100	—	Nil
Liu Shengli	Others	0.076%	381,800	—	Nil
CHUK YEE MEN LIZA	Foreign shareholder	0.075%	374,000	—	Nil
Cao Haiqiong	Others	0.073%	366,800	—	Nil
Chen Qing	Others	0.071%	355,700	—	Nil
Leng Mingfu	Others	0.060%	301,500	—	Nil

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

Name of shareholder	Number of shares not subject to trading moratorium	Type of shares
HKSCC Nominees Limited	246,998,998	Overseas listed foreign shares
Yang Yuxian	1,203,500	Ordinary shares denominated in RMB
Ma Li	585,449	Ordinary shares denominated in RMB
Jiang Zhongshan	438,100	Ordinary shares denominated in RMB
Liu Shengli	381,800	Ordinary shares denominated in RMB
CHUK YEE MEN LIZA	374,000	Overseas listed foreign shares
Cao Haiqiong	366,800	Ordinary shares denominated in RMB
Chen Qing	355,700	Ordinary shares denominated in RMB
Leng Mingfu	301,500	Ordinary shares denominated in RMB
Lu Hongyan	283,300	Ordinary shares denominated in RMB

Explanation on connected relationship or action acting in concert among the aforesaid shareholders:	There are no connected parties or persons acting in concert as defined by Regulations for Disclosure of Changes in Shareholding of Listed Companies (《上市公司股東持股變動信息披露管理辦法》) among the top ten shareholders of the Company, including CLFG and other shareholders of circulating shares. The Company is not aware of any parties acting in concert or any connected relationship among other shareholders of circulating shares.

Notes:

1. HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there were any shareholders of H shares who held 10% or above of the Company's total share capital.

2. Save as disclosed above, as at 30 June 2009, there were no persons who have any interests or short position in any shares or underlying shares in the equity derivatives of the Company that is recorded in the register of interest kept under section 336 of the Securities and Futures Ordinance;

3.3 Changes in controlling shareholder and ultimate shareholder of the Company

☐ Applicable ☑ Not Applicable

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Changes in shareholdings of directors, supervisors and senior Management

☐ Applicable ☑ Not Applicable

4.2 Equity interests of the Company held by Directors, chief executives, supervisors and other senior management members of the Company during the reporting period

As at 30 June 2009, none of the Directors, supervisors, chief executives or other senior management members of the Company had any interest or short position in the underlying shares or debentures in the shares, equity derivatives of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Ordinance)) which was required to be entered into the register of interest maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance; or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

5. REPORT OF THE BOARD

Business Review for the First Half Year

In the first half of the year, the Company actively implemented the overall strategy of China National Building Material Group Corporation ("CNBMG") and CLFG, pursuant to which the Company focused on enhancing the production methods and ensured independent and efficient operation of the Group through introducing scientific developments. We also overcame a variety of difficulties and negative factors such as market downturn, capital shortage, and aging of several production lines. By implementing flat control and management approach, we coordinated production and sales. Meanwhile, product structure was rationalized and marketing was strengthened. The Company had seen positive changes in its production and operation fundamentals through exploring internal potentials, refining cost calculation, improving quality and lowering cost. Although operating results for the first half of the year still posted losses, our subsidiaries recorded gross profit in the second quarter, some even recorded net profit.

In January 2009, the Company and CLFG entered into a share transfer agreement with two independent third parties, Zhenglong Coal Company Limited ("Zhenglong Coal") and Yongcheng Coal and Electricity Holdings Group Company Limited ("Yongcheng Coal"). Pursuant to the agreement, the Company agreed to dispose of its 37% equity interest in CLFG Finance Company to Zhenglong Coal at a total consideration of RMB140,112,000 and CLFG agreed to dispose of its 63% equity interest in CLFG Finance Company to Yongcheng Coal at a total consideration of RMB238,569,000. This transaction was completed in March 2009.

Since additional time is required for fulfillment of certain conditions precedent of the "CLFG Luoyang Longxin Glass Company Limited ("Longxin Glass") Share Transfer Agreement", which the Company agreed to conditionally acquire 50% equity interest in Longxin Glass from CLFG, the Company and CLFG (being parties to the said agreement) agreed in writing on 8 April 2009 to extend the long stop date for fulfillment of the remaining unfulfilled conditions precedent to the Longxin Glass Share Transfer Agreement to on or before 30 September 2009 or such other date as may be agreed in writing between the Company and CLFG. All other terms of the Longxin Glass Share Transfer Agreement remain unchanged.

The trading of the Company's H shares was suspended on 31 October 2006 at the request of the Company pending the release of price sensitive information in relation to significant events. The control system and corporate governance structure of the Company have been improved during the suspension period and upon approval by Hong Kong Stock Exchange, the trading of H shares of the Company was resumed on 31 July 2009.

5.1 Principal operations by industry and product

The major business of the Company is manufacture and sale of float sheet glass which contribute the majority of turnover and operating profit, therefore no business segment report was provided.

Prepared under PRC accounting standards and regulations

(Unit: RMB)

By industry or product	Operating income	Operating cost	Gross profit margin	Increase/ (decrease) in operating income as compared with the corresponding period last year	Increase/ (decrease) in operating cost as compared with the corresponding period last year	Increase/ (decrease) in gross profit margin as compared with the corresponding period last year
			(%)	*(%)*	*(%)*	*(%)*
Float flat glass	334,512,936.34	337,366,734.51	(0.85)	(49.71)	(49.42)	Decreased by 0.58 percentage points

Among the figure mentioned, the connected transaction in relation to the sale of products and provision of services by the Company to its controlling shareholder and its subsidiaries amounted to approximately RMB4,734,222.40 during the reporting period.

5.2 Principal operations by region (prepared under PRC accounting standards and regulation)

(Unit: RMB)

Regions	Operating income	Increase/(decrease) as compared with the corresponding period last year *(%)*
Domestic	328,901,935.02	(49.84)
Export	5,611,001.32	(40.70)

5.3 Reasons for material changes in principal operation and its structure

☐ Applicable ☑ Not Applicable

5.4 Reasons for material changes in the profitability of principal operation (gross profit margin) as compared with last year

☑ Applicable ☐ Not Applicable

Revenue and gross profit margin decreased due to the sharp decrease in output and sales volume of the major primary products which have higher gross profit margin, as compared with the same period last year.

5.5 Analysis of the material changes in profit constituents as compared with last year (data was prepared in accordance with the PRC Accounting Standards and Regulations)

☑ Applicable ☐ Not Applicable

(1) Revenue and gross profit margin decreased due to the sharp decrease in sales volume of major primary products.

(2) Financial costs decreased by 30.44% from the corresponding period of last year due to adjustment in the bank interest rates.

(3) Investment income increased by 664.47% over the corresponding period last year due to the gain of RMB18.1835 million from the disposal of long-term equity investment during the year.

(4) Impairment loss of assets decreased significantly during the period due to the reversal of provision for inventories of RMB532,400 when compared with the provision for diminution in value of inventories of RMB7.1432 million during the corresponding period last year.

(5) Non-operating income plummeted from the corresponding period last year owing to the profit of RMB54.5435 million from the disposal of the Logistics Company, a wholly-owned subsidiary of the Company, during the corresponding period last year.

5.7 Use of raised proceeds

5.7.1 Utilisations of raised proceeds

☐ Applicable ☑ Not Applicable

5.7.2 Modification of corresponding projects

☐ Applicable ☑ Not Applicable

5.8 Amendments to the Board's business plan for the 2nd half of the year

☐ Applicable ☑ Not Applicable

5.9 Warning and explanation of any estimated loss in retained profit of the end of the current year or any significant changes to the corresponding period of last year

☑ Applicable ☐ Not Applicable

The Company expects that accumulated net loss will be recorded for the first three quarters of 2009.

5.10 Explanation of the Board on the "non-standard opinion" issued by auditors for the reporting period

☐ Applicable ☑ Not Applicable

5.11 Explanation of the Board on the "non-standard opinion" issued by auditors for the previous year

☑ Applicable ☐ Not Applicable

For the matters involved in the "non-standard opinion" given by auditors in previous year, the Board of the Company has adopted relevant measures to maintain its capacity as an ongoing concern during the reporting period.

5.12 Liquidity and source of capital (prepared under IFRS)

As at 30 June 2009, the Group had cash and cash equivalents of RMB10,623,000, including US dollar deposits of RMB1,921,294.23 (2008: RMB1,378,908.36), Euro dollar deposits of RMB85,112.09 (2008: 90,971.55) and HK dollar deposits of RMB6,312.95 (2008: RMB6,311.35), representing a decrease of RMB53,955,000 from RMB64,578,000 as at 31 December 2008. Net cash outflow generated from financing activities was mainly used to repay bank borrowings and interest.

5.13 Loans (prepared under IFRS)

As at 30 June 2009, the total amount of loans of the Group was RMB812,360,000, which includes a foreign currency loan of RMB5,149,754.56 (original amount: Euro 518,318.75). All loans bear interest rates based on China statutory current assets loan interest rate and the floating rates determined by Organization for Economic Cooperation and Development. The Group did not contract for any financial instrument as hedging vehicle.

5.14 Capital commitment (prepared under IFRS)

The Group's capital commitment as at 30 June 2009 amounted to RMB1,175,600.

5.15 According to IFRS, the gearing ratio, which is ratio of total debt to total equity, was 1,902.45% for the period (as at 30 June 2008: 772.43%)

5.16 Pledge of assets of the Group (prepared under IFRS)

As at 30 June 2009, approximately RMB256,799,000 (31 December 2008: RMB201,636,000) of bank deposits has been pledged to secure bills payable and short-term loans of the Group.

5.17 Contingent liability (prepared under IFRS)

At 30 June, 2009, the Group has received numerous claims from various suppliers of approximately RMB5,726,000 (31 December 2008: RMB20,249,000) being the total amount of outstanding principal of goods supplied, interest accrued and costs on indemnity basis. Up to the date of this report, these claims have not been finally judged by the court and no provision has been made.

5.18 Business Outlook for the second half of 2009

1. Analysis on the glass market in the second half

The second half of the year will see further effect from the stimulus package adopted by the PRC government for maintaining stable and rapid economic growth. Meanwhile, the expected 8% GDP growth, moderately easy monetary policy and active fiscal policy, higher export tax refund, and the phased out capacity in glass industry are positive to healthy development of the industry.

As for demand, the economy recovery will support the current upturn of real estate market and automobile sales in the second half of 2009. Meanwhile, demand is expected to continue the trend of recovery. The higher export refund rate for glass products will support glass export which may record larger volume than the first half of the year.

For the output of float glass, the resumed production lines from cold-repair in the first half year and newly established production lines will increase the production capacity hence the output of float glass is expected to be higher than that for the first half of the year, but the increment will not be significant. The surplus in glass production capacity in certain parts of the PRC (e.g. several recently established production lines in Shahe, Hebei) is severe and competition of the industry is expected to be keen.

As for raw materials, as macro economy recovers generally, the rigid demand for raw material from all industries will increase accordingly, which will push price up and bring certain pressure on our production cost control.

For the second half of 2009, glass market is expected to maintain its upward trend. With our product structure adjusted to market demand and market trend properly observed, we expect further improvement in our operating condition and benign cycle of the production and operation.

2. Countermeasures

(1) Idea and confidence renovation.

1) Improve working style of the management team to enhance confidence of the managers at high and middle level.

2) Through continuous training and communication, the Company would emphasise the concept of loss reduction and enhancement of operation efficiency and the competitive market conditions to staff of different levels of the Company, and build new market-oriented concepts.

(2) With "Quality, Responsibility, Lean, Profit" as theme, we improve management, balance development and fix the shortcomings.

1) Promote "Quality is base, Responsibility is commitment, Lean is measure, Profit is the Foothold" movement, reduce loss, increase profit and vitality.

During the improvement of management, we will emphasize on overcoming our weaknesses. We will focus on shortcomings, adhere to balance development, and strengthen process-and-timeliness-predominated management system building. Under the development of core competitiveness, we intend to eventually increase the operating efficiency of each function.

2) Taking lean management as breakthrough point, we will deeply, solidly and effectively promote "Five N (i.e. integration, modelization, institutionalization, processisation and digitalisation) + KPI" management.

3) Combining lean cost calculation, lean cost control and lean evaluation, we are able to find the critical items in cost control and perform analysis and dissection, form focused cost reduction measure and evaluation method, thus fully utilizing the management and supervision function of finance.

4) Step up financing, explore financing channels, create positive external financing environment, ensure smooth financing channel and ease capital pressure.

(3) Put efforts on production, supply and sales control, and fully increase efficiency by tapping potentials.

1) In production, we are always advocating and implementing "stable production, higher quality, and lower consumption".

Firstly, with focus on improving output and quality and lowering consumption, we will further cut the operating cost. Meanwhile, we will stabilize production by all means, reduce invalid working hours, improve ratio of A-class products and finished products, so as to extend gross profit margin.

Secondly, we will continue to promote bare package, accelerate circulation of rack containers and composite wooden cases, and reduce wooden case consumption, fully exploiting cost reduction potential in product package.

Thirdly, we will enhance inventory management, implement inventory positioning management, so as to ensure quality of inventory and minimize inventory depreciation loss.

Fourthly, we will adopt alternative energy. By adopting advanced energy saving and alternative fuel technology, we aim to improve production process control, upgrade energy utilization and promote emission reduction.

Lastly, through technology innovation and introduction of new technology, new equipment and new technical process, we are to upgrade traditional process and control measures, improve quality, lower consumption and cost, thus enhancing product competitiveness.

2) In marketing, we are well positioned to seize the recovery opportunity in the second and third quarter, and present the best sales combination advice based on product mix, pricing strategy and promotion channels, so as to ensure high production sales ratio and best comprehensive results, improve product liquidity and receivable collection, and maximize profit in the market.

3) By enhancing procurement management, rational raw material and fuel inventory will be secured. In procurement, under tight capital, we will timely introduce price comparison purchase and bidding procurement to lower cost. Meanwhile, debt procurement will still be adopted to ease pressure on our capital. Cooperating with production and technology department in raw material and fuel alternative work, we will effectively lower procurement cost.

(4) Accelerate project progress, and enhance backup power for sustainable development

1) Carry out asset restructures to optimize asset quality. Through resource integration, capital restructure and asset exchange, high quality assets were injected while some debts, as well as non-performing and inefficient assets were divested. Accordingly, asset quality of the Company will be improved, which will boost the profitability and create condition for turnaround.

2) We will accelerate research, proof and implementation of subsidiaries' projects including glass defect on-line monitor project, replacement of mould proof paper by glass on-line powder spray, powder coal solidification project, and replacement of fuel oil by petroleum coke, striving for earlier production and profit.

3) Diversify product mix through resumption of suspended production lines after technology renovation.

(5) Enhance talent training and reservation, complete appointment and stimulation mechanism, and provide human resource support for our sustainable development

(6) Complete supervising system and enhance accountability

We will complete supervising system, enhance accountability, and preserve authority of rules and their effectiveness. By employing system to regulate our operation, we aim to improve execution power and work efficiency.

6 SIGNIFICANT EVENTS

6.1 Acquisition, disposal and reorganisation of assets

6.1.1 Acquisition of assets

☐ Applicable ☑ Not Applicable

6.1.2 Disposal of assets

☑ Applicable ☐ Not Applicable

In January 2009, the Company entered into a share transfer agreement with Zhenglong Coal to dispose of its 37% equity interest in CLFG Finance Company to Zhenglong Coal at a consideration of RMB140,112,000. The share transfer agreement was considered and approved at the general meeting held on 30 March 2009, and relevant procedures for transfer of equity have been completed during the reporting period.

6.1.3 Progress and influences on operating results and financial position for the reporting period following the publishment of asset reorganisation report or announcement of acquisition or disposal of assets

☑ Applicable ☐ Not Applicable

6.2 Guarantee

External guarantees provided by the Company (excluding guarantees to controlling subsidiaries)

Date of occurrence (agreement execution date)	Amount of guarantee
Total amount of guarantees provided during the reporting period	—
Balance of guarantees at the end of the reporting period (A)	—

Guarantees provided by the Company to its controlling subsidiaries

Total amount of guarantees provided by the Company to its subsidiaries	RMB157,300,000.00
Balance of guarantees provided by the Company to its subsidiaries at the end of the reporting period (B)	RMB91,700,000.00

Guarantees provided by the Company (including guarantees to subsidiaries)

Total amount of guarantee (A+B)	RMB91,700,000.00
Total amount of guarantee as a percentage to the Company's net assets	73.81%
Including:	
Amount of guarantees provided to shareholders, the de facto controller and its related parties(C)	—
Debt guarantee directly or indirectly provided to parties with gearing ratio over 70% (D)	—
Total amount of guarantee over 50% of the net assets (E)	—
Total amount of above 3 guarantees (C+D+E)	—

6.3 Non-operating debts due to or from connected parties

☑ Applicable ☐ Not Applicable

On 22 October 2007, the Company and CLFG, the controlling shareholder of the Company, entered into an agreement, pursuant to which the Company acquired 50% equity interest in Longxin Glass from CLFG at a consideration of RMB35.00 million. The acquisition was approved at the extraordinary general meeting of the Company held on 28 October 2007. The consideration was settled in one single lump sum payment in December 2007. The procedures for registration of transfer are under progress.

6.4 Material litigation and arbitration

☐ Applicable ☑ Not Applicable

6.5 Other significant events and analysis on their effects and solutions

6.5.1 Securities Investment

☐ Applicable ☑ Not Applicable

6.5.2 Equity interests in non-listed financial institutions

☑ Applicable ☐ Not Applicable

Name of Company	**Initial investment cost** *(RMB)*	**Shareholding percentage** *(%)*	**Book value at the end of the period** *(RMB)*
Sanmenxia Urban Credit and Cooperatives Co., Ltd (三門峽市城市信用合作社股份有限公司)	7,000,000.00	3.5	7,000,000.00
Yanshi Rural Credit and Cooperatives (偃師市農村信用合作聯社)	410,000.00	0.67	410,000.00
Total	7,410,000.00		7,410,000.00

6.5.3 Undertaking on trading moratorium for newly acquired shares in 2009 made by shareholders with 5% or above shareholding

☐ Applicable ☑ Not Applicable

6.6 The Company will not propose dividend for the first half of 2009 nor transfer capital reserve into share capital.

6.7 Risk of exchange rate fluctuations

The Group's assets, liabilities and transactions are denominated in Renminbi. Meanwhile, given the Group's small export volume, fluctuations in foreign exchange rate do not have material impacts on the Group. Given the minimal exposure to foreign exchange, the Group closely monitors the exchange rate instead of establishing any hedging arrangement for foreign exchange rate fluctuations.

6.8 Independent Audit Committee

The Company's independent audit committee, management and external auditor have reviewed the accounting principles and practices and discussed matters relating to financial statements including reviewing the Interim Financial Report prepared under the IAS.

6.9 Code on Corporate Governance Practice

The Directors of the Company are of view that the Group has complied with the Code on Corporate Governance Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited during the six months ended 30 June 2009.

6.10 Purchase, sale and redemption of securities

During the reporting period, the Company and its subsidiaries did not purchase, sell and redeem any securities of the Company.

6.11 Compliance with the Model Code

Having made specific enquires to all Directors, the Company confirmed all Directors have complied with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange throughout the six months ended 30 June 2009. In respect of the securities transactions by the Directors, the code of conduct adopted by the Company is no less exacting than the abovementioned code.

6.13 Post balance sheet events: Resumption of Trading in the Company's H Shares

On 31 October 2006, the trading in the Company's H shares was suspended at the request of the Company pending release of price sensitive information in relation to significant events. For more than two years since then, the Company has been improving its internal control system and corporate governance structure. Upon approval by Hong Kong Stock Exchange at 28 July, 2009, the Company published an announcement regarding resumption of trading in the Company's H shares on 31 July 2009. On the same day, trading in H shares of the Company was resumed.

7 FINANCIAL STATEMENTS

7.1 Opinion of Auditing

The financial report is unaudited.

7.2 Financial statements

7.21 Financial statements prepared under the PRC accounting standards and regulations

For details please refer to the A share interim report dated 27 August, 2009 which was published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

7.2.2 Financial statements prepared under IFRS

Condensed Consolidated Statement of Comprehensive income (Unaudited)

For the Six Months Ended 30th June, 2009

(Expressed in Renminbi)

	Note	**Six months ended 30.6.2009** *RMB'000*	Six months ended 30.6.2008 *RMB'000*
Turnover	4	**409,339**	663,744
Cost of sales		**(415,744)**	(674,136)
Gross loss		**(6,405)**	(10,392)
Other operating income	5	**3,087**	87,521
Other operating expenses		**(2,372)**	(5,508)
Selling expenses		**(14,293)**	(23,097)
Administrative expenses		**(62,733)**	(53,246)
Loss from operations		**(82,716)**	(4,722)
Net finance costs	6(a)	**(32,060)**	(47,396)
Investment income	6(b)	**17,495**	—
Share of net profit of an associate		**2,252**	2,583
Loss before taxation	6(c)	**(95,029)**	(49,535)
Income tax expense	7	**—**	—
Loss for the period		**(95,029)**	(49,535)
Other comprehensive income for the period (after taxation and reclassification adjustments)		**—**	—
Total comprehensive income for the period		**(95,029)**	(49,535)

Total comprehensive income attributable to:			
Equity shareholders of the Company		**(86,366)**	(36,693)
Minority interests		**(8,663)**	(12,842)
		(95,029)	(49,535)
Basic loss per share attributable to equity shareholders of the Company *(in RMB: Yuan)*	9	**(0.17)**	(0.073)

Condensed Consolidated Statement of Financial Position (Unaudited)

At 30th June, 2009

(Expressed in Renminbi)

	Note	**At 30.6.2009** *RMB'000*	At 31.12.2008 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**876,371**	923,256
Construction in progress		**16,529**	11,761
Intangible assets		**11,556**	12,370
Lease prepayments		**30,822**	34,004
Interests in associates		**373**	120,906
Other investments		**7,410**	7,410
Investment deposit		**35,000**	40,430
Deposits with a non-bank financial institution	10	**35,000**	35,000
		1,013,061	1,185,137

CURRENT ASSETS			
Inventories		**232,063**	252,016
Trade and bills receivables	11	**114,145**	99,581
Other receivables	12	**202,477**	160,667
Income tax recoverable		**4,481**	4,481
Pledged deposits with banks		**256,799**	201,636
Cash and cash equivalents		**10,623**	64,578
Restricted bank balances		**9,346**	9,809
		829,934	792,768
CURRENT LIABILITIES			
Trade and bills payables	13	**697,129**	627,266
Accrued expenses and other payables		**237,546**	220,107
Bank and other loans	14	**807,678**	894,411
		1,742,353	1,741,784
NET CURRENT LIABILITIES		**(912,419)**	(949,016)
TOTAL ASSETS LESS CURRENT LIABILITIES		**100,642**	236,121
NON-CURRENT LIABILITIES			
Bank and other loans	14	**4,682**	5,256
Deferred income		**3,923**	4,154
		8,605	9,410
NET ASSETS		**92,037**	226,711

CAPITAL AND RESERVES			
Share capital	15	**500,018**	500,018
Share premium		**540,028**	540,028
Reserves	16	**(45,873)**	(45,873)
Accumulated losses	16	**(907,873)**	(796,314)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**86,300**	197,859
MINORITY INTERESTS		**5,737**	28,852
TOTAL EQUITY		**92,037**	226,711

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the Six Months Ended 30th June, 2009

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						
	Share capital *RMB'000*	Share premium *RMB'000*	Reserves *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1.1.2008	500,018	540,028	(45,873)	(850,354)	143,819	77,099	220,918
Net loss and total comprehensive income for the period	—	—	—	(36,693)	(36,693)	(12,842)	(49,535)
At 30.6.2008	500,018	540,028	(45,873)	(887,047)	107,126	64,257	171,383
At 1.1.2009	500,018	540,028	(45,873)	(796,314)	197,859	28,852	226,711
Net loss and total comprehensive income for the period	—	—	—	(86,366)	(86,366)	(8,663)	(95,029)
Disposal of a subsidiary	—	—	—	—	—	(2,609)	(2,609)
Acquisition of additional interest in a subsidiary *(note 17)*	—	—	—	(25,193)	(25,193)	(12,823)	(38,016)
Capital contribution in a subsidiary by a minority shareholder	—	—	—	—	—	980	980
At 30.6.2009	500,018	540,028	(45,873)	(907,873)	86,300	5,737	92,037

Condensed Consolidated Cash Flow Statement (Unaudited)

For the Six Months Ended 30th June, 2009

(Expressed in Renminbi)

	Six months ended 30.6.2009	Six months ended 30.6.2008
	RMB'000	*RMB'000*
Net cash flows generated from operating activities	**41,062**	61,203
Net cash flows (used in)/generated from investing activities	**(2,876)**	19,144
Net cash flows used in financing activities	**(92,141)**	(128,162)
Net decrease in cash and cash equivalents	**(53,955)**	(47,815)
Cash and cash equivalents at 1 January	**64,578**	73,824
Cash and cash equivalents at 30 June	**10,623**	26,009

1. BASIS OF PREPARATION

This interim financial report is unaudited, but has been reviewed by the Audit Committee of Luoyang Glass Company Limited ("the Company"). It was authorised for issuance on 26th August, 2009.

The interim financial report has been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting" adopted by the International Accounting Standards Board ("IASB").

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and operating results of the Company and its subsidiaries ("the Group") since 31st December, 2008. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the IASB. IFRSs include all applicable IFRS, IAS and related interpretations.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

The financial information relating to the financial year ended 31st December, 2008 that is included in the interim financial report as previously reported information does not constitute the Group's annual financial statements for that financial year but is derived from those financial statements. The Group's annual financial statements for the year ended 31st December, 2008 are available from the Company's registered office. The independent auditor has expressed an unqualified opinion with an explanatory paragraph in respect of the fundamental uncertainty about going concern assumption on those financial statements in their report dated 26th March, 2009.

Notwithstanding that the Group had net current liabilities at 30th June, 2009, the directors of the Company are of the opinion that the Group is able to continue as a going concern and to meet their obligations as and when they fall due having regard to the followings:

(i) the banking facilities of approximately RMB712,360,000 available to the Group granted by various banks were fully utilised at 30th June, 2009. Approximately RMB707,679,000 of these banking facilities will expire one year after the balance sheet date. The directors of the Company are in ongoing negotiations with the Group's banks to seek their ongoing support to the Group; and

(ii) continuing financial support received from China Luoyang Float Glass Group Company Limited ("CLFG"), the controlling shareholder, together with China National Building Material Group Corporation ("CNBMG"), the holding company of controlling shareholder.

The directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, it is appropriate that these financial statements should be prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

2. NEW AND REVISED IFRSs

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations. The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operation and financial position.

3. SEGMENT REPORTING

The Group's turnover and operating results are almost entirely generated from the manufacture and sales of float sheet glass. Accordingly, no business segment information is provided. The analysis of the geographical location of the operations of the Group during the financial period is as follows:

	Six months ended 30.6.2009	Six months ended 30.6.2008
	RMB'000	*RMB'000*
Turnover		
The People's Republic of China (the "PRC")	**406,049**	646,061
Asia	**3,290**	16,534
America	**—**	513
Oceania	**—**	351
Others	**—**	285
	409,339	663,744

All of the Group's assets are located in the PRC.

4. TURNOVER

Turnover represents revenue from the invoiced value of goods sold to customers, net of value-added and surcharges and is after deduction of any trade discounts.

5. OTHER OPERATING INCOME

	Six months ended 30.6.2009	Six months ended 30.6.2008
	RMB'000	*RMB'000*
Waiver of debts	**907**	—
Government grants	**231**	990
Net gain on disposal of property, plant and equipment	**—**	50
Net gain on disposal of a subsidiary	**—**	70,486
Others	**1,949**	15,995
	3,087	87,521

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

		Six months ended 30.6.2009	Six months ended 30.6.2008
	Note	***RMB'000***	*RMB'000*
(a) Net finance costs:			
Interest income		**(2,203)**	(1,707)
Interest on borrowings		**32,551**	40,527
Net foreign exchange (gain)/loss		**(347)**	921
Other financing charges		**2,059**	7,655
		32,060	47,396

(b) Net investment income:

Loss on disposal of interest in a subsidiary	18	**(716)**	—
Gain on disposal of interest in an associate		**18,899**	—
Others		**12**	—
		18,195	—

(c) Other items:

Cost of inventories	**415,744**	666,993
Depreciation	**41,269**	57,235
Impairment losses on		
— inventories	**—**	7,143
Reversal of impairment losses on		
— inventories	**(532)**	—
— trade receivables	**—**	(170)
Amortisation of intangible assets	**746**	736
Amortisation of lease prepayments	**232**	341
Loss on sales of raw materials	**—**	202

7. INCOME TAX EXPENSE

No provision for PRC income tax has been made as the Group has made losses for taxation purposes during the six months ended 30th June, 2009.

The Group did not carry on business overseas and therefore no provision has been made for overseas profits tax.

8. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend in respect of the six months ended 30th June, 2009 (2008: Nil).

9. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company for the six months ended 30th June, 2009 of RMB86,366,000 (2008: RMB36,693,000) and 500,018,000 (2008: 500,018,000) shares in issue during the period.

No diluted earnings per share is calculated as there are no dilutive potential shares for the period from 1st January, 2009 to 30th June, 2009.

10. DEPOSITS WITH A NON-BANK FINANCIAL INSTITUTION

The balances represent the overdue time deposits at Guanzhou International Trust & Investment Corporation ("GZITIC"), after a 75% impairment made. An independent third party has signed a letter of intent to purchase the rights and interests of the overdue time deposits at a total amount of approximately RMB40,000,000. Hence, in the opinion of directors, no impairment is required to be made for time deposits. Furthermore, no interest has been accrued in respect of the time deposits.

11. TRADE AND BILLS RECEIVABLES

	At **30.6.2009**	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Trade receivables		
— third parties	**69,702**	72,806
— subsidiaries of the controlling shareholder	**51,166**	64,603
	120,868	137,409
Less: Allowance for impairment of doubtful debts	**43,389**	45,265
	77,479	92,144
Bills receivables	**36,666**	7,437
	114,145	99,581

The ageing analysis of trade and bills receivables, net of allowances for impairment of doubtful debts, is as follows:

	At **30.6.2009**	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Within one year	**112,384**	98,908
Between one and two years	**1,682**	630
Between two and three years	**79**	43
	114,145	99,581

Debts are normally due within 30 days from the date of billing. The ageing analysis above is prepared in accordance with invoice dates.

12. OTHER RECEIVABLES

	At 30.6.2009	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Advance payments, other receivables and prepayments	257,384	217,983
Less: Allowances for impairment of doubtful debts	54,907	57,316
	202,477	160,667

13. TRADE AND BILLS PAYABLES

	At 30.6.2009	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Trade payables		
— third parties	**406,305**	408,452
— subsidiaries of the controlling shareholder	**2,324**	3,114
	408,629	411,566
Bills payable	**288,500**	215,700
	697,129	627,266

The ageing analysis of trade and bills payables is as follows:

	At	At
	30.6.2009	31.12.2008
		(Audited)
	RMB'000	*RMB'000*
Due within 1 month or on demand	**697,129**	627,266

14. BANK AND OTHERS LOANS

	At	At
	30.6.2009	31.12.2008
		(Audited)
	RMB'000	*RMB'000*
Unsecured loans from a controlling shareholder company	**100,000**	100,000
Unsecured bank loans	**4,000**	4,000
Secured bank loans	**708,360**	713,767
Secured loans from an associate	**—**	80,900
Unsecured loans from a non-bank financial institution	**—**	1,000
	812,360	899,667

(a) The bank loans of the Group are secured by the followings:

(i) Assests

	At 30.6.2009	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Pledged deposits with bank from a third party	**46,000**	—
Plant, machinery and equipment	**33,661**	39,348
Pledged deposits with banks and non-bank financial institution	**—**	20,000
Equity held in CLFG at cost	**—**	111,000
	79,661	170,348

(ii) Corporate guarantees given by CNBMG, CLFG and other third parties.

(b) As at 30th June, 2009, certain secured bank loans of RMB6,700,000 (2008: RMB1,697,000) granted to a subsidiary of the Company was overdue.

The bank and other loans are repayable as follows:

	At 30.6.2009	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Within one year		
— short-term loans	**807,210**	893,910
— current portion of long term loans	**468**	501
	807,678	894,411
Between one and two years	**468**	501
Between two and five years	**1,405**	1,502
After five years	**2,809**	3,253
	4,682	5,256
	812,360	899,667

15. SHARE CAPITAL

	At 30.6.2009		At 31.12.2008 (Audited)	
	Shares'000	***RMB'000***	*Shares'000*	*RMB'000*
REGISTERED, ISSUED AND PAID-UP CAPITAL:				
STATE-OWNED LEGAL PERSON SHARES OF RMB1.00 EACH				
At the beginning and the end of the period/year	**179,018**	**179,018**	179,018	179,018
DOMESTIC LISTED SHARES ("A SHARES") OF RMB1.00 EACH				
At the beginning and the end of the period/year	**71,000**	**71,000**	71,000	71,000
OVERSEAS LISTED SHARES ("H SHARES") OF RMB1.00 EACH				
At the beginning and the end of the period/year	**250,000**	**250,000**	250,000	250,000
	500,018	**500,018**	500,018	500,018

16. RESERVES

	Statutory surplus reserve *RMB'000*	Excess over share capital *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1.1.2008	61,076	(106,949)	(850,354)	(896,227)
Net loss and total comprehensive income for the period	—	—	(36,693)	(36,693)
At 30.6.2008	61,076	(106,949)	(887,047)	(932,920)
At 1.1.2009	61,076	(106,949)	(796,314)	(842,187)
Acquisition of additional interest in a subsidiary	—	—	(25,193)	(25,193)
Net loss and total comprehensive income for the period	—	—	(86,366)	(86,366)
At 30.6.2009	61,076	(106,949)	(907,873)	(953,746)

17. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

In January 2009, CLFG Longfei Glass Co., Ltd. ("Longfei"), a subsidiary of the Group, acquired additional 60% equity interest in its subsidiary, CLFG Longxiang Glass Co., Ltd. ("Longxiang"), increasing its ownership from 40% to 100% at a total consideration of RMB38,016,000. The carrying amount of Longxiang's net assets in the consolidated financial statements on the date of acquisition was RMB18,526,000. The Group recognised a decrease in non-controlling interest of RMB12,823,000 and an increase in accumulated losses of RMB25,193,000.

18. DISPOSAL OF INTEREST IN A SUBSIDIARY

In accordance with the share transfer agreement signed between the Company and Valley County Bada Mining Co., Ltd ("Bada Mining"), a third party of the Company on 3rd December, 2008, the Company agreed to transfer 66.67% equity interest in Xiangfan Luoshen Auto Glass Ltd. ("Luoshen") to Bada Mining at a total consideration of RMB4,500,000. The transaction was completed on 19th February, 2009, and the assets and liabilities arising from the disposal are as follows:

	2009
	RMB'000
Cash and cash equivalents	**28**
Trade and bills receivables	**126**
Other receivables	**593**
Inventories	**1,078**
Prepaid lease payment	**2,801**
Property, plant and equipment	**7,303**
Construction in progress	**1,150**
Trade and bills payable	**(1,863)**
Accrued expenses and other payables	**(3,391)**
Minority interests	**(2,609)**
Net assets disposed	**5,216**
Loss on disposal of a subsidiary	**(716)**
Total consideration	**4,500**
Settled by bills receivables	**(4,500)**
Cash and cash equivalents disposed	**(28)**
Net cash outflow arising on disposal of a subsidiary	**(28)**

19. CAPITAL COMMITMENTS

At 30th June, 2009, the Group had the following capital commitments:

	At 30.6.2009	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Contracted for		
— construction project	**1,176**	1,330
— investment in a subsidiary	**—**	32,586
	1,176	33,916

20. CONTINGENT LIABILITIES

At 30th June, 2009, the Group has received numerous claims from various suppliers of RMB5,726,000 (2008: RMB20,249,000) being the total amount of outstanding principal of goods supplied, interest accrued and costs on indemnity basis. Up to the date of this report, these claims have not been finally judged by the court and no provision has been made in these financial statements.

21. RELATED PARTY TRANSACTIONS

(a) Details of the related party transactions are presented in explanatory note 9 of the interim financial report prepared under PRC Accounting Rules and Regulations. The financial data presented are the same as those prepared under IFRSs.

The key management personnel remuneration are as follows:

	Six months ended 30.6.2009	Six months ended 30.6.2008
	RMB'000	*RMB'000*
Directors and supervisors	**321**	653
Senior management	**45**	69
	366	722

(b) Transactions with other state-owned enterprises

The Group is a state-owned entity and operates in an economic regime currently predominated by state-owned entities. Apart from transactions with CNBMG, CLFG and their affiliates, the Group conducts a majority of its business activities with entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-owned entities") in the ordinary course of business. These transactions, which include sales and purchase of goods and ancillary materials, rendering and receiving services, purchase of property, plant and equipment and obtaining finance, are carried out at terms similar to those that would be entered into with non-state-owned entities and have been reflected in the financial statements. The management believes that it has provided meaningful disclosure of related party transactions as summarised above.

(c) Employee retirement benefits

As stipulated by the regulations of the PRC, the Group has participated in defined contribution retirement plans organised by the local authorities for its employees. Under this arrangement, the Group is required to make contributions to the retirement plans at an applicable rate on the basic salary, bonus and certain allowances of its employees. Each employee is entitled to an annual pension equal to a fixed proportion of his basic salary at the retirement date. The Group has no material obligation for the payment of pension benefits beyond its annual contributions.

22. POST BALANCE SHEET EVENTS

On 31st October, 2006, the trading in the Company's H shares was suspended at the request of the Company pending release of price sensitive information in relation to significant events. For more than two years since then, the Company has been improving its internal control system and corporate governance structure. Upon approval by Hong Kong Stock Exchange at 28th July, 2009, the Company published an announcement regarding resumption of trading in the Company's H shares on 31st July, 2009. On the same day, trading in H shares of the Company was resumed.

7.3 Notes to the financial statements:

7.3.1 Explanations, reasons and amount of correction in respect of changes in accounting policies, accounting estimates or accounting errors

☐ Applicable ☑ Not Applicable

7.3.2 Explanations and amount of correction in respect of significant changes in the scope of consolidation for financial statements

☐ Applicable ☑ Not Applicable

7.3.3 Notes to relevant events for any non-standard non-qualified opinion

☐ Applicable ☑ Not Applicable

7.4 Material differences in the Group's financial statements prepared under the PRC accounting standards and regulations and those under IFRS

7.4.1 Effects of material differences between the PRC accounting standards and regulations and IFRS on net loss of the Group are analysed as follows:

	Six months ended 30.6.2009	Six months ended 30.6.2008
	RMB'000	*RMB'000*
Loss attributable to shareholders under the PRC Accounting Rules and Regulations	**(87,349)**	(51,045)
Differences:		
— Amortisation of revaluation of land use rights	**385**	13,819
— Government grants	**231**	182
— Difference in accounting for reuse packing materials	**—**	(2,644)
— Others	**367**	2,995
Loss attributable to equity shareholders of the Company under IFRSs	**(86,366)**	(36,693)

7.4.2 Differences in shareholders' equity recorded in the Group's financial statements prepared under the PRC accounting standards and regulations and those under IFRS:

	At 30.6.2009	At 31.12.2008 (Audited)
	RMB'000	*RMB'000*
Shareholders' funds under the PRC Accounting Rules and Regulations	**116,703**	229,156
Differences:		
— Gain on disposal of land use right	**34,657**	34,657
— Gain on disposal of a subsidiary	**15,834**	15,834
— Amortisation of revaluation of land use rights	**(76,167)**	(76,552)
— Government grants	**(2,955)**	(3,186)
— Difference in accounting for consolidation	**3,653**	3,653
— Difference in accounting for reuse packing materials	**871**	871
— Others	**(6,296)**	(6,574)
Total equity attributable to equity shareholders of the Company under IFRSs	**86,300**	197,859

By order of the Board
Luoyang Glass Company Limited
Song Jianming
Chairman

Luoyang, the PRC
27 August 2009

As at the date of this announcement, the Board comprises five executive Directors: Mr. Song Jianming, Mr. Gao Tianbao, Mr. Xie Jun, Mr. Cao Mingchun and Ms. Song Fei, two non-executive Directors: Mr. Shen Anqin and Mr. Bao Wenchun, and three independent non-executive Directors: Mr. Zhang Zhanying, Mr. Guo Aimin and Mr. Huang Ping.