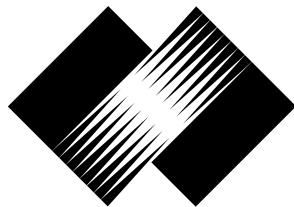


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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1108)

**ANNOUNCEMENT OF RESULTS
FOR THE FIRST HALF OF 2012
AND
SUMMARY OF 2012 INTERIM REPORT**

1 IMPORTANT NOTICE

1.1 The board of directors (the “Board”), the supervisory committee, the directors (the “Directors”), supervisors and senior management of the Company 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 contents contained herein.

This interim report summary is extracted from the interim report. Investors should carefully read the full text of the interim report for details.

1.2 All Directors of the Company attended the Board meeting.

- 1.3 The interim financial statements of the Company are unaudited, but have been reviewed and approved for issuance by the Independent Audit Committee of the Board.
- 1.4 Neither the Company's controlling shareholder nor any of its related parties has misappropriated the Company's funds for non-operating purposes.
- 1.5 The Company did not provide external guarantees in violation of any stipulated decision-making procedures.
- 1.6 Mr. Song Jianming, the Chairman of the Board, Ms. Song Fei, the Chief Financial Controller, and Ms. Chen Jing, the Head of Finance Department, warrant the truthfulness and completeness of the financial statements set out in the interim report.

2 COMPANY PROFILE

2.1 Basic information

Stock abbreviation	Luoyang Glass	Luoyang Glass
Stock code	600876	01108
Place of listing	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Secretary to the Board	Securities affairs representative
Name	Song Fei	
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	
Telephone	86-379-63908507	
Facsimile	86-379--63251984	
E-mail	lbjtsf@163.com	

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

2.2.1 Major accounting data and financial indicators

Unit: RMB

	As at 30 June 2012	As at 31 December 2011	Increase/decrease as at 30 June 2012 from the beginning of the year (%)
Total assets	1,299,200,963.37	1,415,785,144.79	-8.23
Owners' equity (or shareholders' equity)	81,954,407.41	127,013,633.44	-35.48
Net assets per share attributable to shareholders of the Company (<i>RMB/share</i>)	0.1639	0.2540	-35.48

	Reporting period (January-June)	Corresponding period last year	Increase/decrease for this reporting period from the corresponding period last year (%)
Operating profit	-47,723,880.36	-4,965,745.54	Not Applicable
Total profit	-46,040,596.39	67,787,042.17	Not Applicable
Net profit attributable to shareholders of the Company	-45,019,202.93	73,416,307.96	Not Applicable
Net profit attributable to shareholders of the Company after non-recurring items	-46,208,782.23	1,052,254.28	Not Applicable
Basic earnings per share <i>(RMB)</i>	-0.0900	0.1468	Not Applicable
Basic earnings per share after non-recurring items <i>(RMB)</i>	-0.0924	0.0021	Not Applicable
Diluted earnings per share <i>(RMB)</i>	-0.0900	0.1468	Not Applicable
Weighted average return on net assets (%)	-43.12	48.22	Decreased by 91.34 percentage points
Net cash flow from operating activities	-17,236,862.15	-63,107,475.34	Not Applicable
Net cash flow from operating activities per share <i>(RMB)</i>	-0.0345	-0.1262	Not Applicable

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

2.2.2 Non-recurring items and their amounts

Unit: RMB

Non-recurring item	Amount
Profit/loss on disposal of non-current assets, including write-off of provision for asset impairment	35,157.26
Government subsidies (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) attributable to profits and losses for the period	1,240,742.89
Profit/loss from debt restructuring	96,471.15
Costs of corporate reorganisation, i.e. expenses for staff settlement, integration costs, etc	-407,925.00
Other non-operating income and expenses other than the aforesaid items	310,912.67
Effect of minority interests	-35,957.13
Effect of income tax	-49,822.54
	<hr/>
Total	1,189,579.30

2.2.3 Differences between the PRC Accounting Standards and International Financial Reporting Standards (IFRSs)

Unit: RMB

	Net profit attributable to the Company		Net assets attributable to the Company	
	January-June 2012	January-June 2011	Closing balance	Opening balance
As prepared under PRC Accounting Standards	-45,019,202.93	73,416,307.96	81,954,407.41	127,013,633.44
Items and amounts as adjusted under IFRSs:				
— Gains on sale of land use right		25,662,985.65	60,320,265.24	60,320,265.24
— Gains on disposal of subsidiaries			15,833,763.66	15,833,763.66
— Amortisation of revaluation of land use right			-75,011,850.10	-75,011,850.10
— Government grants	230,769.00	230,769.00	-1,570,085.33	-1,800,854.33
— Difference in accounting for consolidation under different accounting standards			2,721,957.50	2,721,957.50
— Equity differences caused by the excess loss of a subsidiary under different accounting standards			-21,521,930.15	-21,521,930.15
— Others			-6,685,998.70	-6,630,274.82
Under IFRSs	-44,788,433.93	99,310,062.61	56,040,529.53	100,924,710.44

Explanations of the difference: The PRC Accounting Standards require retrospective adjustment be made to the portion of subsidiaries' excess losses borne by minority shareholders in proportion to their contributions. However, under the IFRSs, adjustment to the portion of excess losses to be borne by minority shareholders in proportion to their contributions would be prospectively applied, and no adjustment would be made to opening balances. As a result, a difference of RMB21,521,930.15 was incurred.

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

Total number of shareholders as at the end of the reporting period	There were 21,540 shareholders of the Company in total, including 56 holders of H shares and 21,484 holders of A shares
--	---

Shareholdings of the top 10 shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shares subject to trading moratorium held	Number of shares pledged or frozen
HKSCC Nominees Limited	Foreign shareholder	49.568%	247,846,998	-114,000	0	Nil
China Luoyang Float Glass (Group) Company Limited	State-owned legal person	31.802%	159,018,242	0	0	159,018,242 (pledged)
Zhang Lixin	Domestic natural person	0.551%	2,754,944	+1,441,600	0	Unknown
Liu Taoxiang	Domestic natural person	0.165%	825,050	+550,350	0	Unknown
Li Ru	Domestic natural person	0.130%	648,000	0	0	Unknown
Zhang Ruiying	Domestic natural person	0.115%	575,800	+256,456	0	Unknown
Chen Hong	Domestic natural person	0.113%	565,614	0	0	Unknown
Yao Xuan	Domestic natural person	0.094%	472,516	0	0	Unknown
Rui Zhiying	Domestic natural person	0.089%	445,000	+257,000	0	Unknown
Zhou Chunxia	Domestic natural person	0.087%	433,213	+163,200	0	Unknown

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

Name of shareholder	Number of shares not subject to trading moratorium held	Type of shares
HKSCC Nominees Limited	247,846,998	Overseas listed foreign shares
China Luoyang Float Glass (Group) Company Limited	159,018,242	Ordinary shares denominated in RMB
Zhang Lixin	2,754,944	Ordinary shares denominated in RMB
Liu Taoxiang	825,050	Ordinary shares denominated in RMB
Li Ru	648,000	Ordinary shares denominated in RMB
Zhang Ruiying	575,800	Ordinary shares denominated in RMB
Chen Hong	565,614	Ordinary shares denominated in RMB
Yao Xuan	472,516	Ordinary shares denominated in RMB
Rui Zhiying	445,000	Ordinary shares denominated in RMB
Zhou Chunxia	433,213	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》) issued by CSRC among the top ten shareholders of the Company, including China Luoyang Float Glass (Group) Company Limited and other shareholders of circulating shares. The Company is not aware of any parties acting in concert or any connected relationship among other shareholders of circulating shares.

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 single shareholder of H shares who held 10% or above of the Company's total share capital;
2. Save as disclosed above, as at 30 June 2012, there were no persons who have any interests or short position in any shares or underlying shares in the equity derivatives of the Company as recorded in the register of interest kept under section 336 of the Securities and Futures Ordinance of Hong Kong.

3.3 Changes in controlling shareholder and ultimate controller 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 Changes in Directors, supervisors and senior management during the reporting period

Applicable Not Applicable

Mr. Cheng Zonghui, executive Director and deputy general manager of the Company, due to the reason for personal development, voluntarily resigned as the executive Director and deputy general manager of the Company on 3 February 2012.

4.3 Equity interests in the Company held by Directors, chief executives, supervisors or other senior management members of the Company during the reporting period

As at 30 June 2012, none of the Directors, supervisors, chief executives or other senior management members of the Company had any interest or short position in the shares, underlying shares of equity derivatives, or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) 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 which was required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

5 REPORT OF THE BOARD

During the Reporting Period, the Company's production and operation and project development faced severe difficulties and challenges amid the global economic downturn.

As for common float glass products: affected by the State's continuous measures to control and regulate domestic real estate industry, downturn trend in ordinary glass market since last year persisted, which led to weak demand and decline in both sales volume and prices.

As for electronic glass market: Due to adverse factors such as the European debt crisis, the ITO industry has been sluggish as a whole since the second half of 2011. With downstream export orders decreasing, demand growth decelerating and product prices getting lower, the electronics industry as a whole slowed down in growth. Meanwhile, competition in the industry became fiercer as a result of expanded production capacity.

As for ultra-white and ultra-thin glass products: The Company successfully produced the 1.1mm and 0.9mm ultra-white and ultra-thin glass in the first quarter of the year, and achieved stable mass production. Meanwhile, as the Company stepped up marketing efforts, its ultra-white and ultra-thin glass products were gradually accepted by downstream users.

During the reporting period, aiming to achieve its annual business objectives, the Company continuously boosted product profitability and its core competitiveness by staying focused on product mix adjustment and industrial upgrading, tapped into internal corporate potential, increased revenue and efficiency and reduced expenditures and costs through management enhancement and lean management, and raised work quality and product quality as well as efficiency and profit by means of enhanced management, thus laying a foundation for the Company's successful transformation and upgrading as well as admirable development.

Under the PRC Accounting Standards, the Company recorded operating revenue of RMB308,206,300 for the reporting period, representing a year-on-year decrease of RMB208,570,400, and operating profit of RMB-47,723,900, representing a year-on-year decrease of RMB42,758,100. Net profit attributable to shareholders of the Company amounted to RMB-45,019,200, representing a year-on-year decrease of RMB118,435,500. Basic earnings per share attributable to shareholders of the Company was RMB-0.09.

Under the IFRSs, the Company recorded operating revenue of RMB307,318,000 for the reporting period, representing a year-on-year decrease of RMB208,701,000, and operating profit of RMB-40,975,000, representing a year-on-year decrease of RMB137,633,000. Net profit attributable to shareholders of the Company amounted to RMB-44,788,000, representing a year-on-year decrease of RMB144,098,000, and basic earnings per share attributable to shareholders of the Company was RMB-0.09.

5.1 Principal operations by industry and product

Unit: RMB

By industry or product	Revenue from		Gross profit margin	Increase/ decrease of revenue from principal operations as compared with last year	Increase/ decrease of cost from principal operations as compared with last year	Year-on-year increase/ decrease
	principal operations	Cost of principal operations				
	(RMB)	(RMB)	(%)	(%)	(%)	(%)
Float glass	262,880,246.79	238,723,981.91	9.19	-44.02	-44.15	Increased by 0.20 percentage point
Including: Ultra-thin glass	148,552,977.40	102,658,038.43	30.89	-8.02	35.71	Decreased by 22.27 percentage points
Silica sand	15,024,220.39	6,473,683.69	56.91	12.18	-3.27	Increased by 6.88 percentage points

Among the figures mentioned, the connected transaction in relation to the sale of products or provision of services by the Company to its controlling shareholder and its subsidiaries amounted to approximately RMB58,385,449.13 during the reporting period

5.2 Principal operations by region

Unit: RMB

Region	Operating income	Increase/decrease as compared with the corresponding period last year (%)
Domestic	270,816,644.18	-42.97
Export	7,087,823.00	-12.50

5.3 Reasons for material changes in principal operations and its structure

Applicable Not Applicable

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

Applicable Not Applicable

5.5 Analysis of the material changes in profit constituents as compared with last year

Applicable Not Applicable

- (1) Operating revenue for the period amounted to RMB308,206,300, down by 40.36% year on year, mainly due to decline in both sales volume and selling prices of products;
- (2) Operating cost for the period amounted to RMB272,420,600, down by 41.55% year on year, mainly due to decrease in sales volume as a result of reduced production capacity;
- (3) Administrative expenses for the period amounted to RMB57,217,200, up by 42.80% year on year, mainly due to the inclusion of depreciation expenses and staff costs into administrative expenses following the closedown of certain production lines in 2011;

- (4) Financial expenses amounted to RMB4,835,000, up 62.41% year on year, mainly due to an increase in discounting charges as a result of increased bills discounted and higher discount rates;
- (5) Impairment losses on assets for the period amounted to RMB6,651,100, up RMB11,399,300, mainly due to provision for impairment loss on inventories made in the period and write-off of bad debts provision as a result of the recovery of relevant accounts receivable in the same period last year;
- (6) Investment income for the period amounted to RMB1,735,600, up RMB1,735,600 year on year, which represents the dividends from Sanmenxia City Commercial Bank (三門峽商業銀行) received by Longfei Company, a subsidiary controlled by the Company.
- (7) Non-operating income for the period amounted to RMB1,827,600, down 97.52% year on year, mainly due to the inclusion of gains from disposal of land to the government and gains from disposal of idle assets into the non-operating income for the same period last year.

5.6 Use of raised proceeds

5.6.1 Utilisations of raised proceeds

Applicable Not Applicable

5.6.2 Modification of corresponding projects

Applicable Not Applicable

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

Applicable Not Applicable

5.8 Forecast on the accumulative profit for the period from beginning of the year to the end of next reporting period to be positive or to have any significant changes from the corresponding period last year and relevant reasons.

Applicable Not Applicable

5.9 Explanation of the Board on the “non-standard audit opinion” issued by auditors for the reporting period

Applicable Not Applicable

5.10 Explanation of the Board on the “non-standard audit report” issued by auditors for the previous year

Applicable Not Applicable

5.11 Liquidity and capital resources (prepared under IFRS)

As at 30 June 2012, the Group had cash and cash equivalents of RMB21,205,000, including US dollar deposits of RMB118,000 (as at 31 December 2011: RMB118,000), HK dollar deposits of RMB6,000 (as at 31 December 2011: RMB6,000). The total cash and cash equivalents decreased by RMB19,725,000 as compared with RMB40,930,000 as at 31 December 2011. Cash inflows of the Group mainly came from sales revenue, gains from disposal of land to the government and disposal of certain fixed assets during the reporting period, which were mainly used as working capital and for repayment of bank loans and interests.

5.12 Loans (under IFRS)

As at 30 June 2012, the total borrowings of the Group was RMB638,436,000, which includes interest-free loans of RMB618,472,000 (obtained under Yinjianfa [2010] No. 8 document) and a loan of RMB16,700,000 at a rate lower than the statutory loan rate in the PRC, a foreign currency loan of 415,000 euros (equivalent to RMB3,264,000) at a fixed rate.

5.13 Capital commitment (under IFRS)

The Group's capital commitment as at 30 June 2012 totalled RMB2,544,000.

5.14 Gearing ratio for the period (under IFRS)

Gearing ratio was 2296% for the period as compared with 1315% for last year.

5.15 Cash and cash equivalents (under IFRS)

As at 30 June 2012, the Group had cash and cash equivalents of RMB21,205,000.

5.16 Business Outlook for the second half of 2012

1. Market forecasts and analysis

Electronic glass market:

Although the electronic glass market has warmed up somewhat since March with a basically stabilized market demand, market competition is likely to be fiercer due to the incremental capacity in the PRC. It is expected that Japanese enterprises may reduce the market supply of 1.1mm glass products and shift to 0.4mm and 0.33mm ultra-thin glass products, thus leaving some market space for our 1.1mm and 0.7mm glass products. As we understand from downstream customers, demand for 0.45mm glass products will be increased in the second half of the year.

Ordinary glass market:

In the second half of this year, as the control policies over the real estate market continue to stabilize and tend to tighten up, the market will not see great fluctuations while faring amid difficult conditions. However, with the arrival of September and October, the peak season for house trading, and the completion of many projects by year-end, the market may experience a slight short-term upswing.

2. *Measures to be taken in the second half of the year*

In the second half of this year, the Company will continuously boost product profitability and its core competitiveness by staying focused on product mix adjustment and industrial upgrading, tap into internal corporate potential, increase revenue and efficiency and reduce expenditures and costs through management enhancement and lean management, and raise work quality and product quality as well as efficiency and profit by means of enhanced management, so as to achieve the annual target.

(1) Step up efforts on technological breakthroughs and marketing, and improve product quality to achieve new progress in the research and development of new products.

- 1) Intensify technological breakthroughs with ultra-thin glass of Longhai, further enhance the quality of existing ultra-thin series products and the yield, lower production costs and further boost market competitiveness of our products; strengthen research and development of new products, increase input in market research and relevant funding, endeavor to achieve practical breakthroughs in products with lower-than-0.5mm thickness and fulfill mass production thereof, and expand profit sources.
- 2) Closely follow and track quality information feedback from ultra-thin and ultra-white glass users during the processing process, and make quality improvement plans in respect of process and technology in a bid to better meet the demands of users through breakthroughs in product quality and lay a foundation for market penetration of ultra-thin and ultra-white glass products.
- 3) Enhance judgment of market dynamics, closely follow price changes of ultra-thin glass and market trends including product supplies, ensure quick response and timely adjustment of marketing strategies; further explore the market and user base for 0.7mm and 0.55mm high value-added products while securing the user base for 1.1mm products so as to raise sales and market share and further boost profit of the Company.

- 4) Step up sales of inventory products, and draw up specific promotion tactics based on production time, quality grade, and existing problems of such products to effectively reduce inventories and funds occupation.
 - 5) Strengthen innovation of the marketing mechanism, reinforce incentives and restraints, clarify tasks through quantification, and implement monthly assessment and commission to fully mobilize the sales personnel.
 - 6) Continue with publicity, marketing planning, in-depth promotion for ultra-thin and ultra-white glass products during market promotion to facilitate faster access to markets, establish the market image of our ultra-thin and ultra-white products, and continuously boost their production and sales percentage to turn them into the new profit growth points of the Company.
- (2) Enhance management and promote efficiency
- 1) Raise the employees' awareness of "austerity" through intensive education on current situations and tasks, stick to the principle of keeping expenditures within the limits of income, and strictly control and restrict various expenses and expenditures.
 - 2) Analyze the composition of and changes in costs and expenses by production line and variety, sort out all the factors driving up costs, examine and identify the key links and weak links in cost management, put forward cost reduction targets, take practical and effective measures to control costs, especially in the case of Longhai Company which shall endeavor to complete switchover of the fuel system the soonest possible so as to lower product costs.
 - 3) Continue with clean-up of warehouses and utilization of inventories to timely dispose of idle materials and reduce funds occupation.

- 4) Strengthen materials procurement management, increase procurement through price comparison and bidding, optimize the management mechanism on qualified suppliers and dynamic management of suppliers, and practically reduce procurement costs.
- 5) Rigorously implement the internal control and risk management system, procure system- and process-based running of all production and operation procedures, intensify the management and control of various risk points, prevent various types of risks and constantly enhance risk-resistance capability.

(3) Proactively push forward project implementation

Expedite the implementation of Longhao Company's 650t/d renovation and capacity expansion project for earlier completion of construction and commencement of production.

6 SIGNIFICANT EVENTS

6.1 Acquisition, disposal and reorganisation of assets

6.1.1 Acquisition of assets

Applicable Not Applicable

Parties to the transaction or ultimate controller	Assets acquired	Date of acquisition	Price of the asset acquisition	Net profit	Net profit	Whether a connected transaction (if so, please elaborate the pricing principle)	Pricing principle for assets acquisition	Whether all relevant assets had been transferred	Whether all related claims and debts had been transferred	Percentage of net profit of the Company attributable to the asset in total profit (%)	Connected relations
				contributed to the Company from the date of acquisition	contributed to the Company from the beginning of the year to the end of the period						
CLFG Longmen Fibre Reinforced Plastic Company Limited	Buildings, structures, and fixed assets	January 2012	310	—	—	Yes	Public auction	Yes	Yes	—	Controlled subsidiary of the controlling shareholder

6.1.2 Disposal of assets

Applicable Not Applicable

Parties to the transaction or ultimate controller	Assets disposed of	Date of disposal	Price of the asset disposal	Net profit contributed to the Company from the beginning of the year to the date of disposal	Profit or loss from the disposal	Whether a connected transaction (if so, please elaborate the pricing principle)	Whether all relevant entitlement of the assets had been transferred	Whether all related claims and debts had been transferred	Percentage of net profit of the Company attributable to the asset disposal in total profit	Connected relations
Luoyang Qianjiu Metal Material Co., Ltd. (洛陽市千久金屬材料有限公司)	Float glass production line No. 1	4 May 2012	1418	-		No	Public auction	No	No	

Note: As the asset is in the process of removal and acceptance inspection is yet to be completed, the payment relating to the disposal has not yet settled and no gain or loss was recognized in the first half of the year.

6.2 Guarantee

Applicable Not Applicable

6.3 Non-operating debts due to or from connected parties

Applicable Not Applicable

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

Unit: RMB

Name of Company	Initial investment cost	Number of shares held	Shareholding percentage (%)	Book value at the end of the period
Sanmenxia Urban Credit and Cooperatives Co., Ltd	7,000,000.00	9,642,290	2.92	7,000,000.00
Sub-total	7,000,000.00	9,642,290	2.92	7,000,000.00

6.5.3 Performance of undertakings of shareholders and its de facto controller holding 5% or more of share capital of the Company

Applicable Not Applicable

When CBM Glass indirectly acquired 31.8% shares in the Company by transfer of the state-owned equity interests at nil consideration, CBM Glass undertook that: CBM Glass and its controlled enterprises will not directly or indirectly involve in any businesses or activities in competition with the principal operations of the Company, by any means (including but not limited to the independent business, joint venture or having shares or interest in another company or enterprise). In the event that the business opportunities obtained will compete with the principal operations of the Company, it will notify the Company of those matters as soon as possible and pass such business opportunities to the Company to ensure that there is no prejudice to the interests of the shareholders of the Company as a whole.

As at the end of the reporting period, CBM Glass honoured its undertaking.

When CNBMG and CBM Glass set about solving the problem of horizontal competition with the Company in December 2010, they undertook to come up with a comprehensive solution to the problem of horizontal competition between Luoyang Glass and Longxin Glass, Fangxing Science & Technology and Zhonglian Glass by way of consolidation in the form of a series of business and asset restructuring with Luoyang Glass as a platform in the coming three years. Relevant matters are currently being dealt with and the Company will make timely disclosure when the implementation plan is finalized.

6.6 The Company will not propose dividends for the first half of 2012 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.

6.8 Audit Committee

The Company's audit committee under the Board has reviewed the interim report.

6.9 Compliance with Corporate Governance Code

During the reporting period, the Company has complied with the requirements of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

6.10 Repurchase, Sale and Redemption of Securities

During the reporting period, the Company and its subsidiaries did not repurchase, 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 (the “Model Code”) set out in Appendix 10 to the Listing Rules during the reporting period. In respect of the securities transactions by the Directors, the code of conduct adopted by the Company is no less exacting than the Model Code.

7 FINANCIAL REPORT

7.1 Opinion of Auditing

Financial Report

Unaudited Audited

7.2 Financial statements

7.2.1 Financial statements prepared under the PRC accounting standards

For details please refer to the A share interim report dated 29 August 2012 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, 2012
(EXPRESSED IN RENMINBI)

		Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
	<i>Note</i>		
Turnover	4	307,318	516,019
Cost of sales		(269,935)	(465,806)
Gross profit		37,383	50,213
Other operating income	5	4,553	100,423
Other operating expenses		(415)	(238)
Selling expenses		(16,541)	(17,377)
Administrative expenses		(65,955)	(36,363)
(Loss)/profit from operations		(40,975)	96,658
Net finance costs	6(a)	(4,835)	(2,977)
(Loss)/profit before income tax	6(b)	(45,810)	93,681
Income tax expense	7	(6,367)	(11,253)
(Loss)/profit and total comprehensive (loss)/income for the period		<u>(52,177)</u>	<u>82,428</u>
Attributable to :			
Equity shareholders of the Company		(44,788)	99,310
Non-controlling interests		(7,389)	(16,882)
		<u>(52,177)</u>	<u>82,428</u>
Basic earnings per share (in RMB : Yuan)	9	<u>(0.09)</u>	<u>0.20</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AT 30TH JUNE, 2012

(EXPRESSED IN RENMINBI)

		At 30.6.2012	At 31.12.2011 (Audited)
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		587,401	626,922
Construction in progress		25,086	22,134
Intangible assets		8,323	9,062
Exploration and evaluation assets		1,128	1,128
Lease prepayments		55,759	56,497
Interest in an associates		—	—
Other investments		7,000	7,410
		<u>684,697</u>	<u>723,153</u>
CURRENT ASSETS			
Inventories		209,667	214,582
Trade and bills receivables	10	87,513	113,125
Other receivables	11	122,202	130,400
Amount due from an associate		1,232	1,232
Income tax recoverable		2,243	2,243
Pledged deposits with banks		170,000	193,000
Restricted bank balances		—	208
Cash and bank balances		21,205	40,930
		<u>614,062</u>	<u>695,720</u>
Assets classified as held for sale		<u>31,001</u>	<u>23,411</u>
		<u>645,063</u>	<u>719,131</u>

		At 30.6.2012	At 31.12.2011 (Audited)
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	12	493,847	531,380
Other payables	13	150,785	144,541
Bank and other loans	14	63,015	72,355
Deferred income		5,579	5,729
Income tax payable		7,562	3,175
		<u>720,788</u>	<u>757,180</u>
NET CURRENT LIABILITIES		<u>(75,725)</u>	<u>(38,049)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>608,972</u>	<u>685,104</u>
NON-CURRENT LIABILITIES			
Bank and other loans	14	575,421	598,691
Deferred income		11,836	12,321
		<u>587,257</u>	<u>611,012</u>
NET ASSETS		<u>21,715</u>	<u>74,092</u>
CAPITAL AND RESERVES			
Share capital	15	500,018	500,018
Reserves	16	(443,976)	(399,092)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY			
		56,042	100,926
NON-CONTROLLING INTERESTS		<u>(34,327)</u>	<u>(26,834)</u>
TOTAL EQUITY		<u>21,715</u>	<u>74,092</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

(EXPRESSED IN RENMINBI)

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1.1.2011	500,018	540,028	(76,055)	(900,592)	63,399	161	63,560
Total comprehensive income/(loss) for the period	—	—	—	99,310	99,310	(16,882)	82,428
At 30.6.2011	<u>500,018</u>	<u>540,028</u>	<u>(76,055)</u>	<u>(801,282)</u>	<u>162,709</u>	<u>(16,721)</u>	<u>145,988</u>
At 1.1.2012	500,018	540,028	(76,987)	(862,133)	100,926	(26,834)	74,092
Total comprehensive loss for the period	—	—	—	(44,788)	(44,788)	(7,389)	(52,177)
Acquisition of additional interests in a subsidiary	—	—	(96)	—	(96)	(104)	(200)
At 30.6.2012	<u>500,018</u>	<u>540,028</u>	<u>(77,083)</u>	<u>(906,921)</u>	<u>56,042</u>	<u>(34,327)</u>	<u>21,715</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

(EXPRESSED IN RENMINBI)

	Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
Net cash flows used in operating activities	(17,417)	(61,490)
Net cash flows generated from investing activities	32,376	109,784
Net cash flows used in from financing activities	<u>(34,684)</u>	<u>(36,978)</u>
Net (decrease)/increase in cash and cash equivalents	(19,725)	11,316
Cash and cash equivalents at 1st January	<u>40,930</u>	<u>20,208</u>
Cash and cash equivalents at 30th June	<u><u>21,205</u></u>	<u><u>31,524</u></u>

NOTES ON THE INTERIM FINANCIAL REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30TH JUNE, 2012
(EXPRESSED IN RENMINBI)

1. BASIS OF PREPARATION

Luoyang Glass Company Limited (the “Company”) is a company incorporated in the People’s Republic of China (the “PRC”). This interim financial report is unaudited, but has been reviewed by Audit Committee of the Company. It was authorised for issuance on 28th August 2012.

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, 2011. 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 2011 annual financial statements.

The financial information relating to the financial year ended 31st December, 2011 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, 2011 are available from the Company's registered office. The independent auditor has expressed an unqualified opinion on those financial statements in their report dated 27th March, 2012.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

A number of new or revised standards, amendments and interpretations are effective for the financial year beginning on 1st January, 2012. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2011.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs").

Amendments to IAS 12	Deferred Tax : Recovery of Underlying Assets
Amendments to IFRS 7 (2010)	Disclosures - Transfers of Financial Assets

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IAS 19 (2011)	Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 7 (2011)	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 7 and IFRS 9	Mandatory Effective Date and Transition Disclosure

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements.

3. SEGMENT REPORTING

The Group has adopted IFRS 8 "Operating Segments". For management purposes, the Group is organised into two operating divisions. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows :-

Float sheet glass business — production and sales of float sheet glass;
and sales of raw materials for production
of float sheet glass

Silicon powder business — manufacturing, selling and distribution
of silicon powder

Segments results

The following tables present the information of the Group's reporting
segments :-

For the period ended 30th June, 2012

	Float sheet glass <i>RMB'000</i>	Silicon powder <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
REPORTABLE				
SEGMENT				
TURNOVER				
External turnover	<u>291,277</u>	<u>16,728</u>	<u>(687)</u>	<u>307,318</u>
REPORTABLE				
SEGMENT RESULTS	(41,650)	(159)	—	(41,809)
Unallocated income				1,273
Unallocated expenses				(439)
Net finance costs				<u>(4,835)</u>
Loss before income tax				<u>(45,810)</u>

For the period ended 30th June, 2011

	Float sheet glass RMB'000	Silicon powder RMB'000	Elimination RMB'000	Total RMB'000
REPORTABLE SEGMENT TURNOVER				
External turnover	<u>502,626</u>	<u>13,393</u>	<u>—</u>	<u>516,019</u>
REPORTABLE SEGMENT RESULTS				
	5,898	805	—	6,703
Unallocated income				90,433
Unallocated expenses				(478)
Net finance costs				<u>(2,977)</u>
Profit before income tax				<u>93,681</u>

4. 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.

5. OTHER OPERATING INCOME

	Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
Waiver of debts	96	864
Government grants	1,472	3,236
Gain on disposal of non-current assets held for sales	—	47,964
Net gain on disposal of lease prepayments and property, plant and equipment	35	47,519
Dividend income	1,736	—
Others	1,214	840
	4,553	100,423

6. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
(Loss)/profit before income tax is arrived at after (charging)/crediting :-		
(a) Net finance costs :		
Interest income	2,982	3,186
Interest on borrowings	(2,074)	(3,241)
Net foreign exchange gain/(loss)	108	(409)
Other financing charges	(5,851)	(2,513)
	(4,835)	(2,977)

	Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
(b) Other items :-		
Cost of inventories	(269,935)	(465,806)
Depreciation	(35,666)	(33,643)
Impairment loss on inventories	(6,722)	(400)
Reversal of write-down of other receivables	71	5,148
Reversal of write-down of inventories	14,342	-
Amortisation of intangible assets	(739)	(746)
Amortisation of lease prepayments	(738)	(364)
	<u><u> </u></u>	<u><u> </u></u>

7. INCOME TAX EXPENSE

	Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
PRC enterprise income tax	<u><u>6,367</u></u>	<u><u>11,253</u></u>

The provision for PRC enterprise income tax is calculated at 25% of the estimated assessable profits in accordance with the relevant income tax rules and regulations of the PRC.

On 8th November, 2010, CLFG Longhai Electronic Glass Co., Ltd. (“Longhai”) was recognised as a high-tech enterprise in Henan Province and thus enjoying preferential tax reduction from 25% to 15% for the three years ended 31st December, 2012.

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, 2012 (2011 : Nil).

9. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company for the six months ended 30th June, 2012 of RMB44,788,000 (2011 : profit RMB99,310,000) and 500,018,000 (2011 : 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 periods.

10. TRADE AND BILLS RECEIVABLES

	At 30.6.2012 <i>RMB'000</i>	At 31.12.2011 (Audited) <i>RMB'000</i>
Trade receivables		
— third parties	68,691	70,180
— fellow subsidiaries	53,337	52,412
	122,028	122,592
Less : Allowance for impairment of doubtful debts	47,775	47,775
	74,253	74,817
Bills receivable	13,260	38,308
	87,513	113,125

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

	At 30.6.2012 <i>RMB'000</i>	At 31.12.2011 (Audited) <i>RMB'000</i>
Within 1 year	83,240	110,960
Between 1 and 2 years	2,559	1,617
Between 2 and 3 years	1,671	548
Over 3 years	43	—
	87,513	113,125

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

11. OTHER RECEIVABLES

	At 30.6.2012 <i>RMB'000</i>	At 31.12.2011 (Audited) <i>RMB'000</i>
Amount due from the controlling shareholder company	2,652	9,719
Amounts due from fellow subsidiaries	4,188	3,188
Advance payments, accounts receivables and prepayments	<u>166,261</u>	<u>168,463</u>
	173,101	181,370
Less : Allowances for impairment of doubtful debts	<u>50,899</u>	<u>50,970</u>
	<u>122,202</u>	<u>130,400</u>

The amounts due from the controlling shareholder company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

12. TRADE AND BILLS PAYABLES

	At 30.6.2012 <i>RMB'000</i>	At 31.12.2011 (Audited) <i>RMB'000</i>
Trade payables		
— third parties	243,314	257,859
— fellow subsidiaries	533	521
	<u>243,847</u>	<u>258,380</u>
Bills payable	250,000	273,000
	<u>493,847</u>	<u>531,380</u>

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

	At 30.6.2012 <i>RMB'000</i>	At 31.12.2011 (Audited) <i>RMB'000</i>
Due within 1 month or on demand	493,847	531,380

13. OTHER PAYABLES

	At 30.6.2012 <i>RMB'000</i>	At 31.12.2011 (Audited) <i>RMB'000</i>
Amount due to the controlling shareholder company	—	2,744
Amounts due to the intermediate holding company	792	9,200
Amounts due to fellow subsidiaries	3,475	2,803
Accrued expenses, other payables and receipts in advance	<u>146,518</u>	<u>129,794</u>
	<u>150,785</u>	<u>144,541</u>

The amounts due to the controlling shareholder company, the intermediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

All of the other payables are expected to be settled or recognised as income within 1 year or are repayable on demand.

14. BANK AND OTHERS LOANS

		At 30.6.2012	At 31.12.2011 (Audited)
	<i>Note</i>	RMB'000	RMB'000
Secured bank loans	(a)	621,736	654,346
Unsecured loans from a controlling shareholder company	(b)	<u>16,700</u>	<u>16,700</u>
		<u>638,436</u>	<u>671,046</u>

Notes :-

- (a) The bank loans are secured by corporate guarantees given by CNBMG, CLFG and third parties; and
- (b) The unsecured loans from a controlling shareholder company were entrusted loans.

The bank and other loans are repayable as follows :-

	At	At
	30.6.2012	31.12.2011
		(Audited)
	RMB'000	RMB'000
Within 1 year		
— short-term loans	16,700	29,850
— current portion of long-term loans	46,315	42,505
	63,015	72,355
Between 1 and 2 years	46,315	46,330
Between 2 and 5 years	118,282	138,991
After 5 years	410,824	413,370
	575,421	598,691
	638,436	671,046

15. SHARE CAPITAL

	At 30.6.2012		At 31.12.2011 (Audited)	
	<i>Shares'000</i>	<i>RMB'000</i>	<i>Shares'000</i>	<i>RMB'000</i>
REGISTERED, ISSUED AND PAID-UP CAPITAL :-				
STATE-OWNED LEGAL PERSON SHARES OF RMB1.00 EACH				
At beginning of the period/year and end of the period/year	159,018	159,018	159,018	159,018
DOMESTIC LISTED SHARES ("A SHARES") OF RMB1.00 EACH				
At beginning of the period/year and end of the period/year	91,000	91,000	91,000	91,000
OVERSEAS LISTED SHARES ("H SHARES") OF RMB1.00 EACH				
At beginning and end of the period/year	250,000	250,000	250,000	250,000
	<u>500,018</u>	<u>500,018</u>	<u>500,018</u>	<u>500,018</u>

16. RESERVES

	Share premium <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Excess over share capital <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1.1.2011	540,028	61,076	(106,949)	(30,182)	(900,592)	(436,619)
Total comprehensive income for the period	—	—	—	—	99,310	99,310
At 30.6.2011	<u>540,028</u>	<u>61,076</u>	<u>(106,949)</u>	<u>(30,182)</u>	<u>(801,282)</u>	<u>(337,309)</u>
At 1.1.2012	540,028	61,076	(106,949)	(31,114)	(862,133)	(399,092)
Total comprehensive loss for the period	—	—	—	—	(44,788)	(44,788)
Acquisition of additional interests in a subsidiary	—	—	—	(96)	—	(96)
At 30.6.2012	<u>540,028</u>	<u>61,076</u>	<u>(106,949)</u>	<u>(31,210)</u>	<u>(906,921)</u>	<u>(443,976)</u>

17. CAPITAL COMMITMENTS

At 30th June, 2012, the Group had the following capital commitments :-

	At 30.6.2012	At 31.12.2011 (Audited)
	RMB'000	RMB'000
Contracted for		
— acquisition of assets	—	2,955
— construction project	2,257	2,257
— upgrade accounting system	287	387
	<u>2,544</u>	<u>5,599</u>

18. CONTINGENT LIABILITIES

At 30th June, 2012, the bills that the Group had discounted or endorsed but still unexpired amounted to RMB127,876,000. (2011: RMB239,719,000)

19. RELATED PARTY TRANSACTIONS

- (a) Details of the related party transactions are presented in explanatory note 7 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 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
Directors and supervisors	439	479
Senior management	589	412
	<u>1,028</u>	<u>891</u>

(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 and 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.

SIGNIFICANT DIFFERENCES BETWEEN THE FINANCIAL STATEMENTS OF THE GROUP PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING RULES AND REGULATIONS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) - (UNAUDITED)

(1) Reconciliation of the profit attributable to the Group prepared in accordance with the PRC Accounting Rules and Regulations and IFRSs are summarised below :-

	Six months ended 30.6.2012 RMB'000	Six months ended 30.6.2011 RMB'000
(Loss)/profit attributable to shareholders under the PRC Accounting Rules and Regulations	(45,019)	73,416
Differences :-		
— Gain on disposal of land use rights	—	25,663
— Government grants	231	231
(Loss)/profit attributable to equity shareholders of the Company under IFRSs	<u>(44,788)</u>	<u>99,310</u>

- (2) Reconciliation of the shareholders' funds of the Group prepared in accordance with the PRC Accounting Rules and Regulations and IFRSs are summarised below :-

	At	At
	30.6.2012	31.12.2011
	<i>RMB'000</i>	<i>RMB'000</i>
Shareholders' funds under the PRC Accounting Rules and Regulations	81,954	127,013
Differences :-		
— Gain on sales of land use right	60,320	60,320
— Gain on disposal of a subsidiary	15,834	15,834
— Amortisation of revaluation of land use rights	(75,014)	(75,014)
— Special fiscal subsidy	(1,568)	(1,799)
— Difference in accounting for non-controlling interests	(21,520)	(21,520)
— Difference in accounting for consolidation	2,722	2,722
— Others	(6,686)	(6,630)
Total equity attributable to equity shareholders of the Company under IFRSs	<u>56,042</u>	<u>100,926</u>

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 unqualified 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

	Net profit attributable to the Company		Net assets attributable to the Company	
	January-June 2012	January-June 2011	Closing Balance	Opening Balance
	Under PRC Accounting Standards	-45,019,202.93	73,416,307.96	81,954,407.41
Item and amount as adjust in accordance with IFRS:				
— Gains on sales of use right of land		25,662,985.65	60,320,265.24	60,320,265.24
— Gains on disposal of subsidiary			15,833,763.66	15,833,763.66
— Amortization of re-appraisal value of use rights of land			-75,011,850.10	-75,011,850.10
— Government subsidy	230,769.00	230,769.00	-1,570,085.33	-1,800,854.33
— Difference arising from consolidation under different accounting standards			2,721,957.50	2,721,957.50
— Equity differences caused by the excess loss of a subsidiary under different accounting standards			-21,521,930.15	-21,521,930.15
— Others			-6,685,998.70	-6,630,274.82
Under IFRS	-44,788,433.93	99,310,062.61	56,040,529.53	100,924,710.44

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

Luoyang, the PRC
28 August 2012

As at the date of this announcement, the Board comprises three executive Directors: Mr. Song Jianming, Mr. Ni Zhisen and Ms. Song Fei; three non-executive Directors: Mr. Zhao Yuanxiang, Mr. Zhang Chengong and Mr. Guo Yimin; and four independent non-executive Directors: Mr. Zhang Zhanying, Mr. Guo Aimin, Mr. Huang Ping and Mr. Dong Jiachun.