洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

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

(Stock Code: 01108)

FIRST QUARTERLY REPORT 2013

1. IMPORTANT NOTICE

1.1 The board of directors (the "Board"), the supervisory committee, the directors (the "Directors"), supervisors and senior management members of the Company warrant that there is no false representation or 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.

1.2 All Directors attended the Board meeting.

1.3 The First Quarterly financial statements of the Company are unaudited.

1.4 Mr. Ni Zhisen, Executive Director and General Manager of the Company, Ms. Sun Lei, the Financial Controller, and Ms. Chen Jing, the Head of Finance Department, warrant that the financial statements in this quarterly report are true and complete.

2 CORPORATE PROFILE

2.1 Major Accounting Information and Financial Indicators

Unit: RMB

	Unit	As at the end of the reporting period	As at the end of last year	Increase/(decrease) at the end of this reporting period from the end of last year *(%)*
Total assets	yuan	1,272,570,918.17	1,302,782,333.52	–2.32
Owners' equity (or shareholders' equity)	yuan	106,725,140.35	132,125,006.45	–19.22
Net assets per share attributable to shareholders of the Company	yuan/share	0.2134	0.2642	–19.23

	Unit	From beginning of the year to the end of the reporting period	Increase/(decrease) as compared with the corresponding period last year *(%)*
Net cash flow from operating activities	yuan	–6,734,546.74	Not Applicable
Net cash flow from operating activities per share	yuan/share	–0.0135	Not Applicable

		Reporting period	From beginning of the year to the end of the reporting period	Increase/ (decrease) as compared with the corresponding period last year *(%)*
Net profit attributable to shareholders of the Company	yuan	–25,438,985.47	–25,438,985.47	Not Applicable
Basic earnings per share	yuan/share	–0.0509	–0.0509	Not Applicable
Basic earnings per share after extraordinary items	yuan/share	–0.0527	–0.0527	Not Applicable
Diluted earnings per share	yuan/share	–0.0509	–0.0509	Not Applicable
Weighted average return on net assets *(%)*	%	–21.30	–21.30	Increased by 11.78 percentage points
Weighted average return on net assets after extraordinary items	%	–22.07	–22.07	Increased by 11.87 percentage points

Extraordinary Items and Amounts:

Unit: RMB yuan

Items	Amounts
Profit/loss on disposal of non-current assets	–186,104.46
Government grants recognised in profit or loss for the period (except for those closely related to the Company's normal business and in compliance with national policies and regulations and conferred continuously based on standard amounts and quantities)	918,082.00
Profit/loss from debt restructuring	135,921.43
Other net non-operating income and expenses excluding the aforesaid items	131,521.40
Aggregate effect of extraordinary items on total profit	999,420.37
Less: Amount of effect on income tax	91,940.21
Less: Amount of effect on minority interest	–2,404.56
Extraordinary profit or loss effect attributable to the Company	909,884.72

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

Unit: Share

Total number of shareholders as at the end of the reporting period	20,098 including 20,045 holders of A Shares and 53 holders of H Shares.

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

Name of shareholders (full name)	Number of circulating shares not subject to trading moratorium as at the end of the reporting period	Class of shares (A, B, H share or others)
HKSCC Nominees Limited	247,868,998	H Share
China Luoyang Float Glass (Group) Company Limited	159,018,242	A Share
Zhang Lixin	2,754,944	A Share
Liu Taoxiang	1,302,650	A Share
Zhang Ruiying	670,000	A Share
Rui Zhiying	610,000	A Share
Zhou Chunxia	476,213	A Share
Yao Xuan	471,116	A Share
Chen Yiwei	425,218	A Share
Everbright Securities Company Limited - Customer Credit Trading Guarantee Securities Account（光大證券股份有限公司客戶信用交易擔保證券帳戶）	417,261	A Share

3. SIGNIFICANT EVENTS

3.1 Substantial changes in major items of financial statements and financial indicators and the reasons thereof

1. Notes receivable decreased by 56.46% as compared with the beginning of the year mainly due to the decline in sales during the period;

2. Construction materials increased by 41.19% as compared with the beginning of the year mainly because more materials were used for the cold repair reconstruction of a production line of a subsidiary during the period;

3. Operating income decreased by 55.3% as compared with the corresponding period last year mainly due to a decrease in both production capacity and sales;

4. Operating cost decreased by 61.85% as compared with the corresponding period last year mainly due to a decrease in both production capacity and sales;

5. Financial expenses increased by 45.60% as compared with the corresponding period last year mainly due to a rise in discounted bills during the period;

6. Non-operating expenses increased by 349.37% as compared with the corresponding period last year mainly due to the inclusion of loss from disposal of assets for the period;

7. Net cash flow from operating activities decreased by 87.77% in net expenses as compared with the corresponding period last year mainly due to the increase in net expenses for notes margin during the corresponding period last year;

8. Net cash flow from investment activities decreased by 97.61% as compared with the corresponding period last year mainly due to money received from disposal of land use rights in the corresponding period last year;

9. Net cash flow from financing activities increased by 205.37% in net expenses as compared with the corresponding period last year mainly due to increased payment of borrowings and notes due and payable during the period.

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

☐ Applicable ☑ Not applicable

3.3 Performance of undertakings of the Company, shareholders and de facto controller

1. During transfer of relevant equity interests, China National Building Material Group Corporation (hereafter "CNBMG"), the de facto controller of the Company, undertook on 11 September 2007 that: CNBMG (including its controlled enterprises by now) would not directly or indirectly involve in any businesses which constitute competition with the Company. In the event that the business opportunities obtained would compete with the operations of the Company, it would notify the Company of such business opportunities. Save as a financial investor, CNBMG would not invest in any businesses which may constitute competition with the operations of the Company, and would take measures to prevent the possibility of substantial competition when continuing to acquire other businesses which have horizontal competition with the Company directly or indirectly under appropriate conditions. In case of violation of the above undertakings, CNBMG would fully indemnify the Company for any loss so caused.

   As at the end of the reporting period, CNBMG honored its undertaking.

2. During transfer of relevant equity interests, CBM Glass, the controller of the Company, undertook on 9 December 2010 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 by CBM Glass or its controlled enterprises 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 honored its undertaking.

3. In transferring relevant equity interests, CNBMG and CBM Glass, the de facto controllers of the Company, undertook on 9 December 2010 that: they would come up with a comprehensive solution to the problem of horizontal competition between the Company and Longxin Company, Fangxing Science & Technology and Zhonglian Glass by way of consolidation in the form of a series of business and asset restructuring with the Company as a platform in the coming three years.

   As Longxin Company has stopped production, there is no horizontal competition between it and the Company.

   On 30 June 2011, Fangxing Science & Technology completed the swap of major assets, and the Company traded the original float glass business in for new material business in respect of fused zirconia, zirconium silicate, spherical quartz powder, etc. Upon completion of the restructuring, there was no horizontal competition between Fangxing Science & Technology and the Company.

   To realize comprehensive solution to horizontal competition with the Company in three years, CNBMG and CBM Glass plan to conduct business and asset restructuring based on the overall glass business development strategy in the group and the specific realities of all entities (including the Company) in the glass sector. At present, no specific plan for business and asset restructuring has been made. The Company will make timely disclosure of any possible new progress.

3.4 Warning and explanation in the forecast of any possible loss in accumulated net profit from the beginning of the year to the end of the next reporting period or any material changes compared to the corresponding period of last year

☐ Applicable ☑ Not applicable

3.5 Implementation of cash dividend policy

During the reporting period, the Company did not distribute any cash dividends.

Luoyang Glass Company Limited
Ni Zhisen
Executive Director and General Manager

26 April 2013