

## Shijiazhuang Baoshi Electronic Glass Co., Ltd.

### The First Quarterly Report 2008 ( Full text)

#### § 1 Important notes

1.1. The Board of Directors and the directors of the Company hereby warrant that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

1.2. None of the directors, supervisors, senior management demonstrated uncertainty disagreement about the truthfulness, accuracy, and completeness of the first quarterly report.

1.3 All directors attended the Board meeting.

1.4 The Financial Report of the first quarterly report period has not been audited.

1.5 Mr. Shang Jianbin, board chairman of the Company, Mr. Song Hongbo, General Manager and Mr. Zhou Yumao, Chief accountant represent hereby confirm that the Financial Report enclosed in the Quarterly Report is true and complete.

#### § 2 Basic Information

##### 2.1 Main accounting data and financial indicators

Unit : RMB

	At the period-end of this	At the period-end of last year	Increase /decrease ( % )
Total assets	,428,645.86	434,451,241.87	-0.01%
Owner's equity (Or shareholders' equity)	248,014,261.98	245,223,630.03	1.14%
Net assets per share	0.6476	0.6403	1.14%
	This period	Same period of last year	Increase/decrease ( % )
Net profit	2,790,631.58	241,533.84	1,055.38%
Net cash flow arising from operating activities	-12,299,366.07	1,065,590.04	-1,254.23%
Net cash flow per share arising from operating activities	-0.0321	0.0028	-1,246.43%
Basic earnings per share	0.0073	0.0006	1,116.67%
Diluted earnings per share	0.0073	0.0006	1,116.67%
Return on equity	1.13%	0.10%	1.03%
Return on equity after deducting non-recurring gains and losses	1.13%	0.10%	1.03%

Items of non-recurring gains and losses

Unit : RMB

Items of non-recurring gains and losses	From he beginning of the year to the end of the report period
Non-recurring expenses	300.00
Total	300.00

**2.2 Total number of shareholders at the end of the report period and statement on shares held by the top ten shareholders holding shares not subject to trading moratorium**

Unit : Shares

Total number of shareholders	By the end of the report period, the Company had 23,427 shareholders in Total, including 13,026 shareholders holding A shares and 10,401 shareholders holding B shares.	
Top 10 holders of unconditional shares		
Name of the shareholder	Unconditional shares	Type of shares
Shijiazhuang Baoshi Electronic Group Co., Ltd.	5,690,000	RMB Common shares
Merchants securities Hongkong Co., Ltd.	4,243,123	Foreign shares placed in domestic exchange
Wang Huaqiang	2,757,933	RMB Common shares
Feng Jia	2,071,000	RMB Common shares
Qin Yuyan	1,912,300	Foreign shares placed in domestic exchange
GUOTAI JUNAN SECURIES HONG KONG LIMITED	1,733,184	Foreign shares placed in domestic exchange
Zhang Wenying	1,662,720	RMB Common shares
Zheng Shunzhen	1,538,620	Foreign shares placed in domestic exchange
Lei Jinhu	1,435,761	RMB Common shares
Xiang Li	1,337,874	RMB Common shares

**§ 3 Significant Events**

**3.1 Particular about large-margin change of main accounting statement item and financial index and its reason.**

applicable      not applicable

1. Monetary capital decreased due to decrease of cash inflows from sales of commodities of the Company's Component Factory and decrease of power cost recovered by the Power Factory from related parties.
2. Bills receivable decreased due to cashing of bills upon maturity.
3. Payment in advance decreased due to control over scale of prepayments.
4. Taxes and levies payable decreased because there was big amount of value added tax reserved for set-off at the beginning of the report period while part of value added tax reserved for set-off was set off in the first quarter.

5. Selling expenses increased because the selling expenses of Glass Tube Factory of the Company also increased while its operating income increased greatly.
6. Loss on assets impairment decreased due to the writeback of loss on inventory valuation and provision for bad debts by the Component Factory of the Company.
7. Operating profit increased due to big increase of operating income of Glass Tube Factory of the Company and decrease of administrative expenses caused by decrease of wage of temporarily laid off personnel borne by the Company.
8. Total profit increased due to big increase of operating income of Glass Tube Factory of the Company and decrease of administrative expenses caused by decrease of wage of temporarily laid off personnel borne by the Company.
9. Minority gains and losses increased because the controlled subsidiaries of the Company did not recognize exchange gains and house rent in the first quarter (which was confirmed in the same period of the previous year) and thus the losses borne by minority shareholders increased year on year.
10. Cash received from sales of goods and rendering of services increased because the cash income from sales of power and the main operation of industrial mould and maintenance branch factories was accounted for as cash received from sales of goods and rendering of services while the cash income from the said business was accounted for as "other cash received relating to operating activities" in the same period of the previous year.
11. Cash received from sales of goods and rendering of services decreased because the cash income from sales of power and the main operation of industrial mould and maintenance branch factories was accounted for as cash received from sales of goods and rendering of services while the cash income from the said business was accounted for as "other cash received relating to operating activities" in the same period of the previous year.
12. Cash paid for goods and services increased because the payment for purchase of power and cost of main operation of industrial mould and maintenance branch factories was accounted for as "cash paid for goods and services" while the said operating cost was accounted for as "other cash paid relating to operating activities" in the same period of the previous year.
13. The taxes and levies paid decreased because the payment mode of the land tax of the Company changed from payment of taxes and levies for the first half year in the first quarter to payment on quarterly basis. As there was big amount of value added tax reserved for set-off at the beginning of the report period, value added tax actually paid decreased year on year. Correspondingly, local tax payable also decreased year on year. The time for making out invoices and for tax payment in respect of house rent receivable was changed to April. Such time was in March in the same period of the previous year.
14. Cash paid for goods and services decreased because the payment for purchase of power and cost of main operation of industrial mould and maintenance branch factories was accounted for as "cash paid for goods and services" while the said operating cost was accounted for as "other cash paid relating to operating activities" in the same period of the previous year.
15. Net cash flows from operating activities decreased due to decrease of cash inflows from sales of commodities of the Company's Component Factory and decrease of power cost recovered by the Power Factory from related parties.
16. Net increase in cash and cash equivalents decreased due to decrease of cash inflows from sales of commodities of the Company's Component Factory and decrease of power cost recovered by the Power Factory from related parties.
17. Net cash flows from operating activities decreased due to decrease of net cash flows from operating activities.
18. Basic earnings per share and diluted earnings per share increased due to increase of net profit.

### 3.2 The progress of significant events and influence, as well as the analysis and explanation on resolving proposal.

applicable      not applicable

### 3.3 The fulfillment of the commitment made by the Company , shareholders and the actual controller

**applicable      not applicable**

In addition to statutory minimum commitment , the controlling shareholder of Company Baoshi Group Co. made the following special commitments :

( 1 ) Commitment concerning selling price

If non-negotiable shares held by it are sold through Shenzhen Stock Exchange within 36 months from the date of obtaining the right of negotiation, the selling price shall not be lower than RMB 2.5 per share (In case of dividend distribution, bonus share distribution and capital surplus capitalization, such price shall be treated on ex-right and ex-dividend basis)

If the price of the shares sold through securities exchange within the said term is lower than RMB 2.5 per share, the proceeds of selling shares shall belong to the Company.

(2) To advance the consideration to be paid by shareholders holding non-negotiable shares who have not explicitly agreed to the plan. In order to smoothly carry out this share holding structure reform, Baoshi Group Co. promised to advance the consideration to be paid by the shareholders holding non-negotiable shares who had not explicitly agreed to the plan as of the stock right registration date for the implementation of this plan for share holding structure reform for the obtainment of the right of listing and negotiation of the

non-negotiable shares held by such shareholders.

In the report period, Baoshi Group Co. , The Controlling shareholder of the Company, and other shareholders holding shares subject to sale restriction strictly fulfilled their commitments made in the Company's plan for share holding structure reform.

**3.4 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probable or the warning of its material change compared with the corresponding period of the last year and explanation reason.**

applicable      not applicable

**3.5 Major events needs to be explained**

**3.5.1 Investment in securities**

applicable      not applicable

**3.5.2 Holding of shares in other listed companies**

applicable      not applicable

**3.5.3 Reception of investigations , communications , or interviews**

In the report period, there were no spot research, telephone communication and written enquiry received from investors

**§ 4 Appendix**

**4.1 Balance sheet**

Prepared by Shijiazhuang Baoshi Electronic Glass Co., Ltd.

March 31, 2008

Unit: RMB

Items	Year-end balance		Year-beginning balance	
	Consolidated	Parent company	Consolidated	Parent company
<b>Current asset :</b>				
<b>Monetary fund</b>	2,073,747.01	1,857,913.36	14,705,272.08	14,385,269.68
Settlement provision				
Outgoing call loan				
Trading financial assets				
Bill receivable	5,620,971.09	5,620,971.09	13,595,138.65	13,595,138.65
Account receivable	132,265,354.08	132,265,354.08	110,863,653.40	110,863,653.40
Prepayments	5,524,817.65	5,524,817.65	8,437,464.16	8,437,464.16
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance				

contracts receivable				
Interest receivable				
Other account receivable	22,699,458.25	16,060,032.12	19,903,577.19	14,680,876.06
Repurchasing of financial assets				
Inventories	38,630,063.84	38,486,938.72	35,911,975.95	35,768,850.83
Non-current asset due in 1 year				
Other current asset	58,689,946.00	689,946.00	58,689,946.00	689,946.00
Total of current assets	265,504,357.92	200,505,973.02	262,107,027.43	198,421,198.78
Non-current assets :				
Loans and payment on other's behalf disbursed				
Disposable financial asset				
Expired investment in possess				
Long-term receivable				
Long term share equity investment		61,169,306.96		61,169,306.96
Property investment				
Fixed assets	137,536,231.68	104,863,327.67	140,919,783.70	107,653,859.34
Construction in progress	173,320.83	173,320.83		
Engineering material	600.00	600.00		
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets	12,710,068.91	12,710,068.91	12,811,158.84	12,811,158.84
R & D petrol				
Goodwill				
Long-germ expenses to be amortized	7,614,065.94	7,614,065.94	7,723,271.32	7,723,271.32
Differed income tax asset	10,890,000.58	10,890,000.58	10,890,000.58	10,890,000.58
Other non-current asset				
Total of non-current assets	168,924,287.94	197,420,690.89	172,344,214.44	200,247,597.04
Total of assets	434,428,645.86	397,926,663.91	434,451,241.87	398,668,795.82
Current liabilities				
Short-term loans				
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities				
Bill payable	89,999.90	50,000.00	89,999.90	50,000.00

Account payable	36,261,493.61	33,829,540.10	37,695,196.84	35,263,243.33
Prepayment	1,382,932.43	1,382,932.43	1,596,612.48	1,596,612.48
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	6,696,074.55	6,656,645.49	6,920,685.94	6,881,256.88
Tax payable	-1,609,207.11	-41,681.59	-4,779,154.16	-3,399,415.59
Interest payable	13,187,801.43		13,008,521.43	
Other account payable	37,267,216.07	110,762,057.55	41,028,540.44	116,190,106.55
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year				
Other current liability	73,046,000.00		73,399,226.94	353,226.94
Total of current liability	166,322,310.88	152,639,493.98	168,959,629.81	156,935,030.59
Non-current liabilities :				
Long-term loan				
Bond payable				
Long-term payable				
Special payable				
Expected liabilities				
Differed income tax liability				
Other non-current liabilities	5,356,427.96		5,356,427.96	
Total of non-current liabilities	5,356,427.96		5,356,427.96	
Total of liability	171,678,738.84	152,639,493.98	174,316,057.77	156,935,030.59
Owners' equity				
Share capital	383,000,000.00	383,000,000.00	383,000,000.00	383,000,000.00
Capital reserves	385,190,502.99	355,857,851.87	385,190,502.62	355,857,851.87
Less : Shares in stock				
Surplus reserves	27,454,788.05	32,204,150.60	27,454,788.05	32,204,150.60
Common risk provision				
Undistributed profit	-547,631,029.06	-525,774,832.54	-550,421,660.64	-529,328,237.24
Different of foreign currency translation				
Total of owner's equity belong to the parent company	248,014,261.98	245,287,169.93	245,223,630.03	241,733,765.23

Minor shareholders' equity	14,735,645.04		14,911,554.07	
Total of owners' equity	262,749,907.02	245,287,169.93	260,135,184.10	241,733,765.23
Total of liabilities and owners' equity	434,428,645.86	397,926,663.91	434,451,241.87	398,668,795.82

#### 4.2 Profit statement

Prepared by : Shijiazhuang Baoshi Electronic Glass Co., Ltd. January-March 2008 Unit : RMB

Items	Report period		Same period of the previous year	
	Consolidated	Parent company	Consolidated	Parent company
I.Total operating income	64,536,668.82	64,536,668.82	59,867,754.38	59,065,122.38
Including : Operating income	64,536,668.82	64,536,668.82	59,867,754.38	59,065,122.38
Interest income				
Insurance gained				
Commission charge and commission income				
II.Total operating costt	61,921,646.27	60,982,964.12	59,702,626.32	58,489,199.56
Including : Operating cost	55,904,134.23	55,904,134.23	52,788,578.20	52,647,716.28
Interest expense				
Commission chare and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	325,028.66	325,028.66	358,385.88	358,385.88
Sales expenses	548,547.19	548,547.19	134,419.89	134,419.89
Administration expenses	5,058,847.36	4,299,594.64	6,170,678.58	5,277,390.16
Financial expenses	268,017.15	88,587.72	250,563.77	71,287.35
Losses of devaluation of assets	-182,928.32	-182,928.32		
Add : Changing income of fair value				
Investment income				
Including : Investment income on affiliate company and joint venture				
Exchange income				
III. Operating profit	2,615,022.55	3,553,704.70	165,128.06	575,922.82
Add : Non-operating income				
Less : Non-operating expense	300.00	300.00	577.16	577.16
Including :Disposal loss of non-current assets				
IV. Total profit	2,614,722.55	3,553,404.70	164,550.90	575,345.66
Less : Income tax				

V. Net profit	2,614,722.55	3,553,404.70	164,550.90	575,345.66
Net profit attributable to owner's equity of parent company	2,790,631.58		241,533.84	
Minority shareholders' gains and losses	-175,909.03		-76,982.94	
VI. Earnings per share				
( i ) Basic earnings per share	0.0073	0.0073	0.0006	0.0006
( ii ) Diluted earnings per share	0.0073	0.0073	0.0006	0.0006

#### 4.3 Cash flow statement

Prepared by : Shijiazhuang Baoshi Electronic Glass Co., Ltd. January-March 2008 Uni t : RMB

Items	Report period		Same period of the previous year	
	Consolidated	Parent company	Consolidated	Parent company
I.Cash flows from operating activities				
<b>Cash received from sales of goods or rendering of services</b>	19,661,918.94	19,661,918.94	8,227,600.98	8,227,600.98
Net increase of customer deposits and capital kept for brother company				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee and commission				
Net increase of inter-bank fund received				
Net increase of repurchasing business				
Tax returned				
Other cash received from business operation	686,555.30	346,302.33	20,661,815.24	20,185,501.96
Sub-total of cash inflow	20,348,474.24	20,008,221.27	28,889,416.22	28,413,102.94
Cash paid for purchasing of merchandise and services	27,764,748.56	27,764,748.56	4,934,016.78	4,930,816.78
Net increase of client trade and advance				

Net increase of savings n central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	3,064,242.32	3,064,242.32	3,155,851.83	3,155,851.83
Taxes paid	1,029,666.19	675,646.87	3,266,651.27	3,053,952.37
Other cash paid for business activities	789,183.24	698,780.84	16,467,306.30	16,338,633.35
Sub-total of cash outflow from business activities	32,647,840.31	32,203,418.59	27,823,826.18	27,479,254.33
Cash flow generated by business operation, net	-12,299,366.07	-12,195,197.32	1,065,590.04	933,848.61
II.Cash flow generated by investing				
Cash received from investment retrieving				
Cash received as investment gains				
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets				
Net cash received from disposal of subsidiaries or other operational units				
Other investment-related cash received				
Sub-total of cash inflow due to investment activities				
Cash paid for construction of fixed assets, intangible assets and other long-term assets	332,159.00	332,159.00	391,600.00	391,600.00
Cash paid as investment				
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units				
Other cash paid for investment activities				
Sub-total of cash outflow due to investment activities	332,159.00	332,159.00	391,600.00	391,600.00

Net cash flow generated by investment	-332,159.00	-332,159.00	-391,600.00	-391,600.00
III.Cash flow generated by financing				
Cash received as investment				
Incl: Cash received as investment from minor shareholders				
Cash received as loans				
Cash received from bond placing				
Other financing –related ash received				
Sub-total of cash inflow from financing activities				
Cash to repay debts				
Cash paid as dividend, profit, or interests				
Incl: Dividend and profit paid by subsidiaries to minor shareholders				
Other cash paid for financing activities				
Sub-total of cash outflow due to financing activities				
Net cash flow generated by financing				
IV.Influence of exchange rate alternation on cash and cash equivalents				
V.Net increase of cash and cash equivalents	-12,631,525.07	-12,527,356.32	673,990.04	542,248.61
Add: balance of cash and cash equivalents at the beginning of term	14,705,272.08	14,385,269.68	1,781,405.86	1,407,545.90
VI .Balance of cash and cash equivalents at the end of term	2,073,747.01	1,857,913.36	2,455,395.90	1,949,794.51

**4.4 Auditor' report**

**Auditor's opinions: Not audited**

Shijiazhuang Baoshi Electronic Glass Co., Ltd.

Legal Representative : Shang Jianbin

April 26, 2008