



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)

H Share Stock Code: 1108

A Share Stock Code: 600876

2020
ANNUAL REPORT

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Important Notice

- I. The board of directors (the "Board"), the supervisory committee and the directors (the "Directors"), supervisors and senior management of the Company confirm that the information contained in this annual report is true, accurate, and complete without any false and misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.
- II. All Directors of the Company attended the Board meeting.
- III. WUYIGE Certified Public Accountants LLP has issued an auditors' report with standard unqualified opinions for the Company.
- IV. Mr. Zhang Chong, the Chairman of the Company, Mr. Ma Yan, the Chief Financial Controller and Ms. Chen Jing, the Person in charge of Accounting Department, warrant the truthfulness, accuracy and completeness of the financial statements set out in the annual report.
- V. Profit distribution proposal or proposal for conversion of capital reserve to the share capital during the reporting period as considered by the Board

As considered by WUYIGE Certified Public Accountants LLP, the net profit of the Company for 2020 was RMB790,500, together with the undistributed profit RMB-1,363,008,400 at the beginning of the year, the accumulated undistributed profit amounted to RMB-1,362,217,900 as at the end of 2020. The Company will not distribute profit or convert capital reserve to the share capital for 2020.
- VI. Risk statements on forward-looking statements

Forward-looking statements, including business plan and development strategy, contained in this report do not constitute a real commitment to investors by the Company. Investors should be reminded of such investment risks.
- VII. Is there any embezzlement of non-operating funds by the controlling shareholder(s) and its/their related parties

No
- VIII. Is there any decision-making procedure in violation of any provisions for providing external guaranty

No
- IX. Whether more than half of the Directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No
- X. Notice of Significant Risks

The Company has described in detail the potential risk factors in this report. Please refer to the content about potential risks exposed to the future development of the Company discussed and analyzed in IV. "Discussion and Analysis of the Operations"

Section I Definitions

I. DEFINITIONS

Unless otherwise stated in context, the following terms should have the following meanings in this report:

Definitions of frequently-used terms

CSRC	China Securities Regulatory Commission
SASAC	State-owned Assets Supervision and Administration Commission
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Company, Luoyang Glass	Luoyang Glass Co., Ltd.
Group	Luoyang Glass Co., Ltd. and its subsidiaries
Longhai Glass	CLFG Longhai Electronic Glass Limited
Longmen Glass	CLFG Longmen Glass Co. Ltd.
Bengbu CNBM Information Display	Bengbu China National Building Materials Information Display Materials Company Limited
Puyang CNBM Photovoltaic Materials	Puyang China National Building Materials Photovoltaic Materials Company Limited
Hefei New Energy	CNBM (Hefei) New Energy Co., Ltd.*
Tongcheng New Energy	CNBM (Tongcheng) New Energy Materials Co., Ltd.*
Yixing New Energy	CNBM (Yixing) New Energy Resources Co., Ltd
CNBM	China National Building Materials Group Co., Ltd.
Triumph Technology Group	Triumph Technology Group Co., Ltd.
CLFG	China Luoyang Float Glass Group Co., Ltd.
Bengbu Institute	Bengbu Design & Research Institute for Glass Industry Co., Ltd
International Engineering	China Triumph International Engineering Co., Ltd.



Section I Definitions

Huaguang Group	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.
Hefei Gaoxin Investment	Hefei Gaoxin Development and Investment Group Company*
Yixing Environmental Technology	Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*
GCL System Integration	GCL System Integration Technology Co., Ltd.
Far East Opto-Electronics	Far East Opto-Electronics Co., Ltd.
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange



Section II Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese name of the Company	洛陽玻璃股份有限公司
Chinese abbreviation	洛陽玻璃
English name of the Company	Luoyang Glass Company Limited
English abbreviation	LYG
Legal representative of the Company	Zhang Chong

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Wu Zhixin	Zhao Zhiming
Correspondence address	Secretary Office of the Board of Luoyang Glass Co., Ltd., No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province, the PRC	Secretary Office of the Board of Luoyang Glass Co., Ltd., No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province, the PRC
Telephone	86-379-63908588, 63908637	86-379-63908833
Fax	86-379-63251984	86-379-63251984
Email	lywzhx@126.com	lybl600876@163.com

III. BASIC INFORMATION

Registered address	No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province, the People's Republic of China (the "PRC")
Postal code	471009
Office address	No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province, the People's Republic of China (the "PRC")
Postal code	471009
Website of the Company	http://www.zhglb.com/
Email	lybl600876@163.com

IV. PLACES FOR INFORMATION DISCLOSURE AND REFERENCE

Name of newspapers designated for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily
Website designated by CSRC for publishing annual reports	http://www.sse.com.cn , http://www.hkexnews.hk
Place for inspection of annual reports	Secretary Office of the Board of Luoyang Glass Co., Ltd.

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares

Type of shares	Place of listing of the Company's shares	Stock abbreviation	Stock code	Stock abbreviation before changes
A Share	Shanghai Stock Exchange	Luoyang Glass	600876	N/A
H Share	The Stock Exchange of Hong Kong Limited	Luoyang Glass	01108	N/A



Section II Company Profile and Major Financial Indicators

VI. OTHER INFORMATION

Accounting firm appointed by the Company (domestic)	Name	WUYIGE Certified Public Accountants LLP
	Office address	16 F, Bosom Friend Media Plaza, No. 31 Zhongbei Road, Wuhan, the PRC
	Names of signing accountants	Wu Huijuan, Xiao Qiuyu

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST THREE YEARS

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2020	2019	Increase/ decrease over the same period last year (%)	2018
Operating income	3,045,614,913.68	1,854,842,208.09	64.20	1,402,748,187.74
Net profit attributable to shareholders of the listed company	327,361,858.49	53,999,883.71	506.23	15,645,310.47
Net profit attributable to shareholders of the listed company after deducting nonrecurring profit or loss	302,894,302.07	11,804,391.65	2,465.95	-21,745,281.44
Net cash flow from operating activities	354,080,797.78	22,491,988.77	1,474.25	-80,220,923.17
	As at the end of 2020	As at the end of 2019	Increase/decrease over the same period last year (%)	As at the end of 2018
Net assets attributable to shareholders of the listed company	1,626,578,221.81	1,299,216,365.32	25.20	1,245,216,484.61
Total assets	5,604,575,811.17	5,241,039,877.95	6.94	4,504,181,920.36

Section II Company Profile and Major Financial Indicators

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST THREE YEARS (Continued)

(II) Major Financial Indicators

Major financial indicators	2020	Increase/decrease over the same period last year		2018
		2019	(%)	
Basic earnings per share (RMB/share)	0.5930	0.0965	514.51	0.0280
Diluted earnings per share (RMB/share)	0.5930	0.0965	514.51	0.0280
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.5486	0.0211	2,500.00 Increased by 18.14	-0.0394
Weighted average return on net assets (%)	22.38	4.24	percentage points Increased by 19.78	1.22
Weighted average return on net assets after deducting non-recurring profit and loss (%)	20.71	0.93	percentage points	-1.89

VIII. MAJOR QUARTERLY FINANCIAL INDICATORS IN 2020

Unit: Yuan Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	403,689,173.77	554,045,184.88	736,522,474.98	1,351,358,080.05
Net profit attributable to shareholders of the listed company	3,073,119.02	13,071,582.41	65,866,697.69	245,350,459.37
Net profit attributable to shareholders of the listed company after deducting nonrecurring profit or loss	187,441.61	6,896,755.14	63,573,367.44	232,236,737.88
Net cash flow from operating activities	-37,488,584.74	9,827,472.10	-22,248,398.59	403,990,309.01



Section II Company Profile and Major Financial Indicators

IX. NON-RECURRING ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring Items	2020	Note (if applicable)	2019	2018
Profit/loss on disposal of non-current assets	-259,318.91		11,355,077.66	1,306,818.50
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	19,573,163.77		35,456,524.36	28,264,273.25
Fund possession fee received from non-financial enterprises attributable to profits and losses for the period	394,509.03		441,031.51	
Profit/loss from debt restructuring				373,719.66
The current net profit and loss of subsidiary resulting from combination under common control from the beginning of the period to consolidation date				20,491,900.89
Reversal of provision made for impairment of receivables and contract assets that are individually tested for impairment	8,903,971.47		1,000,000.00	
Custody fee income from entrusted operation	1,132,075.49		377,358.52	
Other non-operating income and expenses excluding the aforesaid items	1,391,821.75		-1,710,884.67	-1,353,675.63
Effect of minority interests	-584,006.05		-702,084.87	-5,827,124.21
Effect of income tax	-6,084,660.13		-4,021,530.45	-5,865,320.55
Total	24,467,556.42		42,195,492.06	37,390,591.91

Section II Company Profile and Major Financial Indicators

X. OTHERS

(I) Legal Advisors

Legal advisor as to PRC laws: Henan Yaohua Law Firm (河南耀華律師事務所)

Address: Rooms 914–917, Tianli Building, Bolichang Road, Xigong District, Luoyang, Henan Province, the PRC

Legal advisor as to Hong Kong laws: Li & Partners Solicitors (李偉斌律師行)

Address: 22/F, World Wide House, Central, Hong Kong

(II) Share Registrars for H Shares:

Hong Kong Registrars Limited

Address: 17M floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong



Section III Business Summary of the Company

I. PRINCIPAL BUSINESSES AND OPERATION MODEL OF THE COMPANY AND INDUSTRIAL PRACTICES DURING THE REPORTING PERIOD

During the reporting period, the Company has two major business segments, namely information display glass segment and new energy glass segment.

Information display glass segment:

This business segment mainly produces ultra-thin electronic glass substrate, which adopts two modes of direct sale and dealer distribution. The Company ranks among the leading manufacturers of ultrathin float glass in China in terms of production capacity as well as product varieties and specifications of ultra-thin electronic glass. It is capable of producing 0.12mm–2.0mm series of ultra-thin float glass in large scale.

New energy glass segment:

This business segment mainly produces photovoltaic original glass and its further processed products. By adopting the direct sale model, products are directly sold to customers based on sales contract or purchasing orders. The Company has a diversified photovoltaic glass product portfolio, including glass for 1.6mm-4.0mm series of ultrawhite high transparent cover plate and back plate glass for solar photovoltaic module. The Company keeps up with the technological development trend of downstream photovoltaic module. In order to catch up with industry trend favoring thin and lightweight photovoltaic glass, the Company has firstly developed and produced 1.6mm new ultra-thin photovoltaic glass products.

From the perspective of industry situation and market conditions, the main products of the Company belong to key basic materials in the upstream of the relevant industry chain, which are in line with the requirements of the national industrial policies and technical improvement.

There is a basic balance between the demand and supply of ultra-thin electronic glass substrate in the national and regional market. The application of new touch and display technologies is emerging at rapid pace and the update on and repeated operation of the whole industry including core materials, critical equipment and key processes are speeding up, resulting in the decline in the market price of repeated middle and low end products with same quality and a steady increase in the demand of ultra-thin glass substrate with high quality and high performance.

In 2020, the photovoltaic industry showed a rapid growth trend in the PRC. Under the dual pull of the growth of photovoltaic installed capacity overlapping with the replacement of double-glass modules, photovoltaic glass ushered in a new development opportunity period. China has regarded renewable energy represented by solar energy as an important part of the future low-carbon economy. After years of large-scale development, the photovoltaic industry in the PRC has doubled the growth in industrial scale from the manufacturing end to the application end. According to the statistics of China Photovoltaic Industry Association, in 2020, the new installed capacity of photovoltaic on-grid in the PRC was 48.2GW, representing a year-on-year increase of 60.1%. The cumulative installed capacity of photovoltaic on-grid reached 253GW, and the new and the cumulative installed capacity were both in the first place of the world.

II. MATERIAL CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

N/A



Section III Business Summary of the Company

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

High industry recognition. The Company is the place of origin for one of three major float glass manufacturing methods in the world –“Luoyang Float Glass Technology”. The Company has successively won “National Quality Award for Float Glass – Silver Award (國家浮法玻璃質量獎-銀質獎)”, “Gold Invention Award (金質發明獎)”, “National Consumer Trustworthy Product (全國消費者信得過產品)”, “Well-known Trademark (馳名商標)”, “the National Scientific and Technological Progress Award (Level 1) (國家科學技術進步一等獎)”, etc. It enjoys high level popularity at home and abroad.

Advantages in respect of product development and innovation. As the first domestic enterprise that carried out research and development and commercial production of ultra-thin float glass products, the Company has accumulated extensive knowledge and processing experience through the production and operation of ultrathin glass substrates for over 10 years. The Company possesses core production techniques of float glass and a number of proprietary intellectual property rights, maintaining its leading industry position in terms of the production techniques of ultra-thin glass and ultrawhite ultra-thin float glass in the domestic market. Meanwhile, it fostered core technology teams in product research and development, processing technology improvement and quality control, etc. In recent years, the Company has taken the lead in the development and successful production of glass of 0.20mm, 0.15mm and 0.12mm series, filling multiple gaps in float glass production technology in China.

The new energy business of the Company is equipped with high scientific research capabilities, strong abilities to put scientific research results into practical use, and processing techniques, and therefore is able to produce photovoltaic glass product at high yield rate and provide diversified portfolios of quality products, thereby meeting the downstream customers’ needs for high-quality photovoltaic glass. What’s more, the three new energy companies enjoy obvious location advantages as they are located in eastern China where photovoltaic component manufacturers cluster and have built sound cooperative relationship with main photovoltaic component manufacturers.

China National Building Materials Group, the de facto controller of the Company, is an enterprise directly under the SASAC, the largest comprehensive building material group corporation in China and an enterprise of Fortune Global 500. With the support of China National Building Materials Group, the Company will proactively set its footprint in the new glass area and further diversify its product structure, thus enhancing profitability and overall competitiveness.



Section IV Discussion and Analysis of the Operations

I. DISCUSSION AND ANALYSIS OF THE OPERATIONS

In 2020, under the leadership of the Board of the Company, the management teams at all levels have actively united and led masses of cadres and employees of the Company, resolved to implement the decisions and arrangements of “six stabilizations” and “six guarantees”, and deeply implemented the specific requirements of “three stabilizations, four guarantees and an improvement”. On the basis of regular pandemic prevention and control with all efforts, the Company has further moved forward to carry out quality and efficiency improvement program and benchmarked against the first-class enterprises in term of management, firmly promoted the overall acceleration of the project construction, grasped the new opportunities and planned the new layout, thus successfully achieving the fast growth of the production and sales volume as well as the operating results.

1. Seized new market opportunities, and planned the new layout

In the second half of 2020, the photovoltaic industry saw an explosive growth trend. The Company launched the fund-raising project of nonpublic issuance of shares in due course with the proceeds of to be raised not more than RMB2 billion, which was mainly utilized for the investment and construction of two projects of photovoltaic cell encapsulating material for solar equipment. Meanwhile, cooperation framework agreements have been entered into by the Company and Qinhuangdao North Glass Co., Ltd.* (秦皇島北方玻璃有限公司), Triumph Jinghua Glass Co., Ltd.* (凱盛晶華玻璃有限公司), laid the foundation for subsequent acquisitions of the two companies. The implementation of the projects would be conducive for the Company to further seizing the new opportunities of new energy industrial development, improving, optimizing and expanding the photovoltaic glass business, so that achieving the long-term market advantages and core competitiveness.

2. Firmly promoted the project construction and cemented the foundation of principal businesses

The production line of Puyang ultra-white solar thermal material project has been put into operation on 28 May 2020, which continuously and stably manufactured the products with the specification of 1.3mm to 12mm, which successfully realized positive investment returns during the year when it was put into production.

Hefei New Energy solar energy back-sheet glass further processing project with annual capacity of 11 million m², Tongcheng New Energy solar energy glass further processing production line project with annual capacity of 10 million m² and Yixing New Energy photovoltaic glass further processing project with annual capacity of 11.4 million m² were successively constructed and put into operation. The output of 2.0mm photovoltaic glass used in double-glass modules of the Company rose significantly, accounting for over 70% of the total output. The photovoltaic glass business of the Company achieved double-digit increases in the volume and price during the year.

A new breakthrough was made in the technological innovation of Longhai Glass. The products in large size of 1.1mm and 0.7mm series were developed and produced successively; the quality of the products was improved stably and continued to meet the needs of downstream customers.

Section IV Discussion and Analysis of the Operations

I. DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

3. Deeply promoted streamlined, refined and lean management and continued to improve the overall quality

Firstly, lean operation to increase the profitability. The Company put emphasis on the operating concept of "Price-Cost-Profit", and implemented such operation measures as "quality improvement, prices stabilizing, steady growth maintaining, inventory control, structure adjusting and cost reduction", thus achieving a year-on-year increase of 67.30% in the revenue from the principal operations and a year-on-year increase of 7.01 percentage points in the gross profit margin throughout the year. In 2020, the Company organized and carried out "quality improvement for setting off again" activities and developed and implemented "grabbing the leading position" activities plans; implemented the "priority to operation", strengthened the comprehensive market plan, made every efforts to stabilize the prices and expand the capacity, guaranteeing the stable operation of the production chain; and seized the market opportunities and actively expanded the oversea market of its photovoltaic glass.

Secondly, fine management to improve the management efficiency. The Company further carried out the work of "a year for implementing the rules and regulations", implemented the long-term driving force with the rigid binding force of the system, and paid close attention to the work of "abolishing, amending and establishing system". The headquarters of the Company focused on the first-class standard and quality and efficiency improvement, adhered to the problem-oriented practice, cemented its foundation and improved its weak areas. All subsidiaries strengthened digital management, focused on key production and operation indicators, concentrated on measures for cost and expenditure reduction, and achieved significant results in cost reduction and efficiency improvement. Powered by informatization and intelligentization to increase the operation efficiency of the enterprises in production, Bengbu CNBM Information Display has been recognized as a smart factory in Bengbu city in 2020, five platforms of Longhai Glass smart factory project have been officially put into operation, and Yixing New Energy improved the business processing efficiency by implementing process reengineering.

Thirdly, organization refinement to stimulate the energy and momentum. The Company formulated and issued the "management system for competition for management and important operating positions", and the middle level managers of the headquarters were the first to be engaged through appointment. The Company continued to streamline the organization, built an efficient organizational system, and further established and improved the "three cans" management mechanism, in which management can get promotion or demotion, employees can be employed or dismissed, and incomes can increase or decrease.



Section IV Discussion and Analysis of the Operations

I. DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

4. Greater force in environmental protection to advance the transformation project of ultra-low emission

The Company deepened the implementation of the “Responsible Blue Sky Action Plan”, increased investment in environmental protection, further reduced emissions of nitrogen oxides, sulfur dioxide, carbon dioxide, volatile organic compounds, etc., and improved the capacity for recycling and coordinated disposal of resources. The environmental protection facilities, such as Glass Furnace Smoke Gas Dust Removal, Desulfurization and Denitration Project (《玻璃窑爐煙氣除塵脫硫脫硝項目》) of Bengbu CNBM Information Display, Off-peak Energy Storage and VOCs Treatment Project (《錯峰儲能及VOCs治理項目》) of Hefei New Energy, and Ultra-low Emission Transformation Project (《超低排放改造工程項目》) of Longhai Glass, were successively completed the construction and put into normal operation. In 2020, the total investment for energy conservation and emission reduction of the Company amounted to approximately RMB43.98 million, contributing to an improved effect of energy conservation and emission reduction. The electronic glass and photovoltaic glass unit products all experienced different degrees of year-on-year decreases in comprehensive energy consumption.

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, the Company's operating revenue amounted to RMB3,045,614,913.68, representing a year-on-year increase of RMB1,190,772,705.59; operating profit amounted to RMB461,918,784.89, representing a year-on-year increase of RMB391,530,225.26; net profit attributable to the shareholders of the Company amounted to RMB327,361,858.49, representing a year-on-year increase of RMB273,361,974.78; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.5930. Gearing ratio was 67.97%, representing a decrease of 5.05 percentage points from 2019.

(I) Analysis of principal operating activities

1. Analytical statement of changes in relevant items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	2020	2019	Change (%)
Operating revenue	3,045,614,913.68	1,854,842,208.09	64.20
Operating costs	2,101,640,760.29	1,404,274,867.15	49.66
Taxes and surcharges	34,534,420.73	25,687,293.69	34.44
Selling expenses	87,183,559.33	65,890,259.11	32.32
Administrative expenses	126,659,281.04	112,889,849.73	12.20
Research and development expenses	120,749,370.37	66,823,935.81	80.70
Financial expenses	116,609,687.62	97,929,142.26	19.08
Investment income (loss is represented by "-")	-14,203,232.10	-8,939,588.06	58.88
Impairment losses on credit (loss is represented by "-")	-4,049,377.16	-27,639,136.97	-85.35
Impairment losses on assets (loss is represented by "-")	-3,095,566.51	-8,087,991.61	-61.73
Gains on disposal of assets (loss is represented by "-")	-259,318.91	11,355,077.66	-102.28
Non-operating income	2,713,060.43	18,408,314.15	-85.26
Income tax expenses	71,829,608.42	18,203,965.20	294.58
Net cash flow from operating activities	354,080,797.78	22,491,988.77	1,474.25
Net cash flow from investment activities	-230,996,127.29	-265,869,190.41	-13.12
Net cash flow from financing activities	-130,726,176.51	231,443,719.91	-156.48



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

1. *Analytical statement of changes in relevant items in the income statement and cash flow statement (Continued)*

Reasons for change in operating revenue: an increase in revenue as a result of the increase in sales and prices during the reporting period;

Reasons for change in operating costs: an increase in operating costs as a result of the increase in sales of glass during the reporting period;

Reasons for change in taxes and surcharges: an increase in value-added taxes and relevant additional taxes as a result of the increase of revenue during the reporting period;

Reasons for change in selling expenses: the increase in transportation costs as a result of the increase in sales of glass during the reporting period;

Reasons for change in administrative expenses: an increase of expenses as a result of the suspension of production of Longmen Glass during the reporting period;

Reasons for change in research and development expenses: the increase in research and development expenditures during the reporting period;

Reasons for change in financial expenses: a decrease in financial expenses capitalised as a result of new projects have been transferred to fixed assets and commenced operations during the reporting period;

Reasons for change in investment income: loss from de-recognition of accounts receivable financing increased during the reporting period;

Reasons for impairment losses on credit: the expected impairment on credit decreased during the reporting period;

Reasons for change of impairment losses on assets: provision for impairment on assets decreased during the reporting period;

Reasons for change in gains on disposal of assets: disposal of assets decreased during the reporting period;



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

1. *Analytical statement of changes in relevant items in the income statement and cash flow statement (Continued)*

Reasons for change in non-operating income: government grant included in non-operating income decreased year-on-year during the reporting period;

Reasons for change in income tax expenses: taxable profits increased year-on-year during the reporting period;

Reasons for change in net cash flow from operating activities: cash received from sale of goods or rendering of services increased year-on-year during the reporting period;

Reasons for change in net cash flow from investment activities: cash investment cost in fixed assets decreased year-on-year during the reporting period;

Reasons for change in net cash flow from financing activities: net amount of financing decreased year-on-year during the reporting period.

2. *Analysis of revenue and costs*

During the reporting period, the Company recorded operating revenue of RMB3,045,614,900, representing an increase of 64.20% as compared with that of the same period of last year. The operating cost amounted to RMB2,101,640,800, representing an increase of 49.66% as compared with that of the same period of last year, mainly due to the increased sales volume and product price resulting from the constant positive performance in photovoltaic glass market in 2020.



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

2. Analysis of revenue and costs (Continued)

(1) Principal operations by industry, by product and by region

Unit: Yuan Currency: RMB

By industry	Operating revenue	Operating costs	Principal operations by industry			
			Gross profit margin (%)	Increase/decrease of operating revenue as compared with last year (%)	Increase/decrease of operating costs as compared with last year (%)	Increase/decrease of gross profit margin as compared with last year (%)
New materials	3,011,793,501.29	2,076,427,457.88	31.06	67.30	51.86	Increased by 7.01 Percentage points

By product	Operating revenue	Operating costs	Principal operations by product			
			Gross profit margin (%)	Increase/decrease of operating revenue as compared with last year (%)	Increase/decrease of operating costs as compared with last year (%)	Increase/decrease of gross profit margin as compared with last year (%)
Information display glass	397,141,767.24	311,133,523.06	21.66	52.74	51.24	Increased by 0.78 percentage points
New energy glass	2,558,869,152.90	1,718,067,374.80	32.86	66.13	47.91	Increased by 8.28 percentage points
Other functional glass	55,782,581.15	47,226,560.02	15.34	N/A	N/A	N/A

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

2. Analysis of revenue and costs (Continued)

(1) Principal operations by industry, by product and by region (Continued)

By region	Principal operations by region		Gross profit margin (%)	Increase/decrease of operating revenue as compared with last year (%)	Increase/decrease of operating costs as compared with last year (%)	Increase/decrease of gross profit margin as compared with last year (%)
	Operating revenue	Operating costs				
PRC (excluding Hong Kong, Macau and Taiwan)	2,957,629,144.67	2,037,755,333.46	31.10	71.16	55.28	Increased by 7.04 percentage points
Other countries and regions	54,164,356.62	38,672,124.42	28.60	-25.00	-29.67	Increased by 4.73 percentage points

(2) Analytical statement of production and sales volume

Major product	Unit	Production volume	Outsourcing production volume	Sales volume	Storage volume	Increase/decrease of production volume as compared with last year (%)	Increase/decrease of outsourcing production volume as compared with last year (%)	Increase/decrease of sales volume as compared with last year (%)	Increase/decrease of storage volume as compared with last year (%)
Information display glass	'0,000 square meters	2,774.35	0.00	3,503.09	479.87	-6.95		48.32	-60.30
New energy glass	'0,000 square meters	9,682.10	888.97	10,451.57	128.22	55.11		53.57	-7.21
Other functional glass	'0,000 square meters	394.98	0.00	362.14	32.84				



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

2. Analysis of revenue and costs (Continued)

(3) Analytical statement of costs

Unit: Yuan

		By industry					Percentage of changes in amount for the current period over the same period last year (%)	Explanation
By industry	Component of cost	Amount for current period	Percentage over total cost for the current period (%)	Amount for the same period last year	Percentage over total cost for the same period last year (%)			
New materials -self-produced	Direct materials	1,486,073,474.87	85.92	1,200,943,679.75	87.83	23.74		
	Direct labour	96,536,359.88	5.58	70,354,302.73	5.15	37.21		
	Manufacturing Expenses	147,019,619.67	8.50	96,009,654.17	7.02	53.13		
New materials - outsourcing	Material costs	346,798,003.46	100.00					

		By product					Percentage of changes in amount for the current period over the same period last year (%)	Explanation
By product	Component of cost	Amount for current period	Percentage over total cost for the current period (%)	Amount for the same period last year	Percentage over total cost for the same period last year (%)			
Information display glass	Direct materials	201,272,685.59	64.69	146,278,955.19	71.11	37.60		
	Direct labour	35,134,221.94	11.29	21,069,369.67	10.24	66.75		
	Manufacturing expenses	74,726,615.53	24.02	38,367,235.20	18.65	94.77		
New energy glass - self-produced	Direct materials	1,248,011,299.02	91.01	1,054,664,724.46	90.80	18.33		
	Direct labour	58,521,317.78	4.27	49,284,933.06	4.24	18.74		
	Manufacturing expenses	64,736,754.54	4.72	57,642,418.97	4.96	12.31		
New energy glass - outsourcing	Material costs	346,798,003.46	100.00					
Other functional glass	Direct materials	36,789,490.26	77.90					
	Direct labour	2,880,820.16	6.10					
	Manufacturing expenses	7,556,249.60	16.00					

Explanation of other situations of cost analysis: a year-on-year increase in cost as a result of the increase in sales volume during the reporting period.

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

2. Analysis of revenue and costs (Continued)

(4) Major sales to customers and major suppliers

The total sales to the top five customers amounted to RMB2,170,708,500, representing 71.27% of the total annual sales, of which sales to the related party of the top five customers amounted to RMB189,214,100, representing 6.21% of the total annual sales.

The largest customer accounted for 19.06% of the Group's annual sales, and the largest customer is an independent third party.

The purchase amount of top five suppliers is RMB659,605,000, representing 34.36% of total purchase amount of the year, of which the amount purchased from the related parties was RMB224,589,000, representing 11.69% of total purchase amount of the year.

The largest supplier accounted for 11.69% of the Group's total annual procurement, and the largest supplier is a related party of the Company.

3. Expenses

Item	2020	2019	Changes (%)	Reasons of changes
Selling expenses	87,183,559.33	65,890,259.11	32.32	the corresponding increase in transportation costs as a result of the increase in glass sales volume during the reporting period
Administration expenses	126,659,281.04	112,889,849.73	12.20	an increase of expenses as a result of the suspension of production of Longmen Glass
R&D expenses	120,749,370.37	66,823,935.81	80.70	the increase in R&D expenditure during the reporting period
Finance expenses	116,609,687.62	97,929,142.26	19.08	a decrease in financial expenses capitalised as a result of new projects have been transferred to fixed assets and commenced operations
Income tax expenses	71,829,608.42	18,203,965.20	294.58	the year-on-year increase in taxable profits during the reporting period



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal operating activities (Continued)

4. R&D expenditures

Unit: Yuan

Expensed R&D expenditure in current period	117,463,602.41
Capitalized R&D expenditure in current period	17,350,627.25
Total of R&D expenditure	134,814,229.66
Percentage of total R&D expenditure to operating revenue (%)	4.43
Number of the Company's R&D staff	332
Percentage of R&D staff number to the Company's total number of employees (%)	12.57
Proportion of capitalization of R&D investment (%)	12.87

5. Cash flow

- (1) The net cash flow from operating activities amounted to RMB354,080,800, representing an increase of RMB331,588,800 as compared with RMB22,492,000 for the same period last year, mainly due to increase in cash received from sale of goods or rendering of services during the reporting period;
- (2) The net cash outflow from investing activities amounted to RMB230,996,100 representing a decrease of RMB34,873,100 over that of RMB265,869,200 for the same period last year, mainly due to the year-on-year decrease in cash investment cost in fixed assets during the reporting period;
- (3) The net cash outflow from financing activities amounted to RMB130,726,200, representing an increase of RMB362,169,900 over RMB231,443,700 in the net inflow for the same period last year, mainly due to the year-on-year decrease on net amount of financing during the reporting period.

(II) Explanation on significant change of profit caused by non-core business

N/A.

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan

Item	31 December 2020	Percentage of closing balance of current period over the total assets (%)	31 December 2019	Percentage of closing balance of last period over the total assets (%)	Percentage of changes in closing balance of current period over the closing balance of previous period (%)	Explanation
Bank balance and cash	300,948,343.56	5.37	432,871,497.66	8.26	-30.48	due to the decrease in deposit of notes during the reporting period
Notes receivable	102,441,393.68	1.83	198,553,190.06	3.79	-48.41	due to the due for repayment of commercial notes during the reporting period
Accounts receivable financing	448,697,313.21	8.01	162,706,438.58	3.10	175.77	due to the increase in the receipt of bank acceptance during the reporting period
Prepayments	142,259,523.11	2.54	59,807,534.23	1.14	137.86	due to the increase in advance payment as a result of the increase in purchase volume during the reporting period
Other receivables	17,023,855.78	0.30	37,905,213.08	0.72	-55.09	due to the decrease in financing lease deposits during the reporting period
Other current assets	55,139,885.94	0.98	83,085,172.69	1.59	-33.63	due to the decrease in tax to be deducted at the end of the reporting period
Fixed assets	3,068,216,734.33	54.74	2,343,435,561.00	44.71	30.93	due to the transformation of construction in progress to fixed assets during the reporting period
Construction in progress	54,472,785.67	0.97	603,637,921.26	11.52	-90.98	due to the transformation of construction in progress to fixed assets during the reporting period
Development expenditure	14,096,615.36	0.25	3,073,758.34	0.06	358.61	due to the increase in capitalization of R&D investment during the reporting period
Other non-current assets	33,523,206.41	0.60	3,671,639.24	0.07	813.03	due to the increase in prepayments for projects during the reporting period
Accounts payable	428,756,037.46	7.65	675,397,180.53	12.89	-36.52	due to the increase in payment to suppliers during the reporting period
Contract liabilities	38,214,732.27	0.68	15,654,739.42	0.30	144.11	due to the increase in trade accounts collected in advance during the reporting period
Taxes payable	116,355,071.70	2.08	36,694,248.37	0.70	217.09	due to the increase in income tax payable during the reporting period
Other payables	764,011,526.81	13.63	356,002,972.21	6.79	114.61	due to the increase in borrowings/loans with related parties during the reporting period
Non-current liabilities due within one year	137,330,815.42	2.45	214,668,497.03	4.10	-36.03	due to the decrease in long-term borrowings due within one year during the reporting period
Other current liabilities	4,888,222.00	0.09	1,834,742.27	0.04	166.43	due to the increase in output tax to be resold during the reporting period

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

1. Assets and liabilities (Continued)

Other remarks:

(1) Capital liquidity

As at 31 December 2020, the Group's liquidity ratio was 0.62 (31 December 2019: 0.57) and quick ratio was 0.48 (31 December 2019: 0.44). The turnover rate of accounts receivable for the year was 5.02 times (31 December 2019: 3.41 times); and the turnover rate of inventory was 7.70 times (31 December 2019: 5.19 times).

(2) Financial resources

As at 31 December 2020, the Group's cash and cash equivalents amounted to RMB139,231,301.82, including 85.37% denominated in RMB and 14.63% denominated in US\$ and other foreign currencies.

As at 31 December 2020, the Group's bank loans amounted to RMB1,838,708,810.98 (31 December 2019: RMB2,000,461,443.43), including short-term loans amounting to RMB1,177,314,071.56 (31 December 2019: RMB1,240,054,086.26) and long-term loans amounting to RMB661,394,739.42 (31 December 2019: RMB760,407,357.17).

(3) Capital structure

As at 31 December 2020, the Group's current liabilities amounted to RMB3,171,583,019.32 (31 December 2019: RMB3,176,527,786.58), representing a decrease of 0.16% from 2019; non-current liabilities amounted to RMB637,711,165.41 (31 December 2019: RMB650,569,574.58), representing a decrease of 1.98% from 2019; and equity attributable to shareholders of the Company amounted to RMB1,626,578,221.81 (31 December 2019: RMB1,299,216,365.32), representing an increase of 25.20% from 2019.

As of 31 December 2020, the gearing ratio (total liabilities divided by total assets) of the Group was 67.97% (31 December 2019: 73.02%).

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

2. Major restricted assets as at the end of the reporting period

Item	Book value at the end of the period	Reasons for restriction
Monetary funds	161,717,041.74	Deposits
Accounts receivable financing	80,134,082.63	Pledge
Fixed assets	485,616,101.36	Mortgage
Intangible assets	78,979,064.95	Mortgage
Total	806,446,290.68	–

(IV) Analysis on industry operating information

Information display glass segment:

As the major products, the ultra-thin glass substrates for information display glasses belong to key basic materials in the upstream of information industry, which are in line with the requirements of the industrial policies and technical improvement. China strengthened the new infrastructure construction, promoted the construction of artificial intelligence, industrial internet, and the Internet of Things, and accelerated the pace of 5G commercialization, which will boost the electronic information manufacturing industry into a new development stage, and further promote the high-end development of related industries. It is expected that the market demand for ultra-thin glass substrate with high quality and high performance will increase at a steady pace.

According to statistics released by the Ministry of Industry and Information Technology of the People's Republic of China, in 2020, the added value of the electronic information manufacturing industry above designated size increased by 7.7% year-on-year, and the growth rate dropped by 1.6 percentage points as compared with that of the same period of last year. In 2020, the export delivery value of electronic information manufacturing industry above designated size increased by 6.4% year-on-year, and the growth rate increased by 4.7 percentage points year-on-year.



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis on industry operating information (Continued)

New energy glass segment:

This business segment mainly produces photovoltaic original glass for its end-users, namely photovoltaic power stations. The renewable energy represented by solar energy is regarded as an important component of low-carbon economy of China in the future. Currently, the photovoltaic industry in China ranks the top in terms of the manufacturing scale, the industrialization technology level, expansion of application market, industrial system construction and other aspects around the world. The constant growth in photovoltaic industry will bring sound expectations for photovoltaic glass business in the medium and long run.

On 12 December 2020, at the Climate Ambition Summit, President Xi Jinping announced that by 2030, China's non-fossil energy will account for around 25% of primary energy consumption, and the total installed capacity of wind power and solar power will reach over 1.2 billion kW. Under the goal of "carbon peak, carbon neutral", during the "14th Five-Year Plan" period, China's photovoltaic market will see a peek of marketization construction.

According to the statistics issued by the International Energy Agency (IEA), though the global power demand decreased by 2% in 2020, the renewable energy and photovoltaic power generation rose by 7% and 20%, respectively. With the global economic recovery, it is expected that the global power demand in 2021 will increase by 3% and the installed capacity of renewable energy will increase by 10% as compared to that of 2020. According to the estimation of China Photovoltaic Industry Association, the global photovoltaic market scale in 2021 will speed up its expansion and the total installed capacity will reach 150-170GW, achieving a record high.

The year of 2021 is the starting year of "14th Five-Year Plan", and is also a critical year for the grid parity of the photovoltaic power generation. The domestic photovoltaic application market is expected to constantly maintain its rapid growth momentum, and the additional installed capacity is expected to reach 55-65GW.

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(V) Analysis of major controlled and investee companies

Company name	Industry	Major products or services	Registered capital	Total assets	Net assets	Net profit
CLFG Longmen Glass Co., Ltd.	New materials	Information display glass	70,000,000	87,044,589.98	-501,829,201.49	-16,256,395.62
CLFG Longhai Electronic Glass Co., Ltd.	New materials	Information display glass	100,000,000	499,922,962.15	138,573,037.01	479,361.86
Bengbu CNBM Information Display Materials Co., Ltd.	New materials	Information display glass	632,764,300	848,882,553.53	772,920,821.54	25,578,885.17
CNBM (Puyang) Photoelectric Material Co., Ltd.	New materials	New energy glass	240,000,000	742,276,550.97	247,203,582.97	7,972,218.52
CNBM (Hefei) New Energy Co., Ltd.	New materials	New energy glass	268,000,000	1,338,160,524.37	498,453,598.91	125,800,537.18
CNBM (Tongcheng) New Energy Materials Co., Ltd.	New materials	New energy glass	133,388,980	773,906,312.92	337,662,812.85	88,467,991.38
CNBM (Yixing) New Energy Resources Co., Ltd.	New materials	New energy glass	313,700,000	1,470,054,340.05	581,535,348.58	219,452,051.94

(VI) Five-year financial highlight

The operating results, assets and liabilities of the Group for the five years ended 31 December 2020 are summarized below:

Operating results

Unit: Yuan Currency: RMB

Item	2020	2019	2018	2017	2016
Operating income	3,045,614,913.68	1,854,842,208.09	1,402,748,187.74	1,502,152,910.64	1,167,990,738.04
Total profit	462,854,507.18	86,805,383.78	32,146,544.91	132,789,587.47	76,107,147.69
Income tax	71,829,608.42	18,203,965.20	8,960,304.34	27,701,698.70	16,290,022.67
Net profit	391,024,898.76	68,601,418.58	23,186,240.57	105,087,888.77	59,817,125.02
Net profit attributable to the owners of the parent company	327,361,858.49	53,999,883.71	15,645,310.47	87,672,262.83	55,437,169.81
Minority interests	63,663,040.27	14,601,534.87	7,540,930.10	17,415,625.94	4,379,955.21



Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(VI) Five-year financial highlight (Continued)

Assets, liabilities and equity

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Monetary funds	300,948,343.56	432,871,497.66	276,132,689.62	204,245,757.54	248,020,020.85
Inventory	257,598,620.68	281,882,687.59	245,395,799.98	180,924,918.81	225,066,290.40
Fixed assets	3,068,216,734.33	2,343,435,561.00	1,915,114,403.91	1,766,535,573.58	1,885,812,876.39
Construction in progress	54,472,785.67	603,637,921.26	680,485,100.59	282,234,935.76	95,120,361.81
Non-current assets	3,642,555,712.92	3,421,335,462.33	3,038,792,641.97	2,437,724,816.09	2,318,956,162.94
Current liabilities	3,171,583,019.32	3,176,527,786.58	2,530,476,027.00	2,173,272,699.98	1,901,391,114.87
Non-current liabilities	637,711,165.41	650,569,574.58	628,364,792.15	478,990,428.91	327,012,156.05
Share capital	548,540,432.00	552,396,509.00	559,797,391.00	526,766,875.00	526,766,875.00
Equity attributable to owners of the Parent Company	1,626,578,221.81	1,299,216,365.32	1,245,216,484.61	1,131,687,647.58	1,028,713,715.86
Minority interests	168,703,404.63	114,726,151.47	100,124,616.60	214,501,306.52	197,085,680.58

(VII) Others

1. *Gearing ratio*

As at the end of the reporting period, the gearing ratio was 67.97%, down by 5.05 percentage points as compared with the corresponding period last year.

2. *Net foreign exchange loss*

Details about foreign exchange profit and loss during the reporting period are set out in Note VII (note 39) to the financial statements.

3. *Taxation*

Details about taxation during the reporting period are set out in Note VII (notes 23 and 47) to the financial statements.

4. *Fixed assets and intangible assets*

Details about fixed assets and intangible assets during the reporting period are set out in Note VII (notes 10 and 13) to the financial statements.

Section IV Discussion and Analysis of the Operations

II. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(VII) Others (Continued)

5. *Bank and other loans*

Details of bank and other loans during the reporting period are set out in Note VII (notes 18, 25 and 27) to the financial statements.

6. *Capitalization of interests*

Interests capitalised during the reporting period were RMB8,954,542.78.

7. *Land appreciation tax*

During the reporting period, there was no land appreciation tax payable.

8. *Reserves*

Details about reserves during the reporting period are set out in Note VII (notes 31, 32 and 33) to the financial statements.

9. *Accumulated losses*

As at 31 December 2020, the accumulated loss of the Company was RMB-955,722,560.53.

10. *Retirement plan*

The Company has participated in the Social Insurance Plan established by the labor and social security department for employees according to relevant regulations. Pursuant to the Plan, the Company needs to make pension contributions in proportion to the salary of employees or the local average salary in the previous year. Except as the aforesaid monthly defined contributions, the Company is not obligated to pay any other significant retirement benefits.



Section IV Discussion and Analysis of the Operations

III. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry landscape and Trend

2021 marks the first year of China's "14th Five-year Plan" and the first year of China embarking on a new journey of modernization in an all-round way. The new development landscape that relies on domestic circulation, supported by the synergy of the domestic and international dual circulations will be conducive to boosting the domestic market demand in the PRC, promoting industrial transformation and upgrading, and providing strong impetus for China's economic development.

The main products of the Company belong to key basic materials in the upstream of the relevant industry chain, which are in line with the requirements of the national industrial policies and technical improvement.

Information display glass faces both market opportunities and challenges. China continues to promote the action of "Internet +", strengthen the construction of new infrastructures including 5G, data centers, and industrial internet, promote integrated innovation and integrated application of technologies such as big data, cloud computing, artificial intelligence, and the Internet of Things, and the development of a new display industrial chain is facing new opportunities. On the one hand, the development of the display industry has promoted the advancement of information display glass production technology and expanded the application market of corresponding products. On the other hand, with the iteration and upgrade of downstream products such as mobile terminals, wearable devices and automotive electronics, it has brought new challenges to the improvement of production technology and product quality of basic materials, and intensified market competition. The market demand for high-quality, high-performance ultra-thin glass substrates is expected to rise steadily in the market.

Solar photovoltaic glass will usher in the peak period of market-oriented construction. At present, China's photovoltaic industry ranks in the forefront of the world in terms of manufacturing scale, industrialization technology level, application market expansion, and industrial system construction. The constant growth in photovoltaic industry will bring sound expectations for the profitability of the photovoltaic glass business in the medium and long run. It is estimated that the total installed capacity of the global photovoltaic market will reach 150-170GW in 2021, reaching a record high; the domestic photovoltaic application market is expected to constantly maintain its rapid growth momentum, and the additional installed capacity is expected to reach 55-65GW.

(II) Development strategy

The Company, centering on new glass, new material and new energy market, expands application fields and optimizes product mix. Supported by technological innovation, the Company continuously enhances and improves the production process standard and equipment standard of related products to maintain its leading technological advantages, product competitive advantages and market advantages in the sectors of ultra-thin glass substrate business and new energy glass business through following the high-tech development direction, and implementing technological innovation, product innovation and market innovation, with a view to become a manufacturer of a new type of special functional glass with strong influence in the market and solutions.

Section IV Discussion and Analysis of the Operations

III. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(III) Operating Plan

In 2021, guided by the high-quality Party building, the Company will coordinate the pandemic prevention and control with the production and operation, promote the operation with the focus of development, and perform well in six operation measures of “pursuing development, intensifying financing, focusing on innovation, stabilizing prices, reducing cost and inventory control”, so as to push forward the high-quality development of the Company to a new level and realize the improvement of both size and efficiency of the Company. The Company will strive to achieve an annual output of not less than 169 million square metres and the operating revenue of more than RMB3.3 billion.

1. *Further strengthening the Party building to lead high-quality development with high-quality Party building*

The Company will always give priority to the building of politics of the Party, strengthen the basic work of Party building, integrate the work of the Party building with the production and operation of the Company, and lead high quality development with high quality Party building.

2. *Ensuring the proper implementation of all operation measures*

- (1) Pursuing development for improving and expanding the principal business of new energy. The Company will adhere to the new development concept, accelerate the merger and acquisition integration of enterprises and the construction of new projects to strengthen the scale of the principal business of new energy and boost the development potential.
- (2) Intensifying financing for supporting the development and growth of the Company. The Company will broaden financing channels to reduce the financing costs and secure the development funds of the Company.
- (3) Focusing on innovation for advancing the high-quality development of the Company. The Company will pay attention to the technology innovation, model innovation, platform innovation. It will increase investment in R&D and strive to invest no less than 5% of the revenue in R&D for the year.
- (4) Stabilizing prices and laying a solid results foundation. Through the improvement of product quality and services, the Company is enabled to deliver sales and service with quality for the purpose of achieving high quality and preferential prices.
- (5) Reducing cost, always on the move. The Company will continue to carry out innovative and project establishment activities for cost reduction and efficiency improvement and rely on innovation to reduce cost, so as to optimize the indicator benchmarking system of “six rates”, carry out benchmarking activities and reduce the cost by expanding the centralized purchase.
- (6) Inventory control for improving the quality of asset operation. The Company will implement the reduction of “Two Funds and Four Accounts” well and lower the gearing ratio.



Section IV Discussion and Analysis of the Operations

III. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(III) Operating Plan (Continued)

3. *Intensifying risk management and control and fulfilling the responsibility commitment*

The Company will pay close attention to the work of “abolishing, amending and establishing system” for intensifying the construction of risk control system and effectively controlling the risks points. The Company will strictly implement the safety responsibility system to eliminate all kinds of material safety accidents. It will improve the energy conservation and emission reduction facilities and fulfill the social responsibility commitment to eliminate the risks in relation to environmental protection.

4. *Improving the internal incentive mechanism and strengthening the team building to improve the vibrancy and efficiency of enterprise development*

The Company will improve the performance assessment mechanism and enhance the positive incentives, allowing the employees to enjoy the development achievements of enterprises and motivate their enthusiasm. It will improve the talent growth mechanism and implement the appointment system and appointment period system for cadres, which will enable them to get promotion or demotion. The Company will put into effect the implementation plan for the cultivation and development of reserve cadres, providing a growth platform for young talents with both integrity and capability. The Company will consolidate three lines of talent growth and perfect the growth mechanism for professional talents, offering all kinds of talents the growth channels.

(IV) Potential Risks

(1) *Risks arising from policies and the industry*

Risks arising from the industry are mainly reflected in the following aspects: the ultra-thin glass substrate is primarily used for consumer electronic products which are upgraded at fast pace, giving rise to the rapidly changing demands for nature and quality of basic materials. In this regard, the upstream manufacturers are required to possess cutting-edge R&D strengthen and technical equipment, keep abreast of the changing market demands, and produce quality products with high added-value, so as to maintain stable profitability and high profit level.

Risks arising from policies are mainly reflected in the following aspects: new energy glass business is substantially influenced by macro-economic conditions, electric power demand, industry policies, etc. Any material changes in relevant industry policies may affect the construction size and progress of photovoltaic power stations, and in turn exert adverse impact on the operating conditions and profitability of the Company's new energy glass business.

Countermeasures: The Company has a core technical team and has strong technical strength in product R&D, process technology improvement, and quality control. The Company will further increase the research and development of new products, continue to innovate and improve to strive to become the industry leader.

Section IV Discussion and Analysis of the Operations

III. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(IV) Potential Risks (Continued)

(2) *Risks arising from price of raw material*

The major raw materials of the Company's products include fuel, sodium carbonate and silica sands, the procurement costs represent a significant percentage of the product cost. Price fluctuation of raw and fuel materials might bring in certain risks in respect of increase in costs.

Countermeasures: the Company will fully capitalize on its centralized procurement platform and take good advantage of large scale procurement; accurately follow the fluctuations of prices to purchase in due course so as to reduce purchasing costs. In addition, the Company will expand supply channels to ensure the stability and efficiency of its supply channels.

(3) *Risks arising from new engineering projects*

New engineering projects are subject to capital input, construction progress and subsequent market operation, product introduction period and other factors. In addition, certain market risks may arise from longer ramp-up period in the initial stage after the projects are put into operation.

Countermeasures: The Company will proactively raise funds to guarantee project construction progress, doing project construction management to ensure project quality; collect information from different ways to enhance forward-looking forecast and analysis of the market; organize resources to produce marketable new products; enhance training and reserve of the frontline staff and formulate comprehensive and reasonable remuneration system to increase staff's welfare and keep a stable talents team.

(4) *Financial risks*

Credit risk: the credit risk of the Company mainly comes from credit exposures of customers, including outstanding receivables and committed transactions.

Countermeasures: with regard to notes receivables, accounts receivable financing and account receivables as well as other receivables, the Company assesses the credit quality of the customers, taking into account their financial positions, past experience and other factors. The credit quality of the customers is regularly monitored by the Company. In respect of customers with poor credit records, the Company will apply written payment reminders, shorten or cancel credit periods, to ensure that the overall credit risk of the Company is limited to a controllable extent.



Section IV Discussion and Analysis of the Operations

IV. OTHER DISCLOSURES

1. Service contracts of directors and supervisors

None of the Directors or supervisors of the Company has entered into any service contract with the Company.

2. Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

3. Repurchase, Sale and Redemption of Shares

Pursuant to the authorization approved by the general meeting, in November 2020, the Company completed the buy-backs and cancellation of an aggregate of 3,856,077 A shares of compensation shares for the profit guarantee in relation to significant asset restructuring in 2019. The total share capital of the Company was changed from 552,396,509 shares to 548,540,432 shares.

4. Pre-emptive Rights

Neither the Articles of Association of the Company nor the relevant laws of the PRC contain any provision on pre-emptive rights.

5. Public Float

Based on public information and the information available to the Company, to the best knowledge of the Directors, the Company has maintained a public float required under the Listing Rules and approved by The Stock Exchange of Hong Kong Limited as at the date of this report.

6. Tax Deduction for Holders of Listed Securities

Holders of listed securities of the Company were not entitled to any tax relief by reason of their holding of such securities pursuant to the laws of the PRC.

7. Compliance with the Corporate Governance Code

During the reporting period, the Company has strictly complied with all the requirements of the Code on Corporate Governance Practices and Report on Corporate Governance set out in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange.

Section V Significant Events

I. PROPOSAL FOR PROFIT DISTRIBUTION ON ORDINARY SHARES OR CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL

(I) Formulation, execution or adjustment of cash dividend policy

N/A

(II) Plans or proposals for dividend distribution on ordinary shares and for conversion of capital reserve into share capital of the Company in the past three years (including the reporting period)

Unit: Yuan Currency: RMB

Year	Bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB, tax inclusive)	Conversion into share capital for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to holders of ordinary shares of the Company based on the consolidated statements for the corresponding year	Percentage in net profit attributable to holders of ordinary shares of the Company based on the consolidated statements
						(%)
2020	0	0	0	0	327,361,858.49	0
2019	0	0	0	0	53,999,883.71	0
2018	0	0	0	0	15,645,310.47	0

(III) Where a parent company records profits for the reporting period and its distributable profits on ordinary shares are positive but it does not propose distribution of profits on ordinary shares in cash, such company shall disclose in detail the reasons therefor, and the use of the undistributed profits and the plan for such use

N/A



Section V Significant Events

II. PERFORMANCE OF UNDERTAKINGS

(I) Commitments of commitment-relevant parties including the Company's de facto controllers, shareholders, related parties, purchasers and the Company during or until the reporting period

1. Commitment on patent rights:

On 2 November 2015, Bengbu Institute and International Engineering made the following commitments regarding 16 patent rights jointly owned by themselves and Bengbu Company: 1) being joint owners of aforesaid 16 patent rights, Bengbu Institute and International Engineering would not use these patent rights in any form within the valid period of the patent rights. Without the approval of Bengbu Company, Bengbu Institute and International Engineering shall have no right to transfer or dispose the aforesaid 16 patent rights to any other third parties, or permit any other third parties to use these patent rights. 2) Bengbu Company has the right to independently exercise the jointly-owned patent rights, and all incomes incurred therefrom should be solely owned by Bengbu Company. 3) In case of any breach of the aforesaid commitment, Bengbu Institute and International Engineering should bear corresponding legal liabilities and compensate relevant parties for the loss they suffer as a result of such breach.

The aforesaid commitments have been honored by the undertaking party as of the end of the reporting period.

2. Significant assets restructuring in 2017 and commitment on restricting share transfer

(1) CLFG, Huaguang Group, Bengbu Institute, International Engineering and Triumph Technology Group committed not to transfer the shares obtained through the transaction within 36 months after the issuance. If the closing price of A shares of Luoyang Glass is lower than the issue price for 20 consecutive trading days within the six-month period from the completion of the transaction, or the closing price of A shares as at the end of the six-month period after the completion of the transaction is lower than the issue price, the lock-up period of shares of Luoyang Glass obtained through the transaction will be automatically extended for at least six months. Should the aforesaid requirements regarding the lock-up period/restriction period of shares of Luoyang Glass obtained through the transaction be contrary to the latest regulatory opinion of the CSRC, corresponding adjustment will be made in accordance with the regulatory opinion of the CSRC. Upon the completion of the restructuring and within the lock-up period, all additional shares of Luoyang Glass to be held as a result of Luoyang Glass' issuance of bonus shares and conversion to share capital are also subject to the above arrangement.

(2) Yixing Environmental Technology and GCL System Integration committed not to transfer the shares of Luoyang Glass obtained through the transaction within 36 months after the issuance.

The aforesaid commitments have been honored by the undertaking party as of the end of the reporting period.

Section V Significant Events

II. PERFORMANCE OF UNDERTAKINGS (CONTINUED)

(I) Commitments of commitment-relevant parties including the Company's de facto controllers, shareholders, related parties, purchasers and the Company during or until the reporting period (Continued)

3. Significant assets restructuring in 2017 and commitment on limiting horizontal competition

- (1) CLFG and CNBM undertook that: 1. they would not directly or indirectly engage in any business that is the same as or similar to the main business of Luoyang Glass or its wholly-owned or controlled subsidiaries after the completion of the transaction, to avoid possible direct or indirect business competition for the production and operation of Luoyang Glass, and they would procure enterprises that are directly or indirectly controlled by them not to directly or indirectly engage in any business or activity that competes with or may compete with the main business of the Luoyang Glass or its wholly-owned or controlled subsidiaries in the commercial field; 2. in case that CLFG and CNBM or their directly or indirectly controlled enterprises participate in or have the opportunity to participate in any business that directly or indirectly competes with or may compete with the main business of the Luoyang Glass or its wholly-owned or controlled subsidiaries, CLFG and CNBM shall abandon or cause their directly or indirectly controlled enterprises to abandon such business or opportunity that may be competitive, or facilitate to offer the business or opportunity to the listed Company or its wholly-owned or controlled subsidiaries on fair and reasonable terms, or transfer the business or opportunity to any other third parties not related to any of them.
- (2) Huaguang Group, Bengbu Institute, International Engineering and Triumph Group undertook that they would not directly or indirectly engage in any business that is the same as or similar to the main business of the Company or its wholly-owned or controlled subsidiaries after the completion of the transaction, to avoid possible direct or indirect business competition for the production and operation of Luoyang Glass, and that they would procure enterprises that are directly or indirectly controlled by them not to directly or indirectly engage in any business or activity that competes with or may compete with the main business of the Company or its wholly-owned or controlled subsidiaries in the commercial field. In case that they participate in or have the opportunity to participate in any business that directly or indirectly competes with or may compete with the main business of the Company or its wholly-owned or controlled subsidiaries, they shall abandon or cause their directly or indirectly controlled enterprises to abandon such business or opportunity that may be competitive, or facilitate to offer the business or opportunity to the Company or its wholly-owned or controlled subsidiaries on fair and reasonable terms, or transfer the business or opportunity to any other third parties not related to any of them.

The aforesaid commitments have been honored by the undertaking party as of the end of the reporting period.



Section V Significant Events

II. PERFORMANCE OF UNDERTAKINGS (CONTINUED)

(I) Commitments of commitment-relevant parties including the Company's de facto controllers, shareholders, related parties, purchasers and the Company during or until the reporting period (Continued)

4. Significant assets restructuring in 2017 and commitment on limiting related party transaction

CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute, International Engineering, Triumph Group, Yixing Environmental Technology, GCL System Integration and CNBM committed to avoid or minimize related party transactions between the Company (including enterprises controlled by the Company at present and in the future) upon the completion of the transaction. Any inevitable related business or transaction should be concluded on the market transaction principles of openness, fairness and equity and at fair and reasonable market prices. In addition, the decision-making procedure for related party transactions should be fulfilled in accordance with relevant laws, regulations, regulatory documents and the Articles of Associations of the Company, and the obligation for information disclosure should be fulfilled as required.

The aforesaid commitments have been honored by the undertaking party as of the end of the reporting period.

5. Significant assets restructuring in 2017 and commitment on profit compensation

The counterparties, CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute, International Engineering, Triumph Group, Yixing Environmental Technology, GCL System Integration undertook that the actual net profit of the target companies for the profit compensation period from 2018 to 2020 shall not be lower than the expected net profit set out in the Assets Valuation Report, in the event that the target companies fail to achieve the committed net profit, the counterparties shall compensate the target company according to the arrangements of the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreement thereto.

(1) Since Hefei New Energy and Tongcheng New Energy failed to complete the performance commitment for 2019, according to the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreement entered into between the Company and the counterparties when the substantial assets restructuring were carried out, and the compensation scheme for unfulfilled performance commitment in 2019 in respect of the target assets under the significant asset restructuring considered and approved at the 2019 annual general meeting, the 2020 first A Share and H Share Class Meetings of the Company, the Company has repurchased and cancelled a total of 3,856,077 A shares of CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute and International Engineering for performance compensation on 6 November 2020, and completed the 2019 performance commitment compensation.

(2) Pursuant to the Review Report on the Level of Fulfillment of the Performance Commitment (Da Xin Zhuan Shen Zi [2021] No. 2-10019) issued by WUYIGE Certified Public Accountants LLP, the audited net profit after non-recurring gain and loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2020 were RMB119,052,900, RMB86,851,800 and RMB217,438,900, respectively, all fulfilled the performance commitments for 2020. There is no need for performance compensation for the year.

As of the end of the reporting period, the commitment period has expired. According to the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreements entered into between the Company and the counterparties when the substantial assets restructuring were carried out, the Company conducted an impairment test on the target assets, and entrusted WUYIGE Certified Public Accountants LLP for conducting a special review and issuing the Special Review Report on Impairment Test on Target Assets of Significant Asset Restructuring (Da Xin Zhuan Shen Zi [2021] No. 2-10020). As at 31 December 2020, the valuation of the target assets, after deducting the impacts of capital increase and capital reduction by shareholders, acceptance of grants and profit distribution on the target assets during the indemnity period, was not impaired, and the counterparties were not required to compensate the Company separately.

Section V Significant Events

II. PERFORMANCE OF UNDERTAKINGS (CONTINUED)

(II) Explanations as to whether any asset or project of the Company fulfilled its profit forecast, if there is profit forecast for such asset or project, and the reporting period is covered by the profit forecast period

As approved by the CSRC, the Company acquired 100% equity interest in Hefei New Energy, 100% equity interest in Tongcheng New Energy and 70.99% equity interest in Yixing New Energy through issuance of shares. The counterparties (including CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute, International Engineering, Triumph Technology Group, Yixing Environmental Technology and GCL System Integration) undertook that the actual net profit of the target companies for the profit compensation period from 2018 to 2020 shall not be lower than the expected net profit set out in the Assets Valuation Report, in the event that the target companies fail to achieve the committed net profit, the counterparties shall compensate the target company according to the arrangements of the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreement thereto.

Pursuant to the Review Report on the Level of Fulfillment of the Performance Commitment (Da Xin Zhuan Shen Zi [2021] No. 2-10019) issued by WUYIGE Certified Public Accountants LLP, the audited net profit after non-recurring gain and loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2020 were RMB119,052,900, RMB86,851,800 and RMB217,438,900, respectively, all fulfilled the performance commitment for 2020.

(III) Level of fulfillment of performance commitments and its impact on the test of goodwill impairment

According to the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreement entered into between the Company and the counterparties when the substantial assets restructuring were carried out, and the compensation scheme for unfulfilled performance commitment in 2019 in respect of the target assets under the significant assets restructuring considered and approved at the 2019 annual general meeting, the 2020 first A Share and H Share Class Meetings of the Company, the Company has repurchased and cancelled a total of 3,856,077 A shares of CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute and International Engineering for performance compensation on 5 November 2020, and completed the 2019 performance commitment compensation.

After this buy-backs and cancellation of the compensation shares for performance commitment, the total number of ordinary shares issued by the Company was 548,540,432 shares.

According to the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreement entered into by the Company with the counterparties when the substantial assets restructuring were carried out, upon the expiry of the commitment period, the Company conducted an impairment test on the target assets, and entrusted WUYIGE Certified Public Accountants LLP for conducting a special review and issuing the Special Review Report on Impairment Test on Target Asset of Significant Assets Restructuring (Da Xin Zhuan Shen Zi [2021] No. 2-10020). As at 31 December 2020, the valuation of the target assets, after deducting the impacts of capital increase and capital reduction by shareholders, acceptance of grants and profit distribution on the target assets during the indemnity period, was not impaired, and the counterparties were not required to compensate the Company separately.



Section V Significant Events

III. APPROPRIATION OF FUND AND PROGRESS OF DEBT CLEARANCE DURING THE REPORTING PERIOD

N/A

IV. ANALYSIS AND EXPLANATION OF THE COMPANY ON REASONS FOR AND EFFECTS OF CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

N/A

V. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRMS

Unit: 0'000 currency: RMB

Current appointee		
Name of the domestic accounting firm	WUYIGE Certified Public Accountants LLP	
Remuneration for the domestic accounting firm	128	
Term of the audit services provided by domestic accounting firm	13	
Name		
Remuneration		
A accounting firm engaged for internal control audit	WUYIGE Certified Public Accountants LLP	28

Explanation on appointment or dismissal of accounting firms

At the 2019 annual general meeting of the Company held on 30 June 2020, the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2020 was considered and approved.

VI. MATERIAL LITIGATION AND ARBITRATION MATTERS

There were no material litigation and arbitrations of the Company for the year.

VII. PUNISHMENT AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS AND ACQUIRING PARTIES

N/A

Section V Significant Events

VIII. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relating to daily operations

1. *Events which have been disclosed in the temporary announcement and there is no further development or change in subsequent implementation*

Overview of Events	Search Index
<p>On 27 April 2018, the following were considered and approved by the 2018 first extraordinary general meeting of the Company: the Technical Services Framework Agreement, the Engineering Equipment Procurement and Installation Framework Agreement, the Sale and Purchase of Spare Parts Framework Agreement, the Sale of Raw Materials Framework Agreement, the Sale and Purchase of Glass Products Framework Agreement, the Supply of Electricity Framework Agreement by and between the Company and CNBM and the Annual Caps thereof, and the Sale and Purchase of Products Framework Agreement by and between the Company and Triumph Group and the Annual Cap thereof. The Company and its subsidiaries will receive goods or services from the abovementioned related parties or sell products to them during the period from 2018 to 2020 on a continuous basis.</p>	<p>Announcement Lin No. 2018-006 on 24 January 2018, Announcement Lin No. 2018-030 on 27 April 2018 at http://www.sse.com.cn and http://www.hkexnews.hk</p>
<p>On 18 March 2020, as considered and approved by the 13th meeting of the ninth session of the Board of the Company, Bengbu CNBM Information Display, a wholly-owned subsidiary of the Company entered into the Agreement on Entrusted Processing and Production with Haichuan Electronic Glass Co., Ltd. of Henan Province, pursuant to which, Bengbu CNBM Information Display will delegate Haichuan Company to process sodium calcium grade glass with total contract amount of RMB37,840,000.</p>	<p>Announcement Lin No. 2020-008 on 18 March 2020 at http://www.sse.com.cn and http://www.hkexnews.hk</p>
<p>On 9 February 2021, the following were considered and approved by the 2021 first extraordinary general meeting of the Company: the Sale and Purchase of Glass Products Framework Agreement, the Sale and Purchase of Raw Materials Framework Agreement, the Technical Services Framework Agreement, the Engineering Equipment Procurement and Installation Framework Agreement and the Sale and Purchase of Spare Parts Framework Agreement by and between the Company and CNBM, the Sale and Purchase of Products Framework Agreement by and between the Company and Triumph Technology Group, and the Financial Service Framework Agreement by and between the Company and CNBMG Finance Co., Ltd. and the Annual Cap thereof. The Company and its subsidiaries will conduct the transactions under the above agreements with the related parties within the annual transaction cap during the period from 2021 to 2023 on a continuous basis.</p>	<p>Announcement Lin No. 2020-032 on 2 December 2020, Announcement Lin No. 2021-011 on 9 February 2021 at http://www.sse.com.cn and http://www.hkexnews.hk</p>



Section V Significant Events

VIII. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party transactions relating to daily operations (Continued)

2. Events which have been disclosed in the temporary announcement but there is further development or change in subsequent implementation

Overview of Events	Search Index
<p>On 22 January 2020, the signing of the Financial Service Framework Agreement (《金融服務框架協議》) between the Company and Triumph Technology Group was approved at the 10th meeting of the ninth session of the Board of the Company, pursuant to which, Triumph Technology Group provided financing guarantee and payment on behalf of the Group in 2020 with the cumulative principal amount of, the financing guarantee and payment on behalf of the Group not more than RMB1,800 million and RMB800 million, respectively. On 21 December 2020, the Resolution on Adjustment on the Upper Limit of Estimated Guarantee Principal of the Financing Guarantee Provided by Triumph Technology Group Co., Ltd. to the Company was considered and approved at the 22nd meeting of the ninth session of the Board of the Company, which approved the signing of the Supplemental Agreement of Financial Service Framework Agreement with Triumph Technology Group, and adjusted the annual principal limit of financing guarantee to not more than RMB2 billion.</p>	<p>Announcement Lin No. 2020-002 on 22 January 2020, Announcement Lin No. 2020-036 on 21 December 2020 at http://www.sse.com.cn and http://www.hkexnews.hk</p>
<p>On 28 May 2019, the signing of Agreement on Settlement of Utility Fees, Lease Contract and Contract in Relation to Lease of Substation between Yixing New Energy and Far East Opto-Electronics was considered and approved at the 5th meeting of the ninth session of the Board of the Company for a term of three years. The approved annual caps of transaction amounts under the collection and payment of water fees as an agent, the collection and payment of electricity fees as an agent and leasing with related parties were RMB132,000, RMB13,980,000 and RMB507,729.36, respectively, with the term of validity ending on 31 December 2021; on 21 December 2021, the Resolution on Adjustment on the Estimated Annual Caps of Collection and Payment of Water Fees as an Agent Under Agreement on Settlement of Utility Fees Entered into Between the Controlled Subsidiary and Far East Opto-Electronics Co., Ltd. was considered and approved at the 22nd meeting of the ninth session of the Board of the Company, which approved the signing of Supplemental Agreement between Yixing New Energy and Far East Opto-Electronics and adjusted the annual caps of transaction amounts under the collection and payment of water fees as an agent to RMB290,000.</p>	<p>Announcement Lin No. 2019-034 on 28 May 2019, Announcement Lin No. 2020-036 on 21 December 2020 at http://www.sse.com.cn and http://www.hkexnews.hk</p>

Section V Significant Events

IX. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

(I) Custody, contracting and leasing matters

1. Custody

Unit: Yuan Currency: RMB

Name of principal	Name of trustee	Assets in custody	Amounts of assets in custody	Commencement date of custody	End date of custody	Custody income	Recognition basis for custody income	Impact of custody income on the Company	Is it a connected transaction	Connected relationship
Zhumadian High-tech Industrial Development Investment Development Co., Ltd.* (駐馬店高新技術產業開發投資發展有限公司)	The Company	35% equity of Haichuan Electronic Glass Co., Ltd., of Henan Province	35,000,000	1 September 2019	31 August 2021	The fixed custody fee is RMB100,000 per month; the performance custody fee is charged at 50% of the actual dividend paid by the principal	According to the principle of marketization, determined by the two parties through negotiation	Increase the income of other businesses in this period by RMB1,132,100	No	Nil

2. Contracting

N/A



Section V Significant Events

IX. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(II) Guarantees

Unit: Yuan Currency: RMB

Total amount of guarantees provided during the reporting period (excluding guarantees provided for subsidiaries)	0
Total amount of guarantees outstanding at the end of the reporting period (A) (excluding guarantees provided for subsidiaries)	0

Guarantees provided by the Company and its subsidiaries for subsidiaries

Total amount of guarantees provided for subsidiaries during the reporting period	175,000,000.00
Total amount of guarantees provided for subsidiaries outstanding at the end of the reporting period (B)	116,041,400.00

Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries)

Total amount of guarantees (A+B)	116,041,400.00
Proportion of the total amount of guarantees to the Company's net assets (%)	7.13
Including:	
Guarantee provided to shareholders, the actual controller and its related party (C)	0
The amount of direct or indirect debt guarantee provide for guarantees with over 70% gearing ratio (D)	0
The amount of guarantee that exceeds 50% of the net assets (D)	0
Total amount of above three guarantees (C+D+E)	0
Explanation for potential joint and several liabilities of unexpired guarantee	Nil
Explanation for guarantees	Nil

Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES

(I) Poverty alleviation efforts of the listed company

N/A

(II) Performance of social responsibilities

For details, see the 2020 Social Responsibility Report of Luoyang Glass Company Limited disclosed on the same day by the Company

(III) Information on environment protection

1. *Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities*

(1) *Information on pollution discharge*

During the reporting period, five wholly-owned subsidiaries of the Company fell under the Environmental Information Disclosure Directory or the Directory of Major Pollution Discharge Units published by the environmental protection authorities in the places where they operated. Details are as follows:

Each of Longhai Glass and Longmen Glass, Tongcheng New Energy, Hefei New Energy and Bengbu CNBM Information Display, all being wholly-owned subsidiaries of the Company, was listed under the Directory of Major Pollution Discharge Units of Henan Province, the Environmental Information Disclosure Directory for Enterprises and Public Institutions of Anqing City, the Self-Monitoring and Supervisory Monitoring Information Disclosure Directory of Major Pollution Discharge Units in Anhui Province and the 2020 Directory of Major Pollution Discharge Units of Bengbu City, respectively. In particular, the production lines of Longmen Glass have ceased production since 2 January 2020 and were planned for relocation and transformation.

Major pollutants generated from the glass production process: dust-laden gases, and smoke, waste water and solid waste emitted from furnaces.



Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)

(1) Information on pollution discharge (Continued)

Table I Pollutant discharge standards currently observed by production-related subsidiaries of the Company include:

Type of pollutants	Pollutant discharge standards (Notes)	Major pollutants	Discharge concentration
Exhaust	Emission Standard of Air Pollutants for Electronic Glass Industry (《電子玻璃工業大氣污染物排放標準》) (GB29495-2013)	Atmospheric particulate (dust)	Atmospheric particulate matters≤50mg/m ³
		SO ₂	SO ₂ ≤400 mg/m ³
		NO _x	NO _x ≤700 mg/m ³
	Emission Standard of Air Pollutants for Plate Glass Industry (《平板玻璃工業大氣污染物排放標準》) (GB26453-2011)		Atmospheric particulate matters≤50mg/m ³ SO ₂ ≤400 mg/m ³ NO _x ≤700 mg/m ³
Exhaust	Emission Standard of Air Pollutants for Industrial Furnaces in Henan Province (《河南省工業爐窯大氣污染物排放標準》) (DB41/1066-2015)		Atmospheric particulate matters≤30mg/m ³ SO ₂ ≤200 mg/m ³ NO _x ≤400 mg/m ³
	(V) Notes of Plate Glass and Electronic Glass Industry of 2019 Special Plan for the Improvement of Non Electricity Industry Standards in Henan Province (《河南省2019年非電行業提標治理專項方案》)		Atmospheric particulate matters≤30mg/m ³ SO ₂ ≤150 mg/m ³ NO _x ≤400 mg/m ³
Wastewater	Integrated Wastewater Discharge Standard (《污水綜合排放標準》) (GB8978-1996) Class I	pH, COD, SS, BOD5, NH3-N, petroleum and other relevant pollutants	pH: 6~9, COD≤100mg/L, SS≤100mg/L, BOD5≤20mg/L, NH3-N≤15mg/L, Petroleum≤5mg/L

Notes:

- Enterprises in Henan Province implement all the above standards;
- Enterprises in other provinces implement national, industry standards and other requirements of where they are located.

Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)

(1) Information on pollution discharge (Continued)

Table II Way of discharge and distribution of major pollutants:

Subsidiary	Type of pollutant	Representative pollutant	Way of discharge	Number and distribution of discharge vent
Longmen Glass	Exhaust	Atmospheric particulate matters, SO ₂ , NO _x	Emission by chimney stack after being treated through electrostatic precipitator and SCR denitration.	1 chimney, the discharge vent is located in front of the glass melting furnace in the plant
	Wastewater	COD, NH ₃ -N	Production wastewater was subject to reuse after treatment with a small proportion being discharged into the sewage pipe network; domestic sewage was discharged into the sewage pipe network after treatment through septic tank.	1 sewage outlet, located in the southeast corner of the plant
Longhai Glass	Exhaust	Atmospheric particulate matters, SO ₂ , NO _x	Emission by chimney stack after being treated with vertical boiler, high temperature electrostatic precipitator, the SCR denitration, semi-dry desulfurization, and the dust removal with a bag filter.	1 chimney, the discharge vent is located in front of the glass melting furnace in the plant
	Wastewater	COD, NH ₃ -N	Production wastewater was subject to reuse with a small proportion being discharged into the sewage pipe network; domestic sewage was discharged into the sewage pipe network after treatment through septic tank.	1 sewage outlet, located in the southeast corner of the plant
Tongcheng New Energy	Exhaust	Atmospheric particulate matters, SO ₂ , NO _x	Emission by the 90-meter-high chimney stack via a desulfurization induced-draft fan after being treated through the process of high temperature electrostatic precipitator ESP, the SCR denitration, the R-SDA semi-dry desulfurization system and the dust removal with a bag filter.	1 chimney, the discharge vent is located in front of the glass melting furnace in the plant
	Wastewater	PH, COD, BOD ₅ , NH ₃ -N, SS	Production wastewater was subject to reuse after treatment with a small proportion being discharged into the sewage pipe network; domestic sewage was channeled into the sewage treatment works via urban sewage pipeline after pre-treatment.	1 sewage outlet, located in the plant
Hefei New Energy	Exhaust	Atmospheric particulate matters, SO ₂ , NO _x	Emission by chimney stack after being treated with the full-oxygen combustion technology and through semi-dry desulfurization.	1 chimney, the discharge vent is located in front of the glass melting furnace in the plant
	Wastewater	PH, COD, BOD ₅ , NH ₃ -N, SS	Production wastewater was subject to reuse after treatment with a small proportion being discharged into the sewage pipe network; domestic sewage was channeled into the sewage treatment works via urban sewage pipeline after pre-treatment.	1 sewage outlet, located in the plant
Bengbu CNBM Information Display	Exhaust	Atmospheric particulate matters, SO ₂ , NO _x	Emission by chimney stack after being treated through high temperature dry desulfurization, dust removal with catalytic ceramic filter tube.	1 chimney, the discharge vent is located in front of the glass melting furnace in the plant
	Wastewater	PH, COD, BOD ₅ , NH ₃ -N, SS	Production wastewater was subject to reuse after treatment with a small proportion being discharged into the sewage pipe network; domestic sewage was channeled into the sewage treatment works via urban sewage pipeline after pre-treatment.	1 sewage outlet, located before the raw material warehouse of the east side of the plant

Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)

(1) Information on pollution discharge (Continued)

Table III The annual total discharge indicators for major pollutants as determined by the environmental protection authorities and the total discharge during the reporting period:

Subsidiary	Code of discharge permit	Type of pollutant	Total discharge indicators of major pollutants (tonnes per year)	Total discharge during the reporting period (tonnes)	Excessive discharge	
Longmen Glass	Yu Huan Xu Ke Luo 2016 Zi No. 021	Exhaust	SO ₂	69.94	0	Ceased production during the reporting period
			NO _x	162.4	0	
			Atmospheric particulate matters	/	0	
Tongcheng New Energy	91340881567507232G001P	Wastewater	COD	3.2	0	Discharge up to standard
		Exhaust	SO ₂	174.5	4.572	
			NO _x	305	137.27	
			Atmospheric particulate matters	21.8	6.973	
Hefei New Energy	91340100570418775Y001P	Wastewater	SO ₂	36.7	19.928	Discharge up to standard
Longhai Glass	91410300776503385G001V	Exhaust	NO _x	169.5	104.655	See note
			SO ₂	16.586	8.491	
			NO _x	71.431	10.669	
			Atmospheric particulate matters	7.650	5.495	
Bengbu CNBM Information Display	9134030007873918XR001Q	Wastewater	COD	2.4981	2.352	Discharge up to standard
		Exhaust	SO ₂	/	0	
			NO _x	/	135.94	
			Atmospheric particulate matters	/	6.85	
		Wastewater	COD	/	12.12	

Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)

(1) Information on pollution discharge (Continued)

Note:

During the reporting period, Longmen Glass, a wholly-owned subsidiary of the Company, was subject to 2 administrative penalties for environmental protection and Bengbu CNBM Information Display, a wholly-owned subsidiary of the Company, was subject to one rectification request. Details of which were as follows:

1. On 8 April 2020, the Yanshi Ecological Environment Bureau issued the Administrative Penalty Decision (Yan Huan Fa Jue Zi [2020] No. 071) (政處罰決定書(優環罰決字[2020]第071號)) and imposed an administrative penalty of RMB300,000 for the reason that at 8 p.m. on 29 November 2019, the main flue valve of Longhai Glass was closed due to the breakdown of power supply system, and the instantaneous fluctuation after restoration caused the average concentration per hour of atmospheric particulate matters matter and nitrogen oxide exceeding the standard.

Rectification: Longhai Glass has formulated relevant systems, strengthen the management of environmental protection, and made further effort in inspection on the environmental protection facilities. Meanwhile, RMB12 million was invested in the improvement and transformation of the environmental protection facilities as well as the increase of reserve system.

2. On 6 August 2020, the Ecological Environment Sub-bureau of Longzihu District, Bengbu City, issued the Notification of Rectification of Environmental Violation Activities (Long Ze Gai [2020] No. 29) (環境違法行為整改通知書(龍責改[2020]第29號)), requesting Bengbu CNBM Information Display to complete the installation and networking of exhaust automatic monitoring equipment and video monitoring facilities before 30 September 2020, otherwise, it will subject to the administration penalty.

Rectification: Bengbu CNBM Information Display has completed the installment of exhaust automatic online monitoring facilities on 8 September 2020, which have been networked and operated on 25 September 2020; and the installment of video monitoring facilities and networking and operation were completed on 22 September 2020.

3. On 14 December 2020, the Yanshi Ecological Environment Bureau issued the Administrative Penalty Decision (Yan Huan Fa Jue Zi [2020] No. 416) (《行政處罰決定書》(優環罰決字[2020]第416號)) and imposed an administrative penalty of RMB500,000 for the reason that from 00:00 to 1:00 a.m. and from 1:00 to 2:00 a.m. on 7 August 2020, the average concentration per hour of nitrogen oxide of Longhai Glass exceeding the standard.

Regarding this administrative penalty, Longhai Glass has applied for administrative review to Yanshi Municipal People's Government, which is pending for final results at present.



Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. *Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)*

(2) *Construction and operation of pollution prevention and control facilities*

In the ordinary course of production and operation, the Company has formulated well-equipped pollution prevention and control facilities to enhance the construction of environmental protection facilities and the operation and maintenance management thereof on a continuous basis. Each subsidiary reduces energy consumption and pollutant discharges, improves energy utilization efficiency and achieves clean production in virtue of incessant improvement in processing technology.

Major measures adopted includes: All production lines are fueled by natural gas and further reduction of energy consumption and pollutant discharges is achieved by improving combustion method, thus implementing clean production. In addition to strengthening operation and management of environmental protection facilities for desulphurization, denitration and dedusting to ensure sound operation conditions of the environmental protection facilities, guarantee high efficiency of desulphurization, denitration and dedusting and reduce emission of SO₂, NO_x and smoke dust, the Company takes a range of measures to reduce utilization of natural gas, cut the cost of fuel and decrease emission of SO₂ and NO_x. Relevant measures included the adoption of oxygen-enriched combustion technology, improvement in the air vent of the combustion fan, hot repair for the regenerator, heat preservation for the furnace wall and reasonable adjustments of certain parameters in the manufacturing processing.

The Company has strictly implemented the requirements of national and local environmental protection emission standards through the performance of environmental protection responsibilities at all level to ensure the effective operation of environmental protection facilities. When problems are found, timely measures are taken to correct them. Longhai Glass invested RMB12 million in 2020 to add the dust removal with a bag filter and the reserve desulphurization, denitration and dedusting system. Bengbu CNBM Information Display invested RMB10.83 million in 2020 to build kiln flue gas desulphurisation, denitrification and dust removal facilities using an integrated process of denitrification, desulphurisation and dust removal with a catalyst (catalyst) ceramic filter and put it into operation.

Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. *Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)*

(3) *Environmental effect assessment of construction projects and other environment protection administrative permits*

During the reporting period, all subsidiaries of the Company have carried out environmental effect assessment for the projects in the construction of the production lines and obtained the approval of the local environmental protection authorities.

On 2 July 2020, Tongcheng New Energy received the "Letter of Acceptance Opinion on Production Line Project for Ultrawhite High Transparent Photovoltaic Glass Further Processing with an Annual Capacity of 4 Million Square Meters, High Transparent Double Photovoltaic Glass Component Further Processing with an Annual Output of 4 Million Square Meters and Solid Waste Pollution Prevention and Control Facility for Production Line and Auxiliary Construction of Desulphurization, Denitration and Dedusting Project Equipment for Furnace Flue Gas (《關於年產400萬^m²超白高透光伏玻璃深加工生產線項目、年產400萬^m²高透雙玻組件光伏玻璃深加工生產線項目及生產線熔窯煙氣脫硝脫硫除塵工程配套建設的固體廢物污染防治設施驗收意見的函》) from Ecological Environment Sub-bureau of Tongcheng, Anqing, which agreed that the solid waste pollution prevention and control facilities for ancillary construction to the project has passed the special completion and acceptance of environmental protection. In December 2020, it organized and completed a special evaluation meeting on the Environmental Impact Report on Completion of Solar Glass Further Processing Production Line with an Annual Capacity of 10 Million Square Meters, and made the announcement through the National Environmental Protection Acceptance Information System for Completion of Construction Projects.

The Environmental Acceptance on the Completion of Desulphurization, Denitration and Dedusting Project for Furnace Flue Gas of Bengbu CNBM Information Display was approved on 18 October 2020.



Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

1. Information on environmental protection of enterprises and its key subsidiaries which were classified as major pollution discharge units published by the environmental protection authorities (Continued)

(4) Contingency plan for environmental emergency

The subsidiaries of the Company formulated their respective Contingency Plan for Environmental Emergency (“Contingency Plan”) in light of the production process, pollutant generation aspects and environmental risk analysis and in accordance with the relevant provisions under the Administrative Measures on Contingency Plan for Environmental Emergency (《突發環境事件應急預案管理辦法》) and the National Environmental Emergency Plan (《國家突發環境事故應急預案》). They also organized expert reviews over the Contingency Plan and filed the same with local environmental protection authorities as required. During the reporting period, emergency drills concerning contingent environmental events were carried out as scheduled and no material contingent environmental events occurred during the year.

(5) Environment self-monitoring program

In accordance with Articles 42 and 55 of the Environmental Protection Law, the Notice on Implementation of Total Emission Reduction Plan for Industrial Pollution Sources (Huan Jian [2016] No. 172) (《關於實施工業污染源全面達標排放計劃的通知》(環監〔2016〕172號)) and the General Rules for Technical Guidance on Self-Monitoring of Pollutant Discharging Organizations (《排污單位自行監測技術指南總則》) issued by the Ministry of Environmental Protection, and other laws and regulations, the subsidiaries of the Company engaged competent third-party monitoring agencies to monitor the wastewater, waste gas and noise on a regular basis. Relevant production lines have been equipped with on-line pollutant source detection facilities to detect the flow velocity, temperature and pressure of fume, SO₂, NOX, particulate matters, etc. Such subsidiaries as Longmen Glass, Tongcheng New Energy and Longhai Glass also put on LED display at the gateway to published regular monitoring data concerning the discharge of exhausts and fumes to the public.

Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

2. *Information on environmental protection of enterprises other than major pollutant discharge units*

The Company earnestly implemented the national, provincial and municipal environmental protection policies and regulations, and actively responded to the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》), the Comprehensive Work Plan on Energy Conservation and Emission Reduction of the State Council for the "13th Five-Year" Period (《國務院“十三五”節能減排綜合性工作方案》), the Plan for Energy Conservation and Emission Reduction (2016-2020) (《節能減排規劃(2016-2020年)》) and other relevant industry policies. Under the guidance of green development and the premise of ensuring the fulfillment of the various emission standards in a stable manner, the Company follows through the new enterprise growth path featuring low energy consumption, high efficiency, less emissions and recycling. The Company aims to promote its environmental protection capacity and achieve sustainable development through strict management, continuous improvement, and management innovation.

During the reporting period, the Company established the Environmental Protection Committee and the Ecological Environmental Protection Supervision Leading Group and clarified the work responsibilities of the committee. At the same time, Environmental Protection Responsibility System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護責任制》), Environmental Protection Management Implementation Rules of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護管理實施細則》), Environmental Emergency Management Measures of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境突發事件應急管理辦法》), Energy Conservation and Emissions Reduction Supervision and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司節能減排監督管理制度》), Environmental Emergency Reporting Management Measures of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境突發事件報告管理辦法》), Ecological Environment Protection Responsibility Target Assessment and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司生態環境保護責任目標考核管理制度》), Pollution Prevention and Control Facilities Operation and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司污染防治設施運行管理制度》) and other related documents were prepared and published, and key environmental protection work were continuously strengthened.



Section V Significant Events

X. POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITIES (CONTINUED)

(III) Information on environment protection (Continued)

2. Information on environmental protection of enterprises other than major pollutant discharge units (Continued)

The following table sets forth the annual total discharge of major pollutants by production-related subsidiaries of the Company:

Subsidiary	Types of pollutants and annual discharge amounts of major pollutants					
	Exhaust <i>(0'000 standard cubic meters)</i>	Waste water <i>(tonnes)</i>	SO ₂ <i>(tonnes)</i>	NO _x <i>(tonnes)</i>	Atmospheric particular matters <i>(tonnes)</i>	COD <i>(tonnes)</i>
Longhai Glass	54,417	26,394	8.491	10.669	5.495	2.353
Longmen Glass	0	1,470	0	0	0	0
Bengbu CNBM Information Display	32,919.02	54,812.8	0	135.941	6.855	12.125
Hefei New Energy	25,662	568.68	19.918	105.081	3.978	28.66
Tongcheng New Energy	38,823	102,591	4.598	153.32	9.605	0.068
Yixing New Energy	46,711	113,183	7.14	-	2.096	5.546
Puyang CNBM Photovoltaic Materials	11,395.85	19,374.2	1.05	2.73	0.39	0.7556
Total	209,927.87	318,393.68	41.197	407.741	28.419	49.5076

Notes:

- The production lines of Longmen Glass have ceased production since 2 January 2020 and were planned for relocation and transformation.
- The production lines of Puyang CNBM Photovoltaic Materials have been fired and put into operation on 28 May 2020.

3. Explanation of reasons for non-disclosure of information on environmental protection of enterprises other than major pollutant discharge units

N/A

Section VI Related Party Transactions

Save as disclosed in this chapter, no connected party transaction or continuing connected party transaction falls under the definition of discloseable connected transaction or continuing connected transaction under the Listing Rules of the Stock Exchange. Details of the Group's other related party transactions are set out in the chapter of related party transactions in the audited consolidated financial statements prepared this year in accordance with the Chinese accounting standards for business enterprises.

I. CONTINUING RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2020 IN ACCORDANCE WITH THE FRAMEWORK AGREEMENT AND ITS TRANSACTIONS APPROVED BY THE GENERAL MEETING

Unit: 0'000 Currency: RMB

Number	Party	Related relationship	Content of transactions	Principle of trade pricing	Expected Cap for trade amount for 2020	Trade amount actually incurred for 2020
1	CNBM	De facto controller	The Company and its subsidiaries sold ultrathin glass products, photovoltaic glass and deep processing of glass to CNBM and its subsidiaries.	Transaction price is determined subject to the market price at that time and should not be lower than the price of such same or similar products provided by the supplier to an independent third party.	49,069	21,480
2	Triumph Technology Group	Shareholder	Triumph Technology Group and its subsidiaries provided the Company and its subsidiaries with float glass, wooden cases for glass packing and relevant products.	Transaction price is determined subject to the market price at that time and should not be higher than the price of such same or similar products provided by the supplier to an independent third party.	3,642	3,514
3	CNBM	De facto controller	CNBM and its subsidiaries provided the Company and its subsidiaries with technical service.	Should there be a State price, such State price should be implemented. Should there be no applicable State price, market price shall prevail and not be higher than the fee(s) charged for the similar or same engineering technical service provided by the supplier to an independent third party.	2,000	1,445
4	CNBM	De facto controller	CNBM and its subsidiaries provided the Company and its subsidiaries with equipments, materials and facilities required by engineering projects, as well as engineering equipments and materials and construction and installation services required by civil work.	Transaction price is determined subject to the market price at that time and should not be higher than the price charged for such similar or same engineering equipment, materials and installation provided by the supplier to an independent third party.	68,500	58,056
5	CNBM	De facto controller	CNBM and its subsidiaries provided the Company and its subsidiaries with spare parts for update and maintenance of manufacturing equipment.	Transaction price is determined subject to the market price at that time and should not be higher than the price of such same or similar products provided by the supplier to an independent third party.	2,273	1,891
6	CNBM	De facto controller	CNBM and its subsidiaries supplied bulk raw materials such as sodium carbonate and silica sand to the Company and its subsidiaries.	Transaction price is determined subject to the market price at that time and should not be higher than the price of such same or similar products provided by the supplier to an independent third party.	58,023	21,504
7	CNBM	De facto controller	CNBM and its subsidiaries provided the Company and its subsidiaries with the electricity for photovoltaic power generation.	Transaction price is determined subject to the market price at that time and should not be higher than the price of such same or similar products provided by the supplier to an independent third party.	648	62

Section VI Related Party Transactions

I. CONTINUING RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2020 IN ACCORDANCE WITH THE FRAMEWORK AGREEMENT AND ITS TRANSACTIONS APPROVED BY THE GENERAL MEETING (CONTINUED)

The total amount of the abovementioned continuing related party transactions was RMB1,079.52 million. The total annual cap as considered and approved was RMB1,841.55 million and all continuing related party transactions have not exceeded the annual caps disclosed in the announcements.

The Company has engaged WUYIGE Certified Public Accountants LLP as the auditor of the Company to perform related audit procedures as to the continuing related party transactions of the Company for the year ended 31 December 2020, as set forth in the aforesaid transactions in accordance with Chinese Certified Public Accountants Standards on Other Assurance Engagements No. 3101 Assurance Engagements other than Audit or Review of Historical Financial Information promulgated by Ministry of Finance of the PRC and by reference to No.740 of "continuing related party transactions auditor's correspondence as provided in Hong Kong listing rules" of the Practice Note promulgated by HKICPA, and the auditor confirms transactions as follows: (1) have received the approval from the Board; (2) the transactions in relation to provision of goods and services in accordance with the pricing policies of the Group; (3) have been entered into in accordance with the relevant agreements governing the transactions; and (4) have not exceeded the annual caps disclosed in previous announcements of the Company.

The independent non-executive Directors have reviewed the above-mentioned continuing related party transactions that took place during the year ended 31 December 2020 and confirmed that these transactions were: (1) in the ordinary and usual course of business of the Company; (2) on normal commercial terms or on terms no less favorable to the Company than terms available to or from independent third parties; and (3) entering into of the transaction agreements is fair and reasonable and in line with regulatory requirements and the interests of the shareholders of the Company as a whole.



Section VI Related Party Transactions

II. DAILY RELATED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS CONSIDERED AND APPROVED BY THE BOARD DURING THE REPORTING PERIOD

1. On 28 May 2019, Yixing New Energy, a controlled subsidiary of the Company and Far East Opto-Electronics entered into the Agreement on Settlement of Utility Fees, Lease Contract and Contract in Relation to Lease of Substation for a term of three years. The approved annual caps of transaction amounts under the collection and payment of utility fees as an agent and leasing with related parties were RMB14,112,000 and RMB507,700, respectively, with the term of validity ending on 31 December 2021.

On 21 December 2020, Yixing New Energy and Far East Opto-Electronics entered into the Supplemental Agreement, and adjusted the annual caps of transaction amounts under the collection and payment of water fees as an agent. After the adjustment, the annual caps of transaction amounts under the collection and payment of utility fees as an agent and leasing with related parties for 2020 were RMB14,270,000 and RMB507,700, respectively.

The transactions under the above three contracts constitute continuing related party transactions under Chapter 14A of Listing Rules of the Stock Exchange. As all applicable percentage ratios are more than 0.1% but less than 5%, the above contracts are subject to the reporting and announcement requirements only but are exempt from the independent shareholders' approval requirements. The transactions under the above three contracts constitute daily related party transactions under the Listing Rules of the SSE.

During the reporting period, the actual amount of transactions of the collection and payment of utility fees as an agent under the Agreement on Settlement of Utility Fees amounted to RMB6,480,000.

During the reporting period, the cumulative amount of leasing with related parties actually incurred was RMB430,000.



Section VI Related Party Transactions

II. DAILY RELATED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS CONSIDERED AND APPROVED BY THE BOARD DURING THE REPORTING PERIOD (CONTINUED)

2. On 22 January 2020, the Company and Triumph Technology Group entered into the Financial Service Framework Agreement, pursuant to which, Triumph Technology Group provided the Company with the cumulative principal amount of the financing guarantee and payment on behalf of the Group in 2020 not more than RMB1,800 million and RMB800 million, respectively, with the term of validity ended on 31 December 2020.

On 21 December 2020, Triumph Technology Group and the Company entered into the Supplemental Agreement of Financial Service Framework Agreement, and adjusted the annual principal amount of financing guarantee to not more than RMB2 billion.

The financial services provided by Triumph Technology Group to the Company represent the financial assistance provided by related parties, and the Company did not have any pledge of assets in this regard. Pursuant to the Hong Kong Listing Rules, they are exempted from the reporting, announcement and independent shareholders' approval requirements. Pursuant to the Shanghai Listing Rules, the financial services provided by Triumph Group to the Company constitute daily related party transactions with financial assistance in nature and are exempted from fulfilling the approval procedures at the general meeting.

During the reporting period, the actual incurred amounts of financing guarantee and payment on behalf of the Group during the transaction year under the Financial Services Framework Agreement and its supplemental agreement were RMB1,646.98 million and RMB731.39 million, respectively.

3. On 18 March 2020, Bengbu CNBM Information Display, a wholly-owned subsidiary of the Company entered into the Agreement on Entrusted Processing and Production with Haichuan Electronic Glass Co., Ltd. of Henan Province, pursuant to which, Bengbu CNBM Information Display will delegate Haichuan Electronic Glass Co., Ltd. of Henan Province to process soda lime glass with total contract amount of RMB37,840,000.



Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

I. CHANGE IN SHARE CAPITAL

(I) Changes in ordinary shares

1. Changes in ordinary shares

Unit: share

	Before the change		Increase/decrease (+, -) Capital reserve transferred to				After the change		
	Number	Percentage (%)	New shares	Bonus shares	shares	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading moratorium	23,350,632	4.23				-3,430,375	-3,430,375	19,920,257	3.63
1. Shares held by the state									
2. Shares held by state-owned legal person	21,938,004	3.97				-3,279,585	-3,279,585	18,658,419	3.40
3. Shares held by other domestic shareholders	1,412,628	0.26				-150,790	-150,790	1,261,838	0.23
Including: Shares held by domestic non-state-owned legal persons	1,412,628	0.26				-150,790	-150,790	1,261,838	0.23
Shares held by domestic natural persons									
4. Shares held by overseas shareholders									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Shares not subject to trading	529,045,877	95.77				-425,702	-425,702	528,620,175	96.37
1. Renminbi ordinary shares	279,045,877	50.51				-425,702	-425,702	278,620,175	50.79
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	250,000,000	45.26						250,000,000	45.58
4. Others									
III. Total ordinary shares	552,396,509	100.00				-3,856,077	-3,856,077	548,540,432	100.00

2. Explanation on changes in ordinary shares

In November 2020, the Company completed the repurchase and cancellation of a total of 3,856,077 A shares in the 2019 major asset restructuring performance commitment compensation shares. Total share capital of the Company was changed from 552,396,509 shares to 548,540,432 shares.

(II) Changes in shares subject to trading moratorium

N/A



Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities during the reporting period

N/A

(II) Changes in the total number of ordinary shares of the Company and shareholder structure and changes in the Company's assets and liabilities structure

Based on the authorisation granted at the general meeting, in November 2020, the Company completed the repurchase and cancellation of a total of 3,856,077 A shares in the 2019 major asset restructuring performance commitment compensation shares. Total share capital of the Company was changed from 552,396,509 shares to 548,540,432 shares.

(III) Existing internal staff shares condition

N/A

III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) Total number of shareholders

Total number of holders of ordinary shares as at the end of the reporting period (shareholder)	35,397 (including 35,354 holders of A shares and 43 holders of H shares)
Total number of ordinary shareholders at the end of the previous month before the date of disclosure of annual report (shareholder)	43,747 (including 43,709 holders of A shares and 38 holders of H shares)

Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS (CONTINUED)

(II) Shareholdings of the top 10 shareholders and top 10 circulating shareholders (or holders of shares not subject to trading moratorium) as at the end of the reporting period

Unit: share

Shareholdings of top 10 shareholders

Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares at the end of reporting period	Proportion (%)	Number of shares held subject to trading moratorium	Pledged or frozen		Nature of shareholder
					Status	Number	
HKSCC NOMINEES LIMITED	866,000	247,754,699	45.17	0	Unknown		Overseas legal person
China Luoyang Float Glass (Group) Co., Ltd.	-1,419,006	111,195,912	20.27	6,177,670	Pledged	55,597,956	State-owned legal person
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	-503,471	70,290,049	12.81	1,290,049	None		State-owned legal person
Triumph Technology Group Co., Ltd.	0	6,170,699	1.12	6,170,699	None		State-owned legal person
Agricultural Bank of China Limited-BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund	4,035,685	4,035,685	0.74	0	Unknown		Domestic non-state-owned legal persons
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	-1,357,108	3,477,327	0.63	3,477,327	None		State-owned legal person
Hong Kong Securities Clearing Co., Ltd.	-557,493	1,873,556	0.34	0	Unknown		Overseas legal person
Hefei Gaoxin Development and Investment Group Company*	-425,702	1,853,300	0.34	0	None		State-owned legal person
Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	0	1,542,674	0.28	1,542,674	None		State-owned legal person
Wang Hejun (王賀軍)	1,513,400	1,513,400	0.28	0	Unknown		Domestic natural persons



Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS (CONTINUED)

(II) Shareholdings of the top 10 shareholders and top 10 circulating shareholders (or holders of shares not subject to trading moratorium) as at the end of the reporting period (Continued)

Shareholdings of top 10 shareholders not subject to trading moratorium

Name of shareholder	Number of circulating shares not subject to trading moratorium	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED	247,754,699	Overseas listed foreign shares	247,754,699
China Luoyang Float Glass (Group) Company Limited	105,018,242	Ordinary shares denominated in RMB	105,018,242
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	69,000,000	Ordinary shares denominated in RMB	69,000,000
Agricultural Bank of China Limited-BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund	4,035,685	Ordinary shares denominated in RMB	4,035,685
Hong Kong Securities Clearing Co., Ltd.	1,873,556	Ordinary shares denominated in RMB	1,873,556
Hefei Gaoxin Development and Investment Group Company*	1,853,300	Ordinary shares denominated in RMB	1,853,300
Du Baoxin (杜寶新)	1,570,000	Ordinary shares denominated in RMB	1,570,000
Wang Hejun (王賀軍)	1,513,400	Ordinary shares denominated in RMB	1,513,400
Qinhuangdao Hongxing Iron & Steel Co., Ltd. (秦皇島宏興鋼鐵有限公司)	1,356,400	Ordinary shares denominated in RMB	1,356,400
SIT KA BO	1,200,000	Overseas listed foreign shares	1,200,000

Explanation on related relationship or action acting in concert among the aforesaid shareholders

Among the top 10 shareholders of the Company, China Luoyang Float Glass (Group) Company Limited, CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd, Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. and Triumph Technology Group Co., Ltd. are related parties or persons acting in concert as defined under the Regulations for Disclosure of Changes in Shareholding of Listed Companies (《上市公司股東持股變動信息披露管理辦法》). The Company is not aware of any parties acting in concert or any related relationship among other holders of circulating shares.

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

None

Notes:

- Shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers.
- The ordinary shares dominated in Renminbi held by Hong Kong Securities Clearing Co., Ltd. are held on behalf of overseas investors who held these shares via Northbound Trading in the Shanghai-Hong Kong Stock Connect.
- As at 24 December 2020, CLFG pledged 39,040,041 shares to Triumph Technology Group, whereafter, the accumulated number of shares pledged by CLFG was 55,597,956.

Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS (CONTINUED)

(II) Shareholdings of the top 10 shareholders and top 10 circulating shareholders (or holders of shares not subject to trading moratorium) as at the end of the reporting period (Continued)

Number of shares held by top 10 holders of shares subject to trading moratorium and trading moratorium

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Shares subject to trading moratorium available for listing and trading Time available for listing and trading	Number of additional shares available for listing and trading	Trading moratorium
1	China Luoyang Float Glass (Group) Company Limited	6,177,670	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance
2	Triumph Technology Group Co., Ltd.	6,170,699	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance
3	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	3,477,327	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance
4	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	1,290,049	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance
5	Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	1,542,674	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance
6	GCL System Integration Technology Co., Ltd.	875,468	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance
7	China Triumph International Engineering Co., Ltd.	386,370	17 April 2021	0	Non-transferable within 36 months from the completion date of the issuance

Explanation on related relationship or action acting in concert among the aforesaid shareholders

China Luoyang Float Glass (Group) Company Limited, CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd, Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd., Triumph Technology Group Co., Ltd. and China Triumph International Engineering Co., Ltd. are related parties or persons acting in concert as defined under the Regulations for Disclosure of Changes in Shareholding of Listed Companies (《上市公司股東持股變動信息披露管理辦法》).

(III) Strategic investors or general legal persons becoming the top 10 shareholders due to rights issue

N/A



Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS (CONTINUED)

(IV) Substantial shareholders' interests and/or short positions in the shares and underlying shares of the Company

So far as the Directors are aware, as at 31 December 2020, the interests and/or short positions of the shareholders, other than the Directors and chief executives of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity	Number of shares held ¹	Percentage in the	Percentage in	Class of shares
			relevant class of issued shares (%)	total issues share capital of the Company (%)	
CNBM ²	Interest in controlled corporation	191,520,357 (L)	64.15	34.91	A shares
Triumph Technology Group ³	Beneficial owner/Interest in controlled corporation	191,133,987 (L)	64.02	34.84	A shares
CLFG	Beneficial owner	111,195,912 (L)	37.25	20.27	A shares
Bengbu Institute	Beneficial owner	70,290,049 (L)	23.54	12.81	A shares
Huaguang Group	Beneficial owner	3,477,327(L)	1.16	0.63	A shares
International Engineering	Beneficial owner	386,370(L)	0.13	0.07	A shares

Note 1: (L)—Long position

Note 2: Triumph Technology Group is a wholly-owned subsidiary of CNBM, and International Engineering is an indirect non-wholly-owned subsidiary of CNBM. Therefore, CNBM is deemed to be interested in the shares held by Triumph Technology Group and International Engineering by virtue of Part XV of the SFO.

Note 3: CLFG is a non-wholly-owned subsidiary of Triumph Technology Group, Bengbu Institute and Huaguang Group are wholly-owned subsidiaries of Triumph Technology Group; and Triumph Technology Group directly holds 6,170,699 A shares of the Company. Therefore, Triumph Technology Group is deemed to be interested in the shares held by CLFG, Bengbu Institute and Huaguang Group by virtue of Part XV of the SFO.

Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

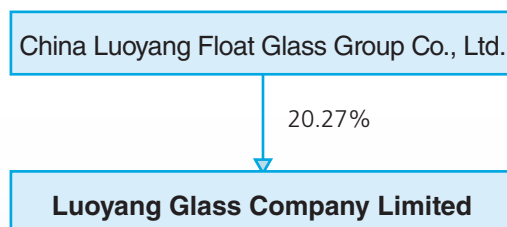
IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Controlling shareholders

1 Legal person

Name	China Luoyang Float Glass (Group) Company Limited
Person in charge of the company or legal representative	XIE JUN
Date of establishment	25 December 1996
Principal activities	Manufacture of glass and related raw materials and complete sets of equipment; exploitation and sale of silica sand used for glass, and ore; deep processing of glass; technical services and consulting services for glass processing; export of self-made products and related technologies by the company or member entities of the company; import of the raw and ancillary materials, machinery equipment, instruments and meters, parts and components needed for production and scientific research by the company or member entities of the company as well as related technologies; undertaking business relating to Chinese foreign joint ventures, joint production and “three forms of OEM and compensation trade” of the company; undertaking overseas engineering projects and domestic engineering projects for international bidding in the building materials industry; export of the required equipment and materials for the above overseas engineering projects. (The catalogue for import and export commodities shall be subject to related national regulations). (Items requiring approval in accordance with law shall be operated subject to approval of relevant authorities).
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	None
Other situations	None

2 Diagram on Equity and Control Relationship between the Company and Controlling Shareholders



Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(II) De Facto Controller

1. Legal person

Name	China National Building Material Group Co., Ltd.
Person in charge of the company or legal representative	ZHOU YUXIAN
Date of establishment	28 September 1981
Principal activities	Production and manufacturing of construction materials and relevant raw materials, research, development and sales of production technologies and equipment; design, sales and construction of complete houses in new building material system; sales of decorative materials; design and construction of building engineering; warehousing; investment and assets operations relating to building materials and related sectors; technical consulting and information services and exhibition services relating to the above activities; processing and sales of mineral products; business operation of real estate featured by new building materials, technical consulting and information services relating to principal and auxiliary activities. (The enterprise is allowed to independently select business projects and carry out operating activities in accordance with law. For items requiring approval according to law, the operating activities can be commenced according to the approved content after the approval of the relevant authorities. Operating activities prohibited and restricted by the industrial policies of the local city shall not be engaged.)
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	As at 31 December 2020, CNBM directly and through its subsidiaries held 43.02% equity interest in China National Building Material Co., Ltd. (HK03323) (directly and indirectly holding 42.84% equity interest in its domestic shares, directly and indirectly holding 0.18% equity interest in its H shares). Through its subsidiaries holding 40.13% equity interest in Ruitai Materials Technology Co., Ltd. (002066), 27.22% equity interest in Triumph Science & Technology Co., Ltd. (600552), 68.30% equity interest in China Building Material Test & Certification Group Co., Ltd. (603060), 26.97% equity interest in China Jushi Co., Ltd. (600176), 50.94% equity interest in Sinoma Energy Conservation Ltd. (603126), 37.83% equity interest in Beijing New Building Materials Public Limited Company (000786), 40.08% equity interest in Sinoma International Engineering Co., Ltd. (600970), 60.24% equity interest in Sinoma Science & Technology Co., Ltd. (002080), 45.87% equity interest in Xinjiang Tianshan Cement Co., Ltd. (000877), 47.56% equity interest in Ningxia Building Materials Group Co., Ltd. (600449), 25.04% equity interest in Gansu Qilianshan Cement Group Co., Ltd. (600720), 23.01% equity interest in China Glass Holdings Limited (HK 03300), and 16.75% equity interest in Singulus Technologies (SNG). Through its subsidiaries participating in 12.94% equity interest in China Shanshui Cement Group Limited (00691), 0.74 % equity interest in Red Star Macalline Group Corporation Ltd. (01528), 0.38% equity interest in Legend Holdings Corporation (03396), 3.05% equity interest in China Conch Venture Holdings Limited (00586), 4.89% equity interest in Jiangxi Wannianqing Cement Co., Ltd. (000789), 0.13% equity interest in Bohai Water Industry Co., Ltd. (000605), 4.31% equity interest in BBMG Corporation (601992), directly participating in 0.02% equity interest Henan City Development Environment Co., Ltd. (000885) and through its subsidiaries participating in 9.72% equity interest in Henan City Development Environment Co., Ltd. (000885), 14.4% equity interest in Gansu Shangfeng Cement Co., Ltd. (000672), 3.99% equity interest in Jilin Yatai (Group) Co., Ltd. (600881), 12.74% equity interest in Shanghai Yaohua Pilkington Glass Group Co., Ltd. (600819), 13.54% equity interest in Wuhan Ligong Guangke Co., Ltd. (300557), 1.76% equity interest in Lanzhou LS Heavy Equipment Co., Ltd. (603169), 1.06% equity interest in China West Construction Group Co., Ltd. (002302), 0.06% equity interest in Guotai Junan Securities Co., Ltd. (601211), 0.0013% equity interest in Bank of Communications Co., Ltd. (601328), 0.04% equity interest in Bank of Jiangsu Co., Ltd. (600919).
Other situations	None

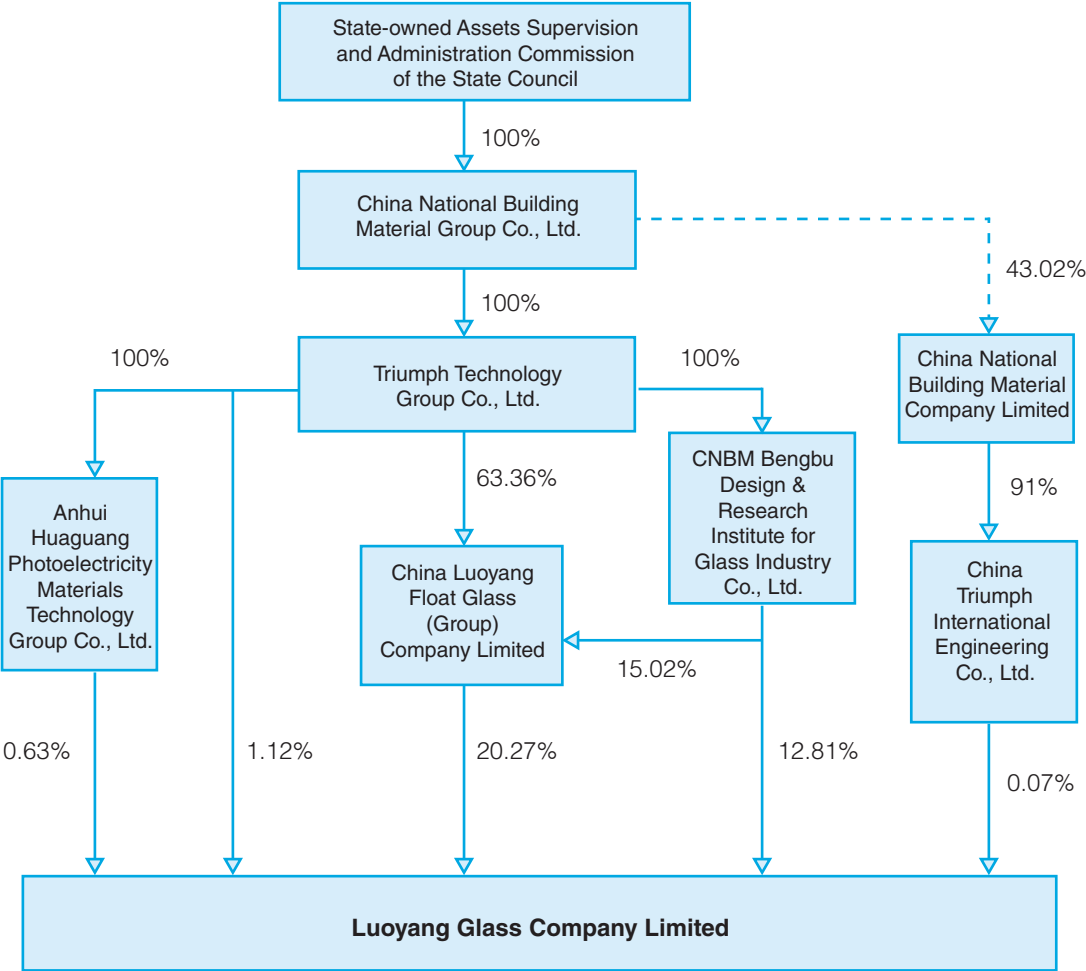


Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(II) De Facto Controller (Continued)

2 Diagram on Equity and Control Relationship between the Company and De Facto Controllers



Section VII Changes in Shareholding of Ordinary Shares and Information of Shareholders

V. OTHER LEGAL PERSON SHAREHOLDERS HOLDING 10% OR MORE OF SHARES

Unit: Yuan Currency: RMB

Name of legal person shareholder	Person in charge or legal representative of the unit	Date of establishment	Code of the entity	Registered capital	Principal activities or management activities
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	PENG SHOU	6 August 1996	913403004852224289	662,088,567.56	Contracting of professional engineering survey, consultancy, design and supervision projects in relation to overseas construction and building materials; dispatch of labour required for the aforementioned overseas projects; (items aforementioned shall be operated within the effective operating period subject to license).
Explanation	None				

Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION

(I) Changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period

Unit: share

Name	Position (note)	Gender	Age	Starting date of term of office	Expiry date of term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Increase/ decrease of shares during the year	Reason for change	Total remuneration before tax received from the Company during the reporting period	Whether received remuneration from the Company's related parties or not
										(RMB'000)	
Zhang Chong	Chairman	Male	58	2015-12-24	2022-03-03	0	0	0	Nil	0	Y
Xie Jun	Vice chairman	Male	55	2015-12-24	2022-03-03	0	0	0	Nil	0	Y
Ma Yan	Executive director	Male	50	2015-12-23	2022-03-03	0	0	0	Nil	80	N
	Financial executive			2016-05-06	-						
	General Manager			2018-11-21	-						
Wang Guoqiang	Executive director, Vice general manager	Male	52	2015-12-23	2022-03-03	0	0	0	Nil	75	N
Zhang Rong	Vice general manager	Male	47	2018-11-21	-	0	0	0	Nil	70	N
	Executive director			2019-03-04	2022-03-03	0	0	0			
Ren Hongcan	Non-executive director	Male	57	2019-03-04	2022-03-03	0	0	0	Nil	0	Y
Chen Yong	Non-executive director	Male	49	2019-03-04	2022-03-03	0	0	0	Nil	0	Y
Jin Zhanping	Independent director	Male	57	2014-06-03	2020-06-02	0	0	0	Nil	0	N
He Baofeng	Independent director	Male	48	2015-12-23	2022-03-03	0	0	0	Nil	6	N
Ye Shuhua	Independent director	Male	59	2015-12-23	2022-03-03	0	0	0	Nil	6	N
Zhang Yajuan	Independent director	Female	47	2019-03-04	2022-03-03	0	0	0	Nil	6	N
Ren Zhenduo	Chairman of the Supervisory Committee	Male	56	2007-09-12	2022-03-03	0	0	0	Nil	0	Y
Li Wenge	Supervisor	Male	55	2019-03-04	2022-03-03	0	0	0	Nil	45	N
Wang Jian	Employee supervisor	Male	45	2010-05-26	2022-03-03	0	0	0	Nil	28.13	N
Ma Jiankang	Employee supervisor	Male	55	2012-12-17	2022-03-03	0	0	0	Nil	21.87	N
Qiu Mingwei	Supervisor	Male	49	2015-12-23	2022-03-03	0	0	0	Nil	3	N
Yan Mei	Supervisor	Female	58	2015-12-23	2022-03-03	0	0	0	Nil	3	N
Liu Yuquan	Vice general manager	Male	53	2015-12-24	-	0	0	0	Nil	60	N
Yang Bomin	Vice general manager	Male	54	2018-11-21	-	0	0	0	Nil	60	N
Wu Zhixin	Secretary to the Board	Female	54	2014-05-20	-	0	0	0	Nil	50	N
Ip Pui Sum	Company secretary	Male	61	2008-08-06	-	0	0	0	Nil	10.16	N
Total	/	/	/	/	/	0	0	0	/	524.16	/



Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION (CONTINUED)

(I) Changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period (Continued)

Name	Main Working Experience
Zhang Chong	a professor-grade senior engineer with a master's degree, and the chairman of the Company. He is the deputy dean and general engineer of Bengbu Institute and the chairman and general manager of Bengbu China Optoelectronics Technology Co., Ltd., as well as the chairman of Chengdu China Optoelectronics Technology Co., Ltd., CNBM (Bengbu) Photoelectric Materials Co., Ltd., Henan Haichuan Electronic Glass Co., Ltd. *(河南海川電子玻璃有限公司) and Yixing New Energy. Mr. Zhang had served as the deputy executive head of the marketing department of engineering company of Bengbu Institute, the general engineer and the head of PRC domestic engineering department of International Engineering, and the deputy executive general manager of Chengdu Zhongguangdian Technology Co., Ltd.* (成都中光電科技有限公司), etc.
Xie Jun	a professor-grade senior engineer with a doctor's degree in engineering and vice chairman of the Company. He is currently the legal person, vice chairmen and deputy secretary of the party committee, general manager and general engineer of CLFG. Mr. Xie had served as the secretary of party committee and deputy general manager of the Company, and concurrently served as the party secretary and deputy executive general manager of Chenzhou Bada Glass Co., Ltd. (郴州八達玻璃有限公司), a standing member of the party committee and deputy general manager and general engineer of CLFG, and also the secretary of party general branch and deputy executive general manager of Chengdu Zhongguangdian Technology Co., Ltd.*, etc.
Ma Yan	an accountant with a bachelor's degree, an Executive Director, deputy general manager and chief financial controller of the Company and also the supervisor of Bengbu Zhongxian and the chairman of the supervisory committee of Yixing New Energy. Mr. Ma had served as the chief financial controller of Bengbu Chemical Machinery Co., Ltd, assistant to the head of Financial Department of Bengbu Institute, the chief financial controller of Chengdu China Optoelectronics Technology Co., Ltd. and Chief Financial Controller of Triumph Technology, etc.
Wang Guoqiang	an engineer with a master's degree and a professor-grade senior engineer. He is currently an executive director, a deputy general manager and the party secretary of the Company, as well as the general manager of Puyang Photoelectric Material. Mr. Wang had served as the deputy head of the Company's Technology Department, deputy general manager of Longmen Glass and an executive director, general manager and the party secretary of Longhai Glass, general manager of Technology R&D Center of the Company, general manager of Production Center and deputy executive general manager of Henan Zhonglian Glass LLC, etc.

Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION (CONTINUED)

(I) Changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period (Continued)

Name	Main Working Experience
Zhang Rong	an engineer with a master's degree and a senior engineer. He is currently an executive director and a deputy general manager of the Company, and the general manager of Hefei New Energy. He has served as an assistant engineer of the glass division of Bengbu Institute, an engineer and a senior engineer of the International Engineering Glass Institute, the design manager, project manager and vice head of the glass division of the International Engineering Glass Institute and a deputy executive general manager of Hefei New Energy. He currently is the general manager of Hefei New Energy.
Ren Hongcan	a professor-grade senior engineer with bachelor's degree, a non-executive director of the Company. He currently serves as an assistant general engineer of Bengbu Institute, the secretary of party general branch and deputy executive general manager of Chengdu China Optoelectronics Technology Co., Ltd.. He had served as Company's branch director, manager of the Production Center and the head of investment department, as well as general manager of Luoyang Glass (Beijing) International engineering Co., Ltd., the general manager of Bengbu Zhongxian and secretary to the disciplinary committee of Luoyang Glass, etc.
Chen Yong	a master degree holder, senior accountant and a non-executive director of the Company. Mr. Chen currently serves as the deputy dean and chief accountant of Bengbu Institute and the chairman of Triumph Photovoltaic Materials (凱盛光伏材料有限公司) and the chairman, general manager and secretary of party committee of Huaguang Group. He had served as the head and an assistant to the head of the financial department of Bengbu Institute and the deputy head of the financial department of the International Engineering Glass Institute as well as the chief financial controller of Bengbu Triumph Engineering Technology Co., Ltd.
Jin Zhanping	a holder of master's degree holder and senior engineer, an independent nonexecutive director of the Company. Mr. Jin is currently the deputy director of the Chinese Ceramic Society, and concurrently serves as an executive director of Beijing Zhonggui Exhibition Co., Ltd. (北京中硅展覽有限公司). He served as the editor in charge of the Editorial Office of the Journal of Chinese Ceramics Society, and deputy head and head of the General Office, deputy secretary general and the secretary general of the Chinese Ceramic Society.
He Baofeng	a master in accounting, CCPA and CICTA. He is an independent non-executive director of the Company. He currently serves as the chairman of Luoyang TopChina CPA Ltd. and has served an independent supervisor of the Company. Mr. He worked in Bureau Of Finance of Wancheng District in Nanyang from 1992 to 1997 and has worked in Luoyang TopChina CPA Ltd. since October 1997.



Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION (CONTINUED)

(I) Changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period (Continued)

Name	Main Working Experience
Ye Shuhua	a bachelor of laws, senior lawyer and an independent non-executive director of the Company. Mr. Ye currently serves as a director of Baihe Media Co., Ltd.* (百禾傳媒股份有限公司), Henan Guojun Capital Investment Management Co., Ltd.* (河南國君資本投資管理有限公司), Huarong Rongda Futures Co., Ltd., and an independent director of Central Plains Environment Protection Co., Ltd and Zhengzhou Kaixue Cold Chain Co., Ltd. Mr. Ye used to work in Henan Economic Law Firm and Henan Foreign-related Business Law Firm as a lawyer.
Zhang Yajuan	a holder of master's degree, a lawyer, an international internal controller and an independent non-executive director of the Company. Ms. Zhang is currently a senior consultant of Beijing Tian Yuan Law Firm. Ms. Zhang worked in the legal department, the risk management department, the shareholding transformation department, the office of the board of directors, the compliance audit department and the compliance department of CITIC Bank from July 2001 to June 2018.
Ren Zhenduo	a holder of bachelor's degree, the Chairman of the Supervisory Committee of the Company. He is currently the secretary to the disciplinary committee and the chairman of the labor union of CLFG. He served as general manager of CLFG Longxin Glass Co., Ltd.* (CLFG龍新玻璃有限公司) and deputy secretary of party committee of the Company.
Li Wenge	a holder of master's degree and a supervisor of the Company. Mr. Li is currently the secretary of the disciplinary committee of the Company. He had served as the deputy dean of the comprehensive department, deputy head of the Storage and Transportation Factory and an assistant general manager of the sales company of CLFG Processing Company, the general manager of Hubei Xiangyang Luoshen Automobile Glass Company, the deputy secretary of the Party Committee of Shanwan County, Tacheng Prefecture, Xinjiang and the general manager and the deputy secretary of the party committee of Luoyang New Jingrun Engineering Glass Co., Ltd.
Wang Jian	a holder of bachelor's degree, currently serves as the staff representative supervisor of the Company. He currently serves as an executive vice general manager of Longhai Glass. Mr. Wang joined the Company in November 1993 and has held the positions of section chief, assistant to the head and deputy chief of technology section, etc. He has been a deputy general manager of Longhai Glass.
Ma Jiankang	a holder of bachelor's degree, currently serves as a staff representative supervisor of the Company and the deputy general manager of Puyang Photoelectric Material. He had served as a deputy general manager of Longmen Glass, CLFG Longxin Glass Co., Ltd. (CLFG龍新玻璃有限公司) and CLFG Luoyang Longhao Glass Co., Ltd. (CLFG洛陽龍昊玻璃有限公司) and the deputy general manager of the enterprise development department of the Company.

Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION (CONTINUED)

(I) Changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period (Continued)

Name	Main Working Experience
Qiu Mingwei	a holder of bachelor's degree, CPA, CPV and independent supervisor of the Company. He currently acts as executive partner and director of Henan Huazhi Accounting Firm. Mr. Qiu once was project manager of Luoyang Xinde Accounting Firm, department manager of Guangzhou Fuyang Jianda Accounting Firm and director of Henan Kaituo Certified Public Accountants Co., Ltd.
Yan Mei	a master of management, independent director of the Company. Ms. Yan currently is a professor and master tutor of management school of Henan University of Science and Technology. Ms. Yan has been engaged in research of financial management and performance management, and has participated more than ten provincial level projects, published over ten treatises and teaching materials and over 50 papers. Ms. Yan was awarded the "May 1 Labour Award of Luoyang City", the "National May 1 Female Model and other honorary titles.
Liu Yuquan	a senior economist with a bachelor degree. He serves as the deputy general manager of the Company. He successively served in the Company and CLFG. He had served as the senior manager of Investment Department of CLFG, the general manager of Investment and Development Department, the general manager of Administrative and Human Resources Department and the general manager of Mineral Business Department, etc.
Yang Bomin	a senior economist with a bachelor degree. He serves as the deputy general manager of the Company. He is currently the secretary of party general branch and general manager of Yixing New Energy and the general manager of Far East Photoelectrical Co., Ltd. (遠東光電股份有限公司). He had served as the sales dean of Yixing Fandao Organic Chemical Factory (宜興市範道有機化工廠), the dean of the development office of Yixing Yuntong Chemical Industrial Company (宜興市運通化工實業公司), the head of Yixing Yuntong Synthetic Chemical Factory (宜興市運通合成化工廠), the general manager of Yixing Yuntong Chemical Industrial Company and the general manager of Yixing Jinyuntong Microcrystal Technology Co., Ltd. (宜興市金運通微晶科技有限公司).
Wu Zhixin	a senior economist with a bachelor degree, secretary to the Board of the Company and a supervisor of Longmen Company. She served as the deputy director to the secretariat of the Board and the securities affairs representative of the Company.
Ip Pui Sum	a holder of MBA degree, he currently serves as the Company Secretary. Mr. Ip is a certified public accountant in Hong Kong, a fellow member of the Association of Chartered Certified Accountants, and a member of the Hong Kong Institute of Certified Public Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.



Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION (CONTINUED)

(I) Changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period (Continued)

Other explanation

- (1) Save as disclosed above, as at 31 December 2020, none of the Directors, supervisors or senior management of the Company and their connected persons to the knowledge of the Directors had any interest nor short position in the shares, underlying shares or debentures of the Company or its associated corporations which was required to be entered in the register of interest kept by the Company pursuant to section 352 of the Securities and Futures Ordinance; or required to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
- (2) As at 31 December 2020, none of the Directors, supervisors or their spouses or children under the age of eighteen was granted rights to purchase shares or debentures of the Company or any of its associated corporations.
- (3) Jin Zhanping, an independent Director, voluntarily gave up his annual remuneration that he should have received from the Company.

(II) Equity incentives granted to Directors and senior management during the reporting period

N/A

Section VIII Directors, Supervisors, Senior Management and Employees

II. POSITIONS OF THE EXISTING AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Positions in shareholder entities

Name	Name of shareholder entity	Position held	Starting date of term of office	Expiry date of term of office
Zhang Chong	Bengbu Institute	Deputy dean, general engineer	December 2014	-
Xie Jun	CLFG	Deputy secretary to the party committee, vice chairman, general manager, general engineer	11 September 2018	-
Ren Zhenduo	CLFG	Secretary of disciplinary committee, chairman of the labor union	August 2009	-
Ren Hongcan	Bengbu Institute	Vice general engineer	October 2018	-
Chen Yong	Bengbu Institute	Vice dean, chief accountant	December 2014	-
	Huaguang Group	General manager, secretary of party committee, chairman	June 2020	-

Positions in Shareholder Entities: Nil



Section VIII Directors, Supervisors, Senior Management and Employees

II. POSITIONS OF THE EXISTING AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD (CONTINUED)

(II) Positions in other entities

Name	Name of entity	Position held	Starting date of term of office	Expiry date of term of office
Zhang Chong	Bengbu China Optoelectronics Technology Co., Ltd.	General manager	December 2016	-
	Chengdu China Optoelectronics Technology Co., Ltd.	Chairman	September 2020	-
	CNBM (Bengbu) Photoelectric Materials Co., Ltd.	Chairman	January 2016	-
	Henan Haichuan Electronic Glass Co., Ltd. * (河南海川電子玻璃有限公司)	Chairman	September 2019	-
Ren Hongcan	Chengdu China Optoelectronics Technology Co., Ltd.	Deputy executive general manager	October 2018	-
Ye Shuhua	Baihe Media Co., Ltd. *(百禾傳媒股份有限公司)	Director	August 2018	-
	Henan Guojun Capital Investment Management Co., Ltd. *(河南國君資本投資管理有限公司)	Director	January 2018	-
	Huarong Rongda Futures Co., Ltd.	Director	May 2020	-
	Central Plains Environment Protection Co., Ltd.	Independent director	April 2017	-
He Baofeng	Zhengzhou Kaixue Cold Chain Co., Ltd	Independent director	June 2016	-
	Luoyang TopChina CPA Ltd.	Chairman	October 1997	-
Jin Zhanping	Chinese Ceramic Society	Deputy director	December 2011	-
Zhang Yajuan	Beijing Tian Yuan Law Firm	Senior advisor	July 2018	-
Qiu Mingwei	Henan Huazhi Accounting Firm	Head	March 2014	-
Yan Mei	Management School of Henan University of Science and Technology	Professor	November 2011	-
Yang Bomin	Far East Photoelectrical Co., Ltd.	General manager	October 2011	-

Positions in other entities Nil

Section VIII Directors, Supervisors, Senior Management and Employees

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Procedure for determining the remuneration of Directors, supervisors and senior management	After considering other listed companies' remuneration level in the same sector and economic growth in the region, the Board and the Supervisory Committee draft the proposal for the remuneration of Directors and Supervisors respectively and submit to the general meeting for consideration. The proposal for the remuneration of senior management shall be determined by the Board.
Basis for determination of remuneration of Directors, supervisors and senior management	The performance remuneration shall be distributed with reference to the achievement status of annual operational targets and performance assessment.
Remuneration payable to Directors, supervisors and senior management	Based on the basic salary standards as set in the remuneration proposal, the HR Department shall distribute in advance 1/12 of such salary on the monthly basis to the senior management members, and effect the payment based on the final performance assessment result. The remuneration for the external directors and supervisors shall be paid in one slump sum every year.
Total remuneration actually received by all Directors, supervisors and senior management at the end of the reporting period	524.16

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

N/A

V. PENALTIES BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

N/A



Section VIII Directors, Supervisors, Senior Management and Employees

VI. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

(I) Employees

Number of in-service employees of the Parent Company	62
Number of in-service employees of the major subsidiaries	2,579
Total number of in-service employees	2,641
The number of retired employees whose expenses are borne by the Parent Company and its major subsidiaries	1,933

Composition of professions

Type of profession	Number of staff in the profession
Production staff	1,981
Sales staff	58
Technical staff	275
Finance staff	46
Administrative staff	281
Total	2,641

Education level

Type of education level	Number of persons (headcount)
University graduates or above	291
College graduates	547
Specialised secondary school graduates	455
High school graduates	622
Junior high school or below	726
Total	2,641

Section VIII Directors, Supervisors, Senior Management and Employees

VI. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES (CONTINUED)

(II) Remuneration policy

An annual remuneration system is adopted for the management of the Company and its subsidiaries while a position plus skill-based salary system is adopted for the employees of the Company. In addition, according to relevant national, provincial and municipal policies, employees of the Company are also entitled to the “five insurance payments and housing provident fund”, paid leave, paid training and other treatments.

(III) Training programme

The Company has established a two-layered three-leveled training system, carrying out staff training by way of a combination of internal and external training, off-job and semi-off-job training so as to enhance the work skills and professional ability of the staff and ensure the healthy growth of the staff and development of the enterprise.



Section IX Corporate Governance

I. INTRODUCTION OF CORPORATE GOVERNANCE

The Company has been operating in strict compliance with the requirements in the relevant laws and regulations such as the Company Law, the Securities Law, the Standards on Corporate Governance of Listed Companies, the Listing Rules of the stock exchanges in Shanghai and Hong Kong and the regulations of the CSRC, by proactively carrying out corporate governance campaigns, constantly improving its corporate governance structure, establishing and optimizing internal management and control systems, and strengthening information disclosure in a bid to further standardize the operation of the Company and enhance the corporate governance level. Relevant details are as follow:

1. Improving the structure of corporate governance

Based on the requirements in the relevant laws and regulations such as the Company Law, the Standards on Corporate Governance of Listed Companies, the Company further defined power and responsibility of the General Meetings, the Board of Directors, the Supervisory Committee and management to ensure each of them performed their own duties on the basis of mutual restriction and coordination, aiming at enhancing normalized operation of the Company and improved governance skills.

The Company adhered to the principles of marketization and legalization. The General Meetings legally exercised the voting rights to major matters of the Company including operating guidelines, fund raising, profit distribution, etc. State-owned controlling shareholders strictly abided by the Company Law, relevant laws, regulations and Articles of Associations to exercise the rights of an investor and fully respected the independency of the listed company. Medium and small shareholders of the Company enjoyed equal status as controlling shareholders. All shareholders could fully exercise their own rights according to the proportion of shares.

The construction of the Board of Directors was standardized. Number and composition of directors of the Board of Directors of the Company complied with relevant laws and regulations. The Board of Directors convened meetings on a regular basis and also called upon irregular meetings depending on actual conditions. There were 11 members of the ninth session of Board of Directors of the Company during the reporting period, which consisted of 5 executive directors, 2 non-executive directors and 4 independent non-executive directors. Under the Board of Directors were set up five special committees: the Audit Committee, Remuneration and Assessment Committee, Nomination Committee, Strategic Development Committee and Compliance Committee. Among which, the chairmen of the Audit Committee, Remuneration and Assessment Committee, Nomination Committee and Compliance Committee were assumed by independent directors. Clear rules were set up for both the Board of Directors and its subordinate special committees to standardize the rules of procedure, improve efficiency of meetings and rationality of decision making.

Section IX Corporate Governance

I. INTRODUCTION OF CORPORATE GOVERNANCE (CONTINUED)

1. Improving the structure of corporate governance (Continued)

The supervising role of the Supervisory Committee was fully played. The Supervisory Committee of the Company supervised and examined behaviors of directors, the General Manager, other senior executives, routine operation and financial conditions of the Company, and was responsible to and reported to the General Meetings. During the reporting period, the ninth session of the Supervisory Committee of the Company consisted of 6 supervisors, including 2 employee supervisors and 2 independent supervisors. The Supervisory Committee adhered to provisions of the Company Law and Articles of Associations to fulfill its supervising obligations and played the proper role in safeguarding the Company's interest and legal rights of shareholders, carrying out corporate governance by corporate legal persons as well as establishing and improving management systems of the Company. Supervisors attended annual meetings of the Board of Directors and General Meetings, and implemented effective supervision on legality of the meetings and protection of rights of shareholders, and supervised financial status as well as legality and compliance of duty performance of directors and senior management of the Company. The Supervisory Committee paid close attention to important matters of the Company including business, investment decision-making, etc. and offered proposals.

The Chairman and the General Manager of the Company were assumed by different persons and were clearly defined as two totally different positions. The clear division of responsibility and authority of these positions were specified in Articles of Association. The General Manager had the right to conduct business management over each controlled subsidiary and functional department, and was responsible for daily operation and business activities of the Company.

2. Improving the level of information disclosure and strengthening registration and management of insiders

The Company strictly abided by the requirement in the relevant laws and regulations to disclose information to its investors in an authentic, accurate, complete, timely and faire manner. The level of information disclosure was further improved, together with improved transparency and standardization. The Company, according to rules for information disclosure, revealed in regular reports the information of its directors, supervisors and senior management, attendance of directors to meetings of the Board of Directors and improvement of professional skills, terms of service of non-executive directors, independency verification of independent non-executive directors, working results of each special committee under the Board of Directors and other information about corporate governance.

The Company, according to provisions of CSRC and relevant stock exchanges, completed and implemented the systems for confidentiality of inside information and registration for insiders of internal information, who requested for registration and abide by relevant provisions to prevent insider dealings. Meanwhile, controlling shareholders and actual controllers were supervised to cooperate with the listed company in fulfilling the obligation of disclosing information, and ensure proper information disclosure.



Section IX Corporate Governance

I. INTRODUCTION OF CORPORATE GOVERNANCE (CONTINUED)

3. Maintaining the independency of the listed company

As clearly specified in Articles of Associations, shareholders shall participate in major decision-making of the Company by exercising the voting rights during the General Meetings. The Company operates independently, has sole decision-making right for operations and does not depend on any controlling shareholders and their connected enterprises. The Company has established completely independent labour force, human resources and salary management systems. There are clear property relations between the Company and controlling shareholders, and all assets of the Company are completely independent of controlling shareholders. The Company has a complete organizational structure. Each organization has independent authorities and is not a subordinate of any controlling shareholders or their functional departments. The Company has an independent financial department and has established its own accounting system and financial management rules to ensure independency of accounting, use of funds and tax-paying.

4. Respecting and protecting legal rights of medium and small investors

The Company strengthened communications among its investors via exchange meetings of investors, performance presentations, interactive internet platforms, etc. and highly valued the creation of harmonious relations among investors. Questions brought up by investors were timely replied to. Secretariat of Board of Directors of the Company appointed a special person to answer consulting phone calls from investors and receive their emails as well as reply to their questions and inquiries. The specially appointed person also received visiting investors and assisted them in conducting researches. The Company's files, annual reports, half-year reports, quarterly reports, temporary announcements, circulars, etc. were publicized on the website so that shareholders and other investors could obtain updated information about the Company. During daily communication with investors, the principle of faire disclosure was adhered to. No undisclosed major information was revealed, nor was any information revealed to intentionally mislead investors.

Section IX Corporate Governance

I. INTRODUCTION OF CORPORATE GOVERNANCE (CONTINUED)

5. Institutional improvement in internal control

The Company strictly followed the rules of the internal control system, established, completed and effectively implemented internal control and disclosed the internal control assessment report truthfully. The clear objectives set for internal control of the Company were reasonably ensuring legality and compliance of business activities, safety of assets, authenticity and completeness of financial statements and related information and improvement of operating efficiency and effects to promote the realization of the development strategies.

The Audit Committee under the Board of Directors reviewed financial status, implementation and effectiveness of internal control rules and risk management and control, and took charge of internal and external audit (review) exchanges, supervision and examination. The Audit Department undertook specific implementation and supervision of internal control rules. Functional departments of the Headquarters were responsible for preparing, completing and implementing management details related to business of each department and standardizing business procedures, supervising implementation of standardized management procedures for respective business departments of subsidiaries and setting down management rules, and assisting auditors of the Headquarters in carrying out internal control examination and assessment. The subsidiaries, under the supervision of the Headquarters, prepared, completed and implemented their own management systems and established supervising and auditing organizations to supervise and examine internal control of the subsidiaries.

Adhering to the principles for internal control of legality, comprehensiveness, significance, effectiveness, check and balance, adaptability and cost effectiveness, the Company integrated the Basic Internal Control Norms for Enterprises and associated guidelines into the Internal Control Manual of the Company in the forms of management systems, business procedures and risk control matrices to establish an internal control framework with risk management as the start, clear division of responsibility as the core, improved institutional construction as the guarantee and process tackling standards as the basis. In execution of the past year, management systems were timely revised and completed as well as the covered business procedures and risk control matrices, thus ensuring legality and compliance of business activities, safety of assets and authenticity and completeness of financial statements and related information. To ensure effective execution of institutional improvement of internal control, the Company strengthened the supervision function for internal control and carried out special audits for internal control. By examining and assessing the existence, completeness, compliance and effectiveness of controlling systems and procedures, the internal control system was ensured to fully play its roles and guarantee continual and healthy development of the Company. The Company engaged WUYIGE Certified Public Accountants LLP to audit effectiveness of internal control of annual financial statements of the Company, who presented the audit report and disclosure.



Section IX Corporate Governance

I. INTRODUCTION OF CORPORATE GOVERNANCE (CONTINUED)

6. **Appraisal mechanism for senior executives as well as the establishment and execution of the incentive mechanism**

Performance appraisal for senior executives of the Company was primarily conducted according to the annual objective responsibility assessment system based on completion of annual business objectives. Remuneration of senior executives was set according to the result of assessment. Annual salaries of senior executives were directly related to their business responsibilities, risks and performances.

The Remuneration and Assessment Committee is responsible for studying the assessment schemes for directors and senior executives of the Company and offered proposals as necessary. The Committee also provides suggestions to the Board of Directors for salary policies and schemes for directors and senior executives of the Company. The Remuneration and Review Committee has the right to prepare and modify the Payment Scheme for the Board of Directors and Rules on Remuneration and Performance Assessment for the Board of Directors and the Supervisory Committee, which will be submitted to the Board of Directors and General Meetings for deliberation at different levels.

Section IX Corporate Governance

II. INTRODUCTION OF GENERAL MEETINGS

Session	Date of convening	Matters for consideration	Inquiry index on the website on which the resolutions are publicized	Date of disclosure
2019 Annual General Meeting, the 2020 First A Share Class Meeting and the 2020 First H Share Class Meeting	30 June 2020	The working report of the board of directors of the Company for the year 2019; the working report of the supervisory committee of the Company for the year 2019; the final accounts report of the Company for the year 2019; the Company's annual report 2019 and its summary; the profit distribution plan of the Company for the year 2019; the financial budget report of the Company for the year 2020; the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2020 with an audit fee of RMB1.56 million in aggregate and, in case of material changes in volume of audit work for the year 2020, to grant an authorization to the Board of the Company for determining its remunerations according to the actual audit workload by then; resolution on the compensation scheme for unfulfilled profit guarantee of CNBM (Hefei) New Energy Co., Ltd.* (中建材(合肥)新能源有限公司) in 2019; resolution on the compensation scheme for unfulfilled profit guarantee of CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) in 2019; and to consider and approve the grant of authorisation to the Board to handle the share repurchase, cancellation, registered capital reduction and other relevant matters, amendments to relevant articles of Articles of Association of the Company in respect of total share capital and equity structure, and the implementation of relevant registration and filing procedures inside or outside the PRC	http://www.sse.com.cn , http://www.hkexnews.hk	30 June 2020



Section IX Corporate Governance

III. PERFORMANCE OF DUTIES BY DIRECTORS

(I) Attendance of Directors at Board meetings and general meetings

Name of Director	Independent Director or not	Required attendance for the year (times)	Attendance at Board meetings			Any failure in attending in person for two consecutive meetings	Attendance at general meetings (times)
			Attendance in person	Attendance by way of communication	Attendance by proxy		
Zhang Chong	No	14	14	7	0	0 No	1
Xie Jun	No	14	14	7	0	0 No	1
Ma Yan	No	14	14	7	0	0 No	1
Wang Guoqiang	No	14	14	7	0	0 No	1
Zhang Rong	No	14	14	7	0	0 No	1
Chen Yong	No	14	14	14	0	0 No	1
Ren Hongcan	No	14	14	14	0	0 No	1
Jin Zhanping	Yes	14	14	14	0	0 No	1
Ye Shuhua	Yes	14	14	14	0	0 No	1
He Baofeng	Yes	14	14	7	0	0 No	1
Zhang Yajuan	Yes	14	14	14	0	0 No	1

Explanation of failure in attending in person for two consecutive meetings

Number of Board meetings held in the year	14
Including: Number of on-site meetings	0
Number of meetings held by way of communication	7
Number of meetings held on-site with attendance by way of communication	7

(II) Independent Directors' objections to the Company's relevant matters

N/A

Section IX Corporate Governance

IV. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, DETAILS SHOULD BE DISCLOSED IF THERE WERE DISAGREEMENTS

Under the Board of the Company are established five special committees, i.e. the Audit Committee, the Strategic Committee, the Nomination Committee, the Remuneration and Review Committee and the Compliance Committee. Each of them fulfilled their duties according to the working rules of such committees, concretely and effectively helped the Board to perform the duties as set out in Appendix 14D3.1 to the Listing Rules.

1. Audit Committee

The ninth session of the Audit Committee of the Company consists of Mr. He Baofeng as the chairman of the committee, Mr. Ye Shuhua and Ms. Zhang Yajuan as members. Its duties and work rules are specified in the Implementation Rules for the Audit Committee of the Company, and its major duties include:

- (1) to supervise and assess external audit organizations, and approve the terms and conditions of remuneration and employment of external audit organizations;
- (2) to review and supervise the independence of external auditors and the validity of audit procedures;
- (3) to coordinate the communication between the management, internal audit department and external audit organizations;
- (4) to check the financial reports of the company, and put forward suggestions or reports to the board of directors;
- (5) to review the financial supervision, internal control and risk management system of the Company, and audit major related party transactions (or check);
- (6) to instruct internal audit work of the Company;
- (7) to assess the validity of internal control, etc.

Working progresses during the reporting period:

The Audit Committee under the Board convened 7 special meetings during the reporting period, mainly engaging in carefully looking over regularly reports of the Company and changes in accounting policies of the Company and internal control, supervising and assessing the work of external audit organizations, instructing internal audit work of the Company, assessing the validity of internal control of the Company, coordinating the communication between the management, internal audit department and related departments and external audit organizations, to give full play of its function of examination and supervision. The Audit Committee has developed the Report on the Fulfillment of Responsibilities in 2020, which has been disclosed on the websites of both stock exchanges together with the annual reports of the Company.



Section IX Corporate Governance

IV. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, DETAILS SHOULD BE DISCLOSED IF THERE WERE DISAGREEMENTS (CONTINUED)

1. Audit Committee (Continued)

Meeting attendance by members of the Audit Committee in 2020:

Number of meetings 7

Name	Attendance	Attendance by proxy
He Baofeng	7	0
Ye Shuhua	7	0
Zhang Yajuan	7	0

2. Remuneration and Review Committee

The ninth session of the Remuneration and Review Committee of the Company consists of Mr. Ye Shuhua as the chairman of the committee, Mr. Zhang Chong and Ms. Zhang Yajuan as members. Its duties and work rules are specified in the Implementation Rules for the Remuneration and Review Committee of the Company, and its major duties include:

- (1) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on establishment of a formal and transparent procedure for developing remuneration policy;
- (2) to review and approve the management's compensation proposals;
- (3) to determine or to make recommendations to the Board on remuneration packages of Directors and senior management;
- (4) to monitor the implementation of the Company's remuneration plans;

The Remuneration and Review Committee of the Company convened 1 special meeting during the reporting period for reviewing the remuneration plan of the ninth session of the Board and Supervisory Committee, remuneration of Directors, supervisors and senior management personnel as disclosed in 2019 annual report.

Section IX Corporate Governance

IV. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, DETAILS SHOULD BE DISCLOSED IF THERE WERE DISAGREEMENTS (CONTINUED)

2. Remuneration and Review Committee (Continued)

Meeting attendance by members of the Remuneration and Review Committee in 2020:

Number of meetings 1

Name	Attendance	Attendance by proxy
Ye Shuhua	1	0
Zhang Chong	1	0
Zhang Yajuan	1	0

3. Nomination Committee

During the reporting period, the Company's Nomination Committee included Mr. Jin Zhanping as the chairman of the committee, Mr. Zhang Chong and Mr. He Baofeng as members. Its duties and work rules are specified in the Implementation Rules for the Nomination Committee of the Company, and its major duties include:

- (1) to study the criteria and procedures to select Directors and management personnel and make recommendations to the Board;
- (2) to review the structure, number and composition, and to make recommendations on any proposed change to the Board to complement the Company's development strategies or tactics;
- (3) to identify individuals with suitable qualification to become Board members and managers;
- (4) to examine the qualifications of senior management candidates who shall be appointed by the Board and make recommendations in respect to such candidates;
- (5) to assess the independence of independent non-executive Directors.

There were no changes in Directors, supervisors and senior management of the Company in 2020.



Section IX Corporate Governance

IV. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, DETAILS SHOULD BE DISCLOSED IF THERE WERE DISAGREEMENTS (CONTINUED)

4. Strategic Committee

The ninth session of the Strategic Committee of the Company consists of Mr. Zhang Chong as the chairman of the committee, Mr. Xie Jun, Mr. Chen Yong, Mr. Ma Yan and Mr. Jin Zhanping as members. Its duties and work rules are specified in the Implementation Rules for the Strategic Committee of the Company, and its major duties include:

- (1) to conduct studies and make recommendations on the Company's long-term development strategies;
- (2) to conduct studies and make recommendations on major investment and financing plans to be approved by the Board as required under the Articles of Association;
- (3) to conduct studies and make recommendations on major capital operations, and asset operations to be approved by the Board as required under the Articles of Association;
- (4) to conduct studies and make recommendations on other significant events that may affect the Company's development;
- (5) to conduct inspection on implementations of the above matters.

The Company's Strategic Committee held 2 special meetings during the reporting period, at which the committee proposed reasonable recommendations on the investment in the construction of solar energy glass further processing production line and the non-public issuance of A shares of the Company.

Meeting attendance by members of the Strategic Committee in 2020:

Number of meetings 2

Name	Attendance	Attendance by proxy
Zhang Chong	2	0
Xie Jun	2	0
Chen Yong	2	0
Ma Yan	2	0
Jin Zhanping	2	0

Section IX Corporate Governance

IV. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, DETAILS SHOULD BE DISCLOSED IF THERE WERE DISAGREEMENTS (CONTINUED)

5. Compliance Committee

The ninth session of the Compliance Committee of the Company consists of Ms. Zhang Yajuan as the chairman of the committee, Mr. Xie Jun and Ms. Wu Zhixing as members. Its duties and work rules are specified in the Implementation Rules for the Compliance Committee of the Company, and its major duties include:

- (1) to promote the improvement of compliance management system of the Company;
- (2) to consider and study the material matters related to compliance management;
- (3) to put forward proposals for compliance to the Board;
- (4) to review the implementation of significant or material transactions and continuing related party transactions;
- (5) to make relevant applicable recommendations to the Board in light of updates on and changes in the laws and regulatory requirements in Hong Kong and the PRC;
- (6) to supervise and ensure Directors, senior management and other personnel at all levels of the Company continuously participating in training in compliance;
- (7) other issues authorized by the Board.

The Company's Compliance Committee held 2 special meetings during the reporting period, at which the committee mainly considered the Company's amendments to the Articles of Association and continuing related party transactions of the Company, and raised applicable compliance proposals.

Meeting attendance by members of the Compliance Committee in 2020:

Number of meetings 2

Name	Attendance	Attendance by proxy
Zhang Yajuan	2	0
Xie Jun	2	0
Wu Zhixin	2	0



Section IX Corporate Governance

V. RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

N/A

VI. THE COMPANY'S INDEPENDENCE FROM ITS CONTROLLING SHAREHOLDER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE AND ABILITY TO MAINTAIN INDEPENDENT OPERATION

1. Business: The Company operates independently, has sole decision-making right for operations and does not depend on any controlling shareholders and their connected enterprises.
2. Personnel: The Company has been adequately staffed in respect of production, technology and management and established completely independent labour force, human resources and salary management systems.
3. Assets: There are clear property relations between the Company and controlling shareholders, and all assets of the Company are completely independent of controlling shareholders.
4. Organization: The Company has a complete organizational structure. Each organization has independent authorities and is not a subordinate of any controlling shareholders or their functional departments.
5. Finance: The Company has an independent financial department and has established its own accounting system and financial management rules to ensure independency of accounting, use of funds and taxpaying.

VII. THE ESTABLISHMENT AND IMPLEMENTATION OF THE ASSESSMENT MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

An annual objective accountability assessment system was adopted for performance appraisal of the Company's senior management, based on the completion of the annual operational objectives. The remuneration for senior management was determined based on the assessment result. The annual remuneration for senior management was linked to their operational responsibilities, risks and performance.

VIII. WHETHER TO DISCLOSE THE INTERNAL CONTROL SELF-EVALUATION REPORT

Please refer to the Internal Control Self-Evaluation Report of 2020 disclosed on the same day by the Company.

IX. INFORMATION ABOUT THE INTERNAL CONTROL AUDIT REPORT

Whether to disclose the internal control audit report: Yes

Type of opinion on the audit report of internal control: Standard and unqualified opinion

Section IX Corporate Governance

X. OTHERS

(I) Corporate governance practices

During the reporting period, the Company had complied with all the code provisions of the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

(II) Securities transactions by Directors and supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules of the Stock Exchange as its own code of conduct regarding securities transactions by the Directors. During the reporting period, all the Directors of the Company had strictly complied with the code of conduct in relation to the securities transactions by the Directors under the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules of the Stock Exchange.

(III) Directors and the Board

1. Directors

- (1) As at the end of the reporting period, the ninth session of the Board of the Company was composed of 11 Directors, including 5 executive Directors, i.e. Mr. Zhang Chong, Mr. Xie Jun, Mr. Ma Yan, Mr. Wang Guoqiang and Mr. Zhang Rong; two non-executive Directors, i.e. Mr. Ren Hongcan and Mr. Chen Yong; and four independent non-executive Directors, i.e. Mr. Ye Shuhua, Mr. He Baofeng, Mr. Jin Zhanping and Ms. Zhang Yajuan.

During the reporting period, four independent non-executive Directors submitted the written performance report to the Company, and confirmed in written in respect of their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company is in the opinion that, all the independent non-executive Directors are independent individuals, and are in compliance with all requirements in respect of independence as set out in Rule 3.13 of the Listing Rules.

There is no financial, business, family relations or other significant relations among members of the Board and between the chairman and the general manager.



Section IX Corporate Governance

X. OTHERS (CONTINUED)

(III) Directors and the Board (Continued)

1. Directors (Continued)

(2) Meeting attendance by Directors

During the reporting period, the Company convened 14 Board meetings and 1 general meeting. Please refer to Part III of this chapter for attendance at Board meetings and general meetings by the Directors in details.

Please refer to Part IV of this chapter for attendance at the meetings of all special committees in details.

(3) Enhancement of professional skills by Directors

During the reporting period, the Directors, supervisors and senior management of the Company actively participated in various training classes on specialized knowledge, familiarized themselves with the rights, obligations and legal liability of directors, supervisors and senior management of listed companies, systematically studied relevant specialized knowledge, continuously enhanced their duty performance level and maximally ensured the best interests of the Company and shareholders, in accordance with the requirements of the CSRC and the stock exchanges in the PRC and Hong Kong.

2. The Board

The Board of the Company is elected at the general meeting and responsible to the general meeting. All Directors can perform their duties on diligent basis on the principle of the best interests of the Company and shareholders.

During the reporting period, the Board of the Company, in pursuance of relevant provisions of the Company Law, the Securities Law, the Principles of Listed Company Governance, Listing Rules in both Shanghai and Hong Kong, related laws and regulations enacted by CSRC and the Articles of Association of the Company, has set out and reviewed the corporate governance policies and practice of the Company; has set out, examined and approved the development strategy and operating decisions of the Company; has made the yearly budget and final account plan; has been continuously reviewing and perfecting various management systems of the Company; has reviewed and supervised the policies and normal conditions of the Company with respect to compliance with laws and regulations; has made, reviewed and supervised code of conduct of employees and Directors and compliance manual (such as the Internal Control Manual of the Company, etc.); has reviewed the compliance of the Company with the Rules, etc.; has reviewed and supervised Directors, supervisors and senior executives in terms of training and continuing professional development.

Section IX Corporate Governance

X. OTHERS (CONTINUED)

(IV) Chairman and General Manager

During the reporting period, Mr. Zhang Chong was the chairman of the Company and Mr. Ma Yan was the general manager. The chairman and the general manager are two definitely different positions, and their duties are clearly separated and set out in the Articles of Association. The main duties of the chairman are: presiding over general meetings, convening and presiding over the Board meetings; examining implementation of resolutions of the Board; signing securities issued by the Company; and other duties and power under the Articles of Association and authorized by the Board. The principal duties of the general manager are: presiding over production, operation and management of the Company as well as organizing to implement the resolutions of the Board; organizing to implement annual operating plan and investment scheme of the Company as well as drafting the internal management organization setup of the Company; drafting the basic management system of the Company; formulating the specific regulations of the Company; proposing to the Board for appointment or dismissal of deputy general managers, chief financial officer and other senior management of the Company, as well as appointment or dismissal of the management members except those supposed to be appointed or dismissed by the Board; and other duties and power authorized by Articles of Association and the Board.

(V) Term of office of non-executive Directors and confirmation of independence of independent nonexecutive Directors

Pursuant to the Articles of Association, non-executive Directors shall be elected at the general meetings with a term of office of 3 years. The Directors shall be eligible for re-election and reappointment upon expiry. However, the term of office for independent non-executive Directors shall be not more than six years. Please refer to section VIII in this report for details about the term of office for the current nonexecutive Directors.

During the reporting period, four independent non-executive Directors submitted the written performance report to the Company, and confirmed in written in respect of their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company is in the opinion that, all the independent non-executive Directors are independent individuals, and are in compliance with all requirements in respect of independence as set out in Rule 3.13 of the Listing Rules.



Section IX Corporate Governance

X. OTHERS (CONTINUED)

(VI) Auditors' remuneration

Please refer to Part VI of Chapter V of this report for details about the auditors' remuneration for 2020.

(VII) Directors' responsibility for the financial statements

The 2020 financial report and results announcement of the Company has been reviewed by the Audit Committee. Each of the Directors of the Company agreed on and confirmed their several and joint responsibility for the preparation of accounts of the financial statements for this year. The Directors are responsible for preparing the financial statements which gave a true and fair picture of the financial position, operating results and cash flow of the Group during the accounting period in accordance with the applicable statutory and regulatory requirements. In preparing the financial statements for the year ended 31 December 2020, the Company implemented, adopted and applied the applicable accounting policies.

(VIII) Company Secretary

The Company considered and approved the reappointment of Mr. Ip Pui Sum (from Sum, Arthur & Co. In Hong Kong) as the Company Secretary. Mr. Ip conscientiously performed his duty during the reporting period, offered his opinions to the Board of the Company in respect of governance, ensured smooth information exchange among members of the Board, and complied with the policies and procedures of the Board. In the year of 2020, Mr. Ip had accepted no less than 15 hours of professional training to update his skills and knowledge.

The principal contact person in the Company with the Company Secretary is Ms. Wu Zhixin, Secretary to the Board. For her detailed contact information, please refer to the section headed "II. Company Profile" in this report.

Section IX Corporate Governance

X. OTHERS (CONTINUED)

(IX) Rights of shareholders

The Company ensures equal rights of all shareholders, especially minority shareholders and warrants all shareholders can fully exercise their rights on a pro rata basis. The Articles of Association of the Company clearly prescribes that shareholders individually or jointly holding more than 10% shares of the Company, have right to request the Board to convene the extraordinary general meeting. The convening, holding and voting procedures of the Company's general meetings are implemented in strict compliance with relevant laws, the Articles of Association and the Rules of Procedures of General Meetings of the Company.

It is also explicitly stipulated in the Articles of Association that shareholders have the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries, the right to obtain relevant information and the right to know about and the right to participate in major matters of the Company. Please refer to the Articles of Association for detailed inquiry procedures and methods.

The Company always attaches importance to maintaining good communication with the shareholders. The Company has established major communication channels such as general meetings, website, e-mail, and fax and telephone of the Secretary Office to the Board, so as to facilitate shareholders' expressing their views or exercising their rights.

(X) Investor relations

During the reporting period, the Company took efforts in creating good and harmonious investor relations, strengthened communication and interaction with investors through diverse channels including the website, e-mail, telephone and fax, seriously received and answered the visits, letters and phone calls from investors to address their questions and inquiries, and turned the demands and suggestions of investors into a driving force for the development of the Company.

(XI) Amendments to the Articles of Association

Pursuant to applicable laws and regulations in China and the requirements of Listing Rules, the Company made amendments to the Articles of Association of the Company during the reporting period, and the relevant amendments were considered and approved by shareholders at the 2021 first extraordinary general meeting convened on 8 February 2021. For the main amendments, please refer to the relevant announcement disclosed by the Company on 2 December 2020.

The text of the Articles of Association of the Company is available for inspection on the websites of the Company, the SSE and the Stock Exchange.



Section X Financial Report

I. AUDIT OPINION

We have audited the financial statements of Luoyang Glass Co., Ltd.* (hereafter referred to as “the Company”), including the consolidated and the Parent Company’s balance sheet as of 31 December 2020, the consolidated and the Parent Company’s income statement, the consolidated and the Parent Company’s cash flow statement and the consolidated and the Parent Company’s statement of the changes in equity for 2020, and notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and they fairly present the consolidated and the Parent Company’s financial position as of 31 December 2020, and the consolidated and the Parent Company’s operating results and cash flows for 2020.

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Auditing Standards for PRC Certified Public Accountants. Our responsibilities under those standards are further described in the Certified Public Accountants’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue recognition

1. Description of the matter

Please refer to related disclosures in note VII.34 in the Company’s financial statements. The Company is mainly engaged in the production and sales of information display glass and new energy glass. In 2020, the amount of operating revenue shown in the Company’s consolidated financial statements was RMB3,045,614,913.68, of which the revenue from new energy glass business was RMB2,558,869,152.90, accounting for 84.02% of the operating revenue.

The revenue generated from sales of glass products by the Company is recognised when the control of the goods has been transferred to the customer, that is, the delivery of glass products to the customer is usually regarded as the points in time for recognition of sales revenue.

As operating revenue is one of the Company’s key performance indicators, which may give rise to inherent risks that specific targets or expectations could be achieved by the management of the Company (hereinafter referred to as management) through inappropriate revenue recognition. Therefore, we will identify revenue recognition as a key audit matter.

Section X Financial Report

III. KEY AUDIT MATTERS (CONTINUED)

(I) Revenue recognition (Continued)

2. Response to the audits

Our audit procedures for revenue recognition mainly include:

- (1) We obtained an understanding of the key internal controls related to revenue recognition, evaluated the design of these controls, determined whether they are implemented, and tested the effectiveness of related internal control operations;
- (2) We checked the main sales contract, identified the terms and conditions of contracts related to the transfer of control of goods, and evaluated whether the revenue recognition policy was in line with the requirements of the Accounting Standards for Business Enterprises;
- (3) We implemented substantive analysis procedures for operating revenue and gross profit margin by month, product and customer, identified whether there were significant or abnormal fluctuations, and analyzed the reasons for fluctuations;
- (4) We checked the supporting documents related to revenue recognition on a sample basis, including sales contracts, orders, sales invoices, outbound orders, shipping documents, and customer acceptance receipts;
- (5) We sampled the sales of the period to the major customers with letter based on the accounts receivable confirmations;
- (6) We checked the operating revenue recognised before and after the balance sheet date on a sample basis against the supporting documents such as outbound orders, shipping documents and delivery notes, and evaluated whether the operating revenue was recognised in the appropriate period.



III. KEY AUDIT MATTERS (CONTINUED)

(II) Impairment of receivables

1. *Description of the matter*

Please refer to relevant disclosures in note VII 2, 3 in the Company's financial statements. As at 31 December 2020, the original value of the notes receivable and accounts receivable of the Company was RMB855,152,651.06, the impairment provision was RMB114,800,095.09, and the net book value was RMB740,352,555.97, accounting for 37.73% of its current assets. The impairment provision for the Company's receivables was measured based on the amount of lifetime expected credit losses. For receivables with objective evidence of impairment, the management recognized the expected credit losses and made provision for individual impairment based on the probability-weighted amount of the difference in present value between the cash flow of receivable from contracts and the cash flow expected to be received. For receivables without objective evidence of impairment, the management determined the expected credit losses of the receivables group based on the historical default loss rates of the receivables group with similar credit risk characteristics in previous years and the ageing analysis, and recognized the provision for impairment by taking into account of reasonable and valid information on, among other things, current status and the forecast of future economic conditions. As the amount of receivables was significant and the management had made material estimates and judgments in determining the impairment of receivables, we identified the impairment of receivables as a key audit matter.

2. *Response to the audits*

Our audit procedures for impairment of receivables mainly include:

- (1) We obtained an understanding of and evaluated the key control measures over the impairment assessment of receivables by the Company and their operating effectiveness;
- (2) We analyzed whether the aging of receivables is reasonable, and compared, on a sample basis, the items in the aging analysis table with relevant documents to check whether the relevant aging was classified into the appropriate aging category;
- (3) We checked whether the information used by the Company to form relevant judgments was accurate and reasonable, including the reasonability of receivables by different credit risk grades, the accuracy of the information for calculating the historical loss given default, and whether the expected credit loss was properly adjusted according to current economic conditions and forward-looking information;
- (4) We discussed and evaluated with management on the receivables with default or impairment indication, and pay attention to the repayment of receivables after the period and the adequacy of bad debt provision;
- (5) We reviewed whether the relevant disclosure of receivables had been presented by the management in the financial statements in a proper manner.

Section X Financial Report

IV. OTHER INFORMATION

The Management of the Company is responsible for other information. Other information includes the information included in the Company's 2020 annual report, but excludes the financial statements and our audit report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit process or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND GOVERNANCE LAYER FOR THE FINANCIAL STATEMENTS

The management is responsible for preparing financial statements in accordance with Accounting Standards for Business Enterprises, and fairly presenting them; designing, implementing and maintaining necessary internal control to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters in relation to going concern (if applicable) and applying the going-concern assumption unless the Management intends to liquidate the Company, cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit work in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.



Section X Financial Report

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we comply with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE Certified Public Accountants LLP

*Chinese Certified Public Accountant: Wu Huijuan
(Engagement Partner)*

Chinese Certified Public Accountant: Xiao Qiuyu

Beijing • the PRC
30 March 2021

Consolidated Balance Sheet

31 December 2020
Prepared by: Luoyang Glass Company Limited
Unit: Yuan Currency: RMB

Item	Note	31 December 2020	31 December 2019
Current assets:			
Monetary funds	VII.1	300,948,343.56	432,871,497.66
Notes receivable	VII.2	102,441,393.68	198,553,190.06
Accounts receivable	VII.3	637,911,162.29	562,892,681.73
Accounts receivable financing	VII.4	448,697,313.21	162,706,438.58
Prepayments	VII.5	142,259,523.11	59,807,534.23
Other receivables	VII.6	17,023,855.78	37,905,213.08
Inventories	VII.7	257,598,620.68	281,882,687.59
Other current assets	VII.8	55,139,885.94	83,085,172.69
Total current assets		1,962,020,098.25	1,819,704,415.62
Non-current assets:			
Long-term receivables	VII.9	55,000,000.00	55,000,000.00
Fixed assets	VII.10	3,068,216,734.33	2,343,435,561.00
Construction in progress	VII.11	54,472,785.67	603,637,921.26
Right-of-use assets	VII.12	12,259,657.09	
Intangible assets	VII.13	392,925,010.51	396,358,331.06
Development expenditures	VII.14	14,096,615.36	3,073,758.34
Long-term deferred expenses	VII.15	1,595,431.43	6,792,035.43
Deferred income tax assets	VII.16	10,466,272.12	9,366,216.00
Other non-current assets	VII.17	33,523,206.41	3,671,639.24
Total non-current assets		3,642,555,712.92	3,421,335,462.33
Total assets		5,604,575,811.17	5,241,039,877.95
Current liabilities:			
Short-term borrowings	VII.18	1,177,314,071.56	1,240,054,086.26
Notes payable	VII.19	465,733,722.37	605,123,498.86
Accounts payable	VII.20	428,756,037.46	675,397,180.53
Contract liabilities	VII.21	38,214,732.27	15,654,739.42
Employee compensation payable	VII.22	38,978,819.73	31,097,821.63
Taxes payable	VII.23	116,355,071.70	36,694,248.37
Other payables	VII.24	764,011,526.81	356,002,972.21
Non-current liabilities due within one year	VII.25	137,330,815.42	214,668,497.03
Other current liabilities	VII.26	4,888,222.00	1,834,742.27
Total current liabilities		3,171,583,019.32	3,176,527,786.58



Consolidated Balance Sheet

Item	Note	31 December 2020	31 December 2019
Non-current liabilities:			
Long-term borrowings	VII.27	524,063,924.00	545,738,860.14
Lease liabilities	VII.28	9,238,598.97	
Deferred income	VII.29	104,408,642.44	104,830,714.44
Total non-current liabilities		637,711,165.41	650,569,574.58
Total Liabilities		3,809,294,184.73	3,827,097,361.16
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.30	548,540,432.00	552,396,509.00
Capital reserve	VII.31	1,982,394,841.30	1,978,538,766.30
Surplus reserve	VII.32	51,365,509.04	51,365,509.04
Undistributed profit	VII.33	-955,722,560.53	-1,283,084,419.02
Total equity attributable to owners of the parent company (or shareholders' equity)		1,626,578,221.81	1,299,216,365.32
Minority interests		168,703,404.63	114,726,151.47
Total owners' equity (or shareholders' equity)		1,795,281,626.44	1,413,942,516.79
Total liabilities and owners' equity (or shareholders' equity)		5,604,575,811.17	5,241,039,877.95

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Balance Sheet of the Parent Company

31 December 2020
Prepared by: Luoyang Glass Company Limited
Unit: Yuan Currency: RMB

Item	Note	31 December 2020	31 December 2019
Current assets:			
Monetary funds		125,309,146.98	152,463,896.56
Notes receivable		25,000,000.00	1,029,000.00
Accounts receivable	XVI.1	172,104,965.11	198,240,989.31
Accounts receivable financing		11,328,409.13	12,886,125.11
Prepayments		23,779.73	57,754.85
Other receivables	XVI.2	489,264,423.62	258,954,816.38
Inventories		3,100,908.52	
Other current assets			664,323.60
Total current assets		826,131,633.09	624,296,905.81
Non-current assets:			
Long-term receivables		55,000,000.00	55,000,000.00
Long-term equity investment	XVI.3	1,886,146,638.35	1,886,146,638.35
Fixed assets		2,174,833.48	1,788,774.67
Intangible assets		5,511,212.08	5,735,396.92
Total non-current assets		1,948,832,683.91	1,948,670,809.94
Total assets		2,774,964,317.00	2,572,967,715.75
Current liabilities:			
Short-term borrowings		394,007,666.58	339,443,640.19
Notes payable		45,877,926.40	282,000,000.00
Accounts payable		49,075,335.55	28,749,713.99
Contract liabilities		12,260,748.25	12,849,147.70
Employee compensation payable		8,074,804.47	6,853,521.41
Taxes payable		2,253,865.09	405,258.48
Other payables		791,861,472.98	434,067,998.84
Non-current liabilities due within one year		42,422,967.95	5,649,975.70
Other current liabilities		1,593,897.27	1,670,389.18
Total current liabilities		1,347,428,684.54	1,111,689,645.49



Balance Sheet of the Parent Company

Item	Note	31 December 2020	31 December 2019
Non-current liabilities:			
Long-term borrowings		228,000,000.00	262,532,959.53
Total non-current liabilities		<u>228,000,000.00</u>	<u>262,532,959.53</u>
Total Liabilities		<u>1,575,428,684.54</u>	<u>1,374,222,605.02</u>
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		548,540,432.00	552,396,509.00
Capital reserve		1,961,847,553.30	1,957,991,478.30
Surplus reserve		51,365,509.04	51,365,509.04
Undistributed profit		<u>-1,362,217,861.88</u>	<u>-1,363,008,385.61</u>
Total owners' equity (or shareholders' equity)		<u>1,199,535,632.46</u>	<u>1,198,745,110.73</u>
Total liabilities and owners' equity (or shareholders' equity)		<u>2,774,964,317.00</u>	<u>2,572,967,715.75</u>

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing



Consolidated Income Statement

January–December 2020
Unit: Yuan Currency: RMB

Item	Note	2020	2019
I. Total operating revenue		3,045,614,913.68	1,854,842,208.09
Including: Operating revenue	VII.34	3,045,614,913.68	1,854,842,208.09
II. Total operating costs		2,587,377,079.38	1,773,495,347.75
Including: Operating costs	VII.34	2,101,640,760.29	1,404,274,867.15
Taxes and surcharges	VII.35	34,534,420.73	25,687,293.69
Selling expenses	VII.36	87,183,559.33	65,890,259.11
Administration expenses	VII.37	126,659,281.04	112,889,849.73
R&D expenses	VII.38	120,749,370.37	66,823,935.81
Finance expenses	VII.39	116,609,687.62	97,929,142.26
Including: Interest expenses		112,471,782.20	92,019,454.58
Interest income		5,786,654.82	3,133,668.95
Add: Other income	VII.40	25,288,445.27	22,353,338.27
Investment income (losses are represented by "-")	VII.41	-14,203,232.10	-8,939,588.06
Impairment losses on credit (losses are represented by "-")	VII.42	-4,049,377.16	-27,639,136.97
Impairment losses on assets (losses are represented by "-")	VII.43	-3,095,566.51	-8,087,991.61
Gains on disposal of assets (losses are represented by "-")	VII.44	-259,318.91	11,355,077.66
III. Operating profit (loss is represented by "-")		461,918,784.89	70,388,559.63
Add: Non-operating income	VII.45	2,713,060.43	18,408,314.15
Less: Non-operating expenses	VII.46	1,777,338.14	1,991,490.00
IV. Total profit (total loss is represented by "-")		462,854,507.18	86,805,383.78
Less: Income tax expenses	VII.47	71,829,608.42	18,203,965.20
V. Net profit (net loss is represented by "-")		391,024,898.76	68,601,418.58
(I) Classified on a going concern basis			
1. Net profit from continued operation (Net loss is represented by "-")		391,024,898.76	68,601,418.58
2. Net profit from discontinued operation (net loss is represented by "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (net loss is represented by "-")		327,361,858.49	53,999,883.71
2. Minority interests (net loss is represented by "-")		63,663,040.27	14,601,534.87



Consolidated Income Statement

Item	Note	2020	2019
VI. Other comprehensive income net of tax			
(I) Other comprehensive income net of tax attributable to owners of the parent company			
(II) Other comprehensive income net of tax attributable to minority interests			
VII. Total comprehensive income		391,024,898.76	68,601,418.58
(I) Total comprehensive income attributable to owners of the parent company		327,361,858.49	53,999,883.71
(II) Total comprehensive income attributable to minority interests		63,663,040.27	14,601,534.87
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.5930	0.0965
(II) Diluted earnings per share (RMB/share)		0.5930	0.0965

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Income Statement of the Parent Company

January–December 2020
Unit: Yuan Currency: RMB

Item	Note	2020	2019
I. Operating revenue	XVI.4	392,184,482.30	336,181,828.04
Less: Operating costs	XVI.4	390,489,098.15	333,677,621.35
Taxes and surcharges		859,968.33	1,080,107.77
Selling expenses		767,777.29	595,167.09
Administration expenses		18,343,764.61	16,227,238.71
Finance expenses		38,122,849.58	32,264,533.00
Including: Interest expenses		57,708,251.94	47,070,717.03
Interest income		21,394,512.28	15,158,190.41
Add: Other income		121,524.55	42,307.00
Investment income (loss is represented by "-")	XVI.5	50,905,540.46	60,000,000.00
Impairment losses on credit (loss is represented by "-")		4,400,167.56	-28,088,301.15
Gains on disposal of assets (loss is represented by "-")		114,447.47	1,185,046.14
II. Operating profit (loss is represented by "-")		-857,295.62	-14,523,787.89
Add: Non-operating income		1,799,031.51	17,070,682.28
Less: Non-operating expenses		151,212.16	
III. Total profit (total loss is represented by "-")		790,523.73	2,546,894.39
Less: Income tax expenses			
IV. Net profit (net loss is represented by "-")		790,523.73	2,546,894.39
(I) Net profit from continued operation (net loss is represented by "-")		790,523.73	2,546,894.39
(II) Net profit from discontinued operation (net loss is represented by "-")			



Income Statement of the Parent Company

Item	Note	2020	2019
V. Other comprehensive income net of tax			
(I) Other comprehensive income that can not be reclassified to profit and loss			
(II) Other comprehensive income that will be reclassified to profit and loss			
VI. Total comprehensive income		790,523.73	2,546,894.39
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Consolidated Cash Flow Statement

January–December 2020
Unit: Yuan Currency: RMB

Item	Note	2020	2019
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,803,176,452.92	1,055,592,878.10
Tax refunds received		27,799,600.29	5,226,228.61
Other cash received from activities related to operation	VII.48	103,074,373.26	60,066,753.95
Sub-total of cash inflow from operating activities		1,934,050,426.47	1,120,885,860.66
Cash paid for purchase of goods and rendering of services		1,096,669,686.90	716,915,409.41
Cash paid to and on behalf of employees		239,533,611.24	200,811,953.77
Tax payments		157,964,176.12	79,464,474.27
Other cash paid for activities related to operation	VII.48	85,802,154.43	101,202,034.44
Sub-total of cash outflow from operating activities		1,579,969,628.69	1,098,393,871.89
Net cash flow from operating activities		354,080,797.78	22,491,988.77
II. Cash flow from investment activities:			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22,000.00	15,256,192.45
Other cash received from activities related to investment	VII.48	6,761,595.39	
Sub-total of cash inflow from investment activities		6,783,595.39	15,256,192.45
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		237,779,722.68	281,125,382.86
Sub-total of cash outflow from investment activities		237,779,722.68	281,125,382.86
Net cash flow from investment activities		-230,996,127.29	-265,869,190.41



Consolidated Cash Flow Statement

Item	Note	2020	2019
III. Cash flow from financing activities:			
Proceeds from loans		1,590,694,303.89	1,706,350,558.83
Other cash received from activities related to financing	VII.48	856,238,910.72	423,558,370.55
Sub-total of cash inflow from financing activities		2,446,933,214.61	2,129,908,929.38
Cash paid for repayment of loans		1,740,332,625.98	1,304,848,430.62
Cash payment for distribution of dividends and profits or repayment of interest		123,201,042.98	95,873,036.26
Including: Dividends and profits paid to minority shareholders by subsidiaries		9,685,787.11	
Other cash paid for activities related to financing	VII.48	714,125,722.16	497,743,742.59
Sub-total of cash outflow from financing activities		2,577,659,391.12	1,898,465,209.47
Net cash flow from financing activities		-130,726,176.51	231,443,719.91
IV. Effects of changes in exchange rate on cash and cash equivalents			
		-1,315,741.59	53,682.54
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents		148,188,549.43	160,068,348.62
VI. Closing balance of cash and cash equivalents			
		139,231,301.82	148,188,549.43

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Cash Flow Statement of the Parent Company

January–December 2020
Unit: Yuan Currency: RMB

Item	Note	2020	2019
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		145,394,531.73	71,479,312.29
Other cash received from activities related to operation		8,500,206.34	29,353,054.59
Sub-total of cash inflow from operating activities		153,894,738.07	100,832,366.88
Cash paid for purchase of goods and rendering of services		102,923,989.82	42,353,540.58
Cash paid to and on behalf of employees		11,257,941.42	12,083,945.44
Tax payments		3,251,747.46	4,011,974.12
Other cash paid for activities related to operation		11,500,715.07	32,627,078.58
Sub-total of cash outflow from operating activities		128,934,393.77	91,076,538.72
Net cash flow from operating activities		24,960,344.30	9,755,828.16
II. Cash flow from investment activities:			
Cash received from returns on investments		23,701,965.76	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			15,342.00
Sub-total of cash inflow from investment activities		23,701,965.76	15,342.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		910,619.50	
Cash paid for investment			163,606,799.00
Sub-total of cash outflow from investment activities		910,619.50	163,606,799.00
Net cash flow from investment activities		22,791,346.26	-163,591,457.00



Cash Flow Statement of the Parent Company

Item	Note	2020	2019
III. Cash flow from financing activities:			
Proceeds from loans		513,490,000.00	415,860,000.00
Other cash received from activities related to financing		2,766,323,043.63	2,128,954,623.66
Sub-total of cash inflow from financing activities		3,279,813,043.63	2,544,814,623.66
Cash paid for repayment of loans		456,658,697.84	234,038,799.17
Cash payment for distribution of dividends and profits or repayment of interest		44,014,859.26	25,767,832.32
Other cash paid for activities related to financing		2,791,512,554.46	2,121,039,197.26
Sub-total of cash outflow from financing activities		3,292,186,111.56	2,380,845,828.75
Net cash flow from financing activities		-12,373,067.93	163,968,794.91
IV. Effects of changes in exchange rate on cash and cash equivalents			
		-387.29	142.97
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents		46,467,911.64	36,334,602.60
VI. Closing balance of cash and cash equivalents			
		81,846,146.98	46,467,911.64

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

Consolidated Statement of Changes in Owners' Equity

January–December 2020
Unit: Yuan Currency: RMB

Item	Equity attributable to owners of the Parent Company										Total shareholder's equity					
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Other equity instruments	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve		General risk provisions	Undistributed profit	Others	Sub-total	Minority interests
I. Balance at the end of last year	552,395,509.00					1,978,538,765.30				51,365,509.04	-1,283,084,419.02			1,299,216,365.32	114,726,151.47	1,413,942,516.79
II. Balance at the beginning of the year	552,395,509.00					1,978,538,765.30				51,365,509.04	-1,283,084,419.02			1,299,216,365.32	114,726,151.47	1,413,942,516.79
III. Increase/decrease in the year (decrease is represented by "-")	-3,856,077.00					3,856,075.00					327,361,658.49			327,361,658.49	53,977,253.16	381,339,108.65
(I) Total comprehensive income																
(II) Owners' contribution and decrease in capital	-3,856,077.00					3,856,075.00								-2.00		-2.00
1. Others	-3,856,077.00					3,856,075.00								-2.00		-2.00
(III) Profit distribution																
1. Appropriation to surplus reserve																
2. Appropriation to general risk provisions																
3. Distribution to owners (or shareholders)																
(IV) Internal carry-forward of owners' equity																
(V) Special reserve																
IV. Balance at the end of the period	548,540,432.00					1,982,394,841.30				51,365,509.04	-955,722,560.53			1,626,578,221.81	168,703,404.63	1,795,281,626.44



Consolidated Statement of Changes in Owners' Equity

Item	Equity attributable to owners of the Parent Company										Total shareholder's equity			
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Other equity instruments	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit		Others	Sub-total	Minority interests
I. Balance at the end of last year	559,797,391.00				1,971,137,887.30			51,365,509.04		-1,337,084,302.73		1,245,216,484.61	100,124,616.60	1,345,341,101.21
II. Balance at the beginning of the year	559,797,391.00				1,971,137,887.30			51,365,509.04		-1,337,084,302.73		1,245,216,484.61	100,124,616.60	1,345,341,101.21
III. Increase/decrease in the year (decrease is represented by "-")	-7,400,882.00				7,400,879.00					53,999,883.71		53,999,880.71	14,601,534.87	68,601,415.58
(I) Total comprehensive income										53,999,883.71		53,999,883.71	14,601,534.87	68,601,418.58
(II) Owners' contribution and decrease in capital	-7,400,882.00				7,400,879.00									-3.00
1. Others	-7,400,882.00				7,400,879.00									-3.00
(III) Profit distribution														
(IV) In internal carry-forward of owners' equity														
(V) Special reserve														
IV. Balance at the end of the period	552,396,509.00				1,978,638,766.30			51,365,509.04		-1,283,084,419.02		1,299,216,365.32	114,726,151.47	1,413,942,516.79

Legal representative: **Zhang Chong** Person in charge of accounting: **Ma Yan**
 Person in charge of accounting department: **Chen Jing**

Statement of Changes in Owners' Equity of the Company

January–December 2020
Unit: Yuan Currency: RMB

Item	Other equity instruments					Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholder's equity
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Others	Capital reserve					
I. Balance at the end of last year	552,365,509.00				1,957,991,478.30			51,365,509.04	-1,363,008,385.61	1,198,745,110.73
II. Balance at the beginning of the year	552,365,509.00				1,957,991,478.30			51,365,509.04	-1,363,008,385.61	1,198,745,110.73
III. In crease/decrease in the year (decrease is represented by "-")	-3,856,077.00				3,856,075.00				790,523.73	790,521.73
(I) Total comprehensive income										
(II) Owners' contribution and decrease in capital	-3,856,077.00				3,856,075.00				790,523.73	790,523.73
1. Others	-3,856,077.00				3,856,075.00					-2.00
(III) Profit distribution										
(IV) Internal carry-forward of owners' equity										
(V) Special reserve										
IV. Balance at the end of the period	548,540,432.00				1,961,847,553.30			51,365,509.04	-1,362,217,861.88	1,199,535,632.46



Statement of Changes in Owners' Equity of the Company

2019

Item	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholder's equity
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds							
I. Balance at the end of last year	559,797,391.00			1,950,590,599.30				51,365,509.04	-1,365,555,280.00	1,196,198,219.34
II. Balance at the beginning of the year	559,797,391.00			1,950,590,599.30				51,365,509.04	-1,365,555,280.00	1,196,198,219.34
III. In crease/decrease in the year (decrease is represented by "-")	-7,400,882.00			7,400,879.00					2,546,894.39	2,546,894.39
(I) Total comprehensive income									2,546,894.39	2,546,894.39
(II) Owners' contribution and decrease in capital	-7,400,882.00			7,400,879.00						-3.00
1. Others	-7,400,882.00			7,400,879.00						-3.00
(III) Profit distribution										
(IV) Internal carry-forward of owners' equity										
(V) Special reserve										
IV. Balance at the end of the period	552,396,509.00			1,957,991,478.30				51,365,509.04	-1,363,008,385.61	1,196,745,110.73

Legal representative:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing

III. COMPANY PROFILE

1. Company Overview

Luoyang Glass Co., Ltd. was incorporated in Henan Province of the People's Republic of China as a joint stock limited company on 6 April 1994. On 29 June 1994, the Company issued overseas-listed foreign invested H shares and was listed on The Stock Exchange of Hong Kong Limited; on 29 September 1995, the Company issued ordinary A shares dominated in RMB and was listed the Shanghai Stock Exchange.

The registered address of the headquarter of the Company is No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang, Henan. The Company is engaged in the glass manufacturing industry. The scope of business includes development, production, manufacture and installation of information display glass segment, new energy glass, photoelectric material for functional-glass category and its processed products and components, relevant materials, mechanical equipment and its electric appliances and accessories, relevant technical consultancy and technical services, as well as sales and after-sales services of self-produced products.

According to the resolution on the compensation scheme for unfulfilled profit guarantee of CNBM (Hefei) New Energy Co., Ltd.* (中建材(合肥)新能源有限公司) in 2019 and the resolution on the compensation scheme for unfulfilled profit guarantee of CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) in 2019 considered and approved at the general meeting on 30 June 2020, the Company repurchased and cancelled 3,856,077 compensation shares for the profit guarantee at the total consideration of RMB2 on 5 November 2020. Following the buy-backs and cancellation of the compensation shares for the profit guarantee, the total number of issued ordinary shares of the Company was 548,540,432.

This financial statement is reported upon the approval of the Board of the Company.

2. Scope of Consolidated Financial Statements

No.	Name of subsidiaries	Abbreviation
1	CLFG Longmen Glass Co., Ltd.	Longmen Glass
2	CLFG Longhai Electronic Glass Co., Ltd.	Longhai Glass
3	Bengbu CNBM Information Display Material Co., Ltd.	Bengbu CNBM
4	CNBM (Puyang) Photoelectric Material Co., Ltd.	Puyang Photoelectric Material
5	CNBM (Hefei) New Energy Co., Ltd.	Hefei New Energy
6	CNBM (Tongcheng) New Energy Materials Co., Ltd.	Tongcheng New Energy
7	CNBM (Yixing) New Energy Resources Co., Ltd.	Yixing New Energy



IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in respect of the actual transactions and events in accordance with the requirements of the Accounting Standards for Business Enterprises – Basic Standards and the detailed accounting standards (the “Accounting Standards for Business Enterprises”), and based on the following significant accounting policies and estimates.

2. Going concern

As at 31 December 2020, the business operations of the Company were in normal condition with smooth financing channels and its gearing ratio was 67.97%. Although the current liabilities of the Group exceeded current assets by RMB1,209,562,921.07, the management of the Company have made estimation that the net cash flow from operating activities within the next 12 months will be positive and the Company is expected to be able to meet its capital needs for repayment of debts and capital commitments by virtue of the daily financial assistance provided to the Company by China Luoyang Float Glass (Group) Co., Ltd. (“CLFG”), its controlling shareholder. The management of the Company believes that there is no problem about the Company’s ability to continue operation. Therefore, the Company has prepared the financial statement based on continuing operations.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES

1. Declaration on compliance with Accounting Standards for Business Enterprises

The financial statements of the Company were prepared under the requirements of Accounting Standards for Business Enterprises, reflecting the Company’s financial positions as of 31 December 2020, and operating results, cash flows and other relevant information for the year 2020 on a true and complete basis.

2. Accounting period

Accounting year of the Company is the calendar year from 1 January to 31 December.

3. Operating cycle

The normal operating cycle of the Company is 12 months in a year, and the operating cycle is determined as the classification criterion of the liquidity of assets and liabilities.

4. Measurement currency

The Company’s reporting currency is the Renminbi (“RMB”).



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. The accounting treatment of business combination under common control and not under common control

1. Enterprise merger under common control

In case the consideration for the long-term equity investments formed in the enterprise merger under common control is paid by way of cash, transfer of non-cash assets or assumption of debts, the Company will regard the share of carrying amounts of shareholders' equity of the merged party in the ultimate controller's consolidated financial statements as the initial investment cost of long-term equity investments as at the date of combination. In case the consideration for the combination is paid by issuance of equity instruments, the aggregate nominal value of shares issued will be deemed as the share capital. The difference between the initial investment cost of long-term equity investments and the carrying amount of consideration (or aggregate nominal value of shares issued) for the combination shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

2. Enterprise merger not under common control

For this kind of enterprise merger, the acquisition cost is the aggregate fair value of assets paid, liabilities incurred or assumed and equity instruments issued by the acquirer in exchange for the control of the acquiree on the date of acquisition. The recognizable and identifiable assets, liabilities and contingent liabilities acquired or assumed, through enterprise merger not under common control shall be measured at fair values on the date of acquisition. When the cost of the enterprise merger exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets obtained, the difference shall be recognized as goodwill value. Where the cost of the enterprise merger is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized in non-operating income for the period if it remains true after reassessment.

6. Preparation method of consolidated financial statements

1. Scope of consolidated financial statements

The Company incorporated all of its subsidiaries (including the separate entities controlled by the Company) into the scope of consolidated financial statements, including the enterprises under the Company's control, divisible part in the investees and structured entities.

2. To unify the accounting policies, date of balance sheets and accounting periods of the Company and subsidiaries

When preparing consolidated financial statements, adjustments are made if the subsidiaries' accounting policies and accounting periods are different from that of the Company, in accordance with the Company's accounting policies and accounting periods.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. Preparation method of consolidated financial statements (Continued)

3. *Offset matters in the consolidated financial statements*

The consolidated financial statements shall be prepared on the basis of the financial statements of the Company and subsidiaries, which offset the internal transactions incurred between the Company and subsidiaries and within subsidiaries. The shareholders' equity of the subsidiaries not attributable to the Company shall be presented as "minority equity" under the shareholders' equity item in the consolidated balance sheet. The long-term equity investment of the Company held by the subsidiaries, deemed as treasury stock of the Company as well as the reduction of shareholders' equity, shall be presented as "Less: Treasury stock" under the shareholders' equity item in the consolidated balance sheet.

4. *Accounting treatment of subsidiaries acquired from merger*

For subsidiaries acquired under enterprise merger involving enterprises under common control, mergers were deemed to have taken place when the ultimate controller began to exercise control over them, the assets, liabilities, operating results and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the financial year in which the combination took place. When preparing the consolidated financial statements, for the subsidiaries acquired from business combination not involving entities under common control, the identifiable net assets of the subsidiaries are adjusted on the basis of their fair values on the date of acquisition.

5. *Accounting treatment for disposal of subsidiaries*

In respect of disposal of long-term equity investment in subsidiaries without losing control, the difference between disposal consideration and the net assets of subsidiaries attributable to the long-term equity investment continually calculated since the date of acquisition or combination date shall be adjusted to capital reserve (capital premium or share capital premium) in the consolidated financial statements. In case the capital reserve is insufficient for offset, retained earnings will be adjusted.

When the control over the investee is lost due to reasons such as disposal of part of the equity investment, remaining shareholding will be remeasured based on the fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of disposal consideration and fair value of the remaining equity less the net assets attributable the original shareholdings calculated from the date of acquisition or combination shall be recorded into the investment income for the period when the control is lost, and goodwill will be written off at the same time. Other comprehensive income related to the original equity investment in the subsidiary will be transferred to investment income for the period when control is lost.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

7. Classification of joint arrangements and accounting treatment for joint operations

1. *Classification of joint arrangements*

Joint arrangements are divided into joint operations and joint ventures. Joint arrangements achieved not through separate entities are classified as joint operations. Separate entities refer to the entities with separate identifiable financial architecture including separate legal entities and legally recognized entities without the qualification of legal entity. Joint arrangements achieved through separate entities are generally classified as joint ventures. In case of changes in rights entitled to and obligations undertaken by the parties of joint venture under a joint arrangement due to the changes in relevant facts and circumstances, the parties of joint venture will re-assess the classification of joint arrangements.

2. *Accounting treatment for joint operations*

The Company as a party of joint operation should recognize the following items in relation to its share of interest in joint operation, and proceed with accounting in accordance with the relevant provisions under the Accounting Standards for Business Enterprises: to recognize its separate assets or liabilities held, and recognize the assets or liabilities jointly held according to its share; to recognize the income from the disposal of its output share under joint operation; to recognize the income from the disposal of output under joint operation according to its share; to recognize the expenses incurred separately, and recognize the expenses incurred under joint operation according to its share.

For the case in which the Company is a party of a joint operation not under common control, if it is entitled to relevant assets and undertake relevant liabilities of the joint operation, accounting treatment will be carried out with reference to the provisions of the parties of joint operation; otherwise, it should be subject to relevant Accounting Standards for Business Enterprises.

3. *Accounting treatment for joint ventures*

The Company as a party of a joint venture should perform accounting for investments by the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments. If the Company is not a party of a joint venture, it should carry out accounting depending on their influence on the joint venture.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

8. Recognition standard for cash and cash equivalents

Cash presented in the cash flow statements represents the cash on hand and deposits available for payment at any time. Cash equivalents presented in the cash flow statements refer to short-term, highly liquid investments held that are readily convertible to known amounts of cash and which are subject to an insignificant risk on change in value.

9. Translation of foreign currency transactions and financial statements denominated in foreign currency

Foreign currency transactions of the Company are recorded in the recording currency translated at the spot exchange rates on the transaction date. At the balance sheet date, foreign currency monetary items are translated to RMB using the spot exchange rate at that date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate used in initial recognition or on the last balance sheet date shall be recorded into the profit or loss for the period, except for those arising from borrowings denominated in foreign currencies and used for financing the construction of qualifying assets, which are capitalized as cost of the related assets. Foreign currency non-monetary items measured at historical cost shall continue to be translated using the spot exchange rate at the date of transaction without changing the amount in the recording currency. Foreign currency nonmonetary items measured at fair value shall be translated at the spot exchange rate on the date when the fair value is determined. The exchange difference arising therefrom shall be treated as the change in fair value (including the change in exchange rate), and included in profit or loss for the period or recognized as other comprehensive income.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments

1. Classification and reclassification of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Financial assets

A financial asset is measured at amortised cost if it meets the following conditions: ① it is held within a business model whose objective is to hold assets to collect contractual cash flows; and ② its contractual terms provide that cash flows on specified dates are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets the following conditions: ① it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and ② its contractual terms provide that cash flows on specified dates are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, an equity investment that is not held for trading may be irrevocably designated by the Company as a financial asset at FVOCI. This designation is made on an investment-by investment basis and relevant investments fall within the definition of equity instruments from the perspective of the issuer.

For those financial assets other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, the Company classifies it as financial assets measured at fair value through profit or loss. At initial recognition, if accounting mismatch can be eliminated or reduced, the Company may irrevocably designate financial assets as financial assets measured at fair value through profit or loss.

When the Company changes the business model for managing financial assets, all relevant financial assets as affected are reclassified on the first day of the first reporting period after the business model changes, and the reclassification are applied prospectively from the reclassification date. The Company does not retroactively adjust any previously recognized gains, losses (including impairment losses or gains) or interest.

(2) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities measured at fair value through profit or loss, financial liabilities formed when transfer of financial assets does not meet the conditions of derecognition or continues to be involved in the transferred financial assets and financial liabilities measured at amortised cost. All financial liabilities are not reclassified.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

2. Measurement of financial instruments

Financial instruments of the Company are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related transaction costs are directly charged to profit or loss; for financial assets and financial liabilities of other categories, any related transaction costs are included in their initial recognized amount. Accounts receivable or bills receivable arising from sales of goods or rendering services or without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company. Subsequent measurement of financial instruments depends on their classifications.

(1) Financial assets

- ① Financial assets measured at amortised cost. Upon initial recognition, the financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from financial assets measured at amortised cost that are not hedging instruments are recorded in current profit or loss when in the case of derecognition, reclassification, amortisation based on the effective interest method, or impairment consideration.
- ② Financial assets measured at fair value through profit or loss. Upon initial recognition, gain or loss (including interest and dividend income) arisen from subsequent measurement of the financial assets (excluding the financial assets are parts of the hedging relationships) at fair value is included in profit and loss in the period which they incurred.
- ③ Debt instrument investments measured at FVOCI. Upon initial recognition, these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment losses and foreign exchange gains and losses are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

2. Measurement of financial instruments (Continued)

(2) Financial liabilities

- ① Financial liabilities measured at fair value through profit or loss. Such financial liabilities include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss. Upon initial recognition, the financial liabilities are subsequently measured at fair value. Except for those involving the hedge accounting, the gains or losses (including interest expenses) arising from changes in fair value of trading financial liabilities are included in profit or loss in the period which they incurred. For the financial liabilities designated at fair value through profit or loss, the amount of changes in the fair value of the financial liabilities arising from the changes in enterprise's own credit risk is included in other comprehensive income, and other changes in fair value are recognised in profit or loss. If the inclusion of the effects of the changes in the credit risk of the financial liabilities in other comprehensive income will cause or expand the accounting mismatch in profit or loss, the Company will include all the gains or losses of the financial liabilities in the profit and loss.
- ② Financial liabilities measured at amortised cost. Upon initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

3. Recognition of fair values of financial instruments by the Company

For financial instruments with an active market, their fair values shall be determined based on their quotations in the active market. Where there is no active market for a financial instrument, the fair value shall be determined using valuation techniques, which mainly include the market approach, income approach and cost approach. In limited circumstances, if the short-term information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of the fair value within the scope, the cost may represent appropriate estimates of fair value within this distribution. The Company determines whether the cost represents the fair value based on all information in relation to the results and operations of the investees available since the date of initial recognition.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

4. *Basis of recognition and methods of measurement for transfer of financial assets and financial liabilities*

(1) *Financial assets*

A financial asset of the Company is derecognised when any of the below criteria is met: ① the contractual rights to receive the cash flows from the financial asset expire; ② the financial asset has been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset; or ③ the financial asset has been transferred and the Company has not retained control of the financial asset, although the Company neither transfers nor retains substantially all the rewards of ownership of the financial asset.

In the case that the Company has neither transferred nor retained substantially all the rewards associated with ownership of such financial assets and has not retained control of such financial assets, the Company will continue to recognise such financial assets according to the extent of transfer of such financial assets, and will recognise relevant liabilities accordingly.

When the overall transfer of a financial asset meets the criteria for derecognition, the balance between the following two amounts will be included in the current profit or loss: ① the carrying amount of the financial asset transferred on the derecognition date; ② the sum of the consideration received from the transfer of the financial asset and the amount of the corresponding derecognised part in the accumulated changes in fair value previously recorded directly in other comprehensive income (the financial asset involved in the transfer is classified as financial asset measured at fair value through other comprehensive income).

If part of the transfer of a financial asset meets the criteria for derecognition, the entire carrying amount of the financial asset transferred shall be first proportionally amortised between the derecognised portion and the retained portion according to their respective relative fair value on the transfer date. Then, the balance between the following two amounts will be included in the current profit or loss: ① the carrying amount of the derecognised part on the derecognition date; ② the sum of the consideration received for the derecognised part and the amount of the corresponding derecognised part in the accumulated amount of the changes in fair value originally included in other comprehensive income (the financial asset involved in the transfer is classified as financial asset measured at fair value through other comprehensive income).

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

4. *Basis of recognition and methods of measurement for transfer of financial assets and financial liabilities (Continued)*

(2) *Financial liability*

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

The difference between the carrying amount of financial liabilities (or parts of them) and consideration paid (including transferred non-cash assets or liabilities) is recognized in the current profit or loss, when financial liabilities (or parts of them) are derecognised.

5. *Determination of expected credit loss*

Based on the expected credit loss ("ECL"), the Company made the impairment accounting for financial assets measured at amortised cost (including accounts receivable), financial assets measured at fair value through other comprehensive income (including accounts receivable financing), and rental receivable are recognised the provision for such losses.

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

The Company assesses whether the credit risk of relevant financial instruments since its initial recognition is significantly increased on each balance sheet date, and divides the process of credit impairment of financial instruments into three stages, with different accounting treatment methods for impairment of financial instruments in different stages: (1) stage 1, where the credit risk of financial instruments is not significantly increased since its initial recognition, the Company measures the loss provisions at 12-month ECL of such financial instruments, and calculates the interest income based on its carrying amount (that is, without deduction of impairment provision) and effective interest; (2) stage 2, where the credit risk of financial instruments is significantly increased since its initial recognition but no impairment of credits exists, the Company measures the loss provisions at lifetime ECL of such financial instruments, and calculates the interest income based on its carrying amount and effective interest; (3) stage 3, where impairment of credits exists since its initial recognition, the Company measures the loss provisions at lifetime ECL of such financial instruments, and calculates the interest income based on its amortised cost (carrying amount minus provision made for impairment) and effective interest.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

5. Determination of expected credit loss (Continued)

(1) *Measurement of loss provision for financial instruments with lower credit risk*

For financial instruments with low credit risk at the balance sheet date, the Company can directly assume the credit risk of such instruments does not increase significantly after the initial recognition without comparing it with the credit risk at the initial recognition.

If a financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic situation and business environment in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The financial instrument is considered to have a low credit risk

(2) *Method for measurement of loss provisions for accounts receivable and rental receivable*

① Accounts receivable without containing significant financing components. For the accounts receivable without containing significant financing components arising from transactions regulated under the Accounting Standards for Business Enterprises No. 14 – Revenue, the Company adopts a simplification approach which always measures the loss provisions at lifetime ECL.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of an individual financial asset or groupings of financial assets. When the ECL of an individual financial asset is unable to be assessed at a reasonable cost, the Company divides accounts receivable into certain groupings based on credit risk characteristics, then pursuant to which, calculates the ECL. Basis for grouping is as follows:

Accounts receivable grouping 1:	general customer
Accounts receivable grouping 2:	related party customer (de facto controller and its subsidiaries)
Notes receivable grouping 1:	commercial acceptances
Notes receivable grouping 2:	bank acceptances

For accounts receivable and notes receivable that are classified into general customer grouping and commercial acceptances, respectively, by making reference to the experience of historical credit losses and giving consideration to the current situation and the forecast of the future economic situation, the Company prepares a comparison table specifying the aging and the lifetime ECL rates of such receivables to calculate the ECL. For accounts receivable that are classified into related party grouping, by making reference to the experience of historical credit losses and giving consideration to the current situation and the forecast of the future economic situation, the Company calculates ECL using exposure at default (“EAD”) and lifetime ECL rate.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

5. Determination of expected credit loss (Continued)

(2) *Method for measurement of loss provisions for accounts receivable and rental receivable (Continued)*

- ② Accounts receivable and rental receivable containing significant financing components

For accounts receivable containing significant financing components, and rental receivable regulated under the Accounting Standards for Business Enterprises No. 21 – Leases, the Company measures loss provisions with the general approach, i.e. the “three-stage” model.

(3) *Method for measurement of loss provisions for other financial assets*

For financial assets other than those mentioned above, e.g. debt investments, other debt investments, other receivables, long-term receivables other than lease receivables, etc., the Company measures loss provisions with the general approach, i.e. the “three-stage” model.

In case of credit impairment at measurement of financial instruments, the following information is taken into account when assessing whether credit risk has increased significantly:

- ① Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected lifetime have changed significantly. These indicators include: credit spreads, the price of credit default swaps for borrowers, the length and extent to which the fair value of financial assets is less than its amortised cost, and other market information related to borrowers (such as the price changes of borrowers’ debt instruments or equity instruments).
- ② Whether there is any significant change in the actual or expected external credit rating of the financial instruments; Whether the actual or expected internal credit rating of the debtor is downgraded.
- ③ Whether expected detrimental changes in business, financial and economic conditions of the debtor which would affect debtor’s ability to perform repayment obligation have changed significantly, including significant reduction in the market shares of the debtor, sharp drop of the price of principal products, significant rise of the price of principal raw materials, critical shortage of working capital, and quality reduction of assets.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

5. Determination of expected credit loss (Continued)

(3) Method for measurement of loss provisions for other financial assets (Continued)

- ④ Whether the actual or expected results of the debtor's operations have changed significantly, including the material adverse change in operating indicators such as revenue and profit, which is not expected to improve in the near future.
- ⑤ Whether the credit risk of other financial instruments issued by the same debtor has increased significantly.
- ⑥ Whether the regulatory, economic or technical environment for the debtor has significant detrimental changes, including the circumstance whether the technological change, or the relevant policies proposed to introduce by the state or local government have significant adverse impact on the debtor.
- ⑦ Whether the value of collateral for debt mortgage or the guarantee or credit enhancement quality provided by a third party has changed significantly, and these changes are expected to lower the economic motive of the debtor to repay within the time limit as specified by the contract or affect the probability of default.
- ⑧ Whether the expected economic motive that will lower the debtor's repayment within the time limit as specified by the contract has changed significantly.
- ⑨ Whether the debtor's expected performance and repayment activities have changed significantly.
- ⑩ Whether the Company's approach to credit management of financial instruments has changed.

6. Accounting treatment of the ECL

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the ECL on each balance sheet date, and the resulting increase or reversal in loss provision shall be included in the profit or loss for the current period as impairment losses or gains, and shall be deducted from the carrying amounts of the financial assets on the balance sheet or included in the estimated liability (loan commitments or financial guarantee contracts) or other comprehensive income (debt investments measured at fair value through other comprehensive income) according to the type of financial instruments.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Notes receivable

Determination and accounting treatment of the ECL of notes receivable

Details of the determination and accounting treatment of the ECL of notes receivable are set forth in 10. Financial instruments under V. Important Accounting Policies and Estimates.

12. Accounts receivable

Determination and accounting treatment of the ECL of accounts receivable

Details of the determination and accounting treatment of the ECL of accounts receivable are set forth in 10. Financial instruments under V. Important Accounting Policies and Estimates.

13. Accounts receivable financing

Details of the determination and accounting treatment of the ECL of accounts receivable financing are set forth in 10. Financial instruments under V. Important Accounting Policies and Estimates.

14. Other receivables

Determination and accounting treatment of the ECL of other receivables

Details of the determination and accounting treatment of the ECL of other receivables are set forth in 10. Financial instruments under V. Important Accounting Policies and Estimates.

15. Inventories

1. Classification

Inventories means finished goods or merchandise held for sale in the ordinary course of business, unfinished products in the process of production, materials or supplies used in the process of production or rendering of services. Inventories mainly include raw materials, revolving materials, external processing materials, packaging materials, low-value consumables, work in progress, self-manufactured semi-finished product, finished goods (commodity inventories) and costs to fulfil a contract.

2. Measurement for delivered inventories

Upon delivery of inventories, the actual cost of such inventories will be determined by using weighted average method.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Inventories (Continued)

3. Provision for impairment

At the end of the period, after a thorough inspection of the inventories, provision for decline in value of inventories will be made and adjusted at the lower of the cost and the net realizable value. Net realizable value of held-for-sale commodity stocks, such as products, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling prices less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

Provision for decline in value of inventories is made on an item-by-item basis at the end of the period. For large quantity and low value items of inventories, provision may be made based on categories of inventories; for items of inventories relating to a product line that is produced and marketed in the same geographical area and with the same or similar end uses or purposes, which cannot be practicably evaluated separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis.

Should the factors causing any write-down of the inventories do not exist, the amount of writedown will be recovered and be reversed from the provision for diminution in value of inventories that has been made. The reversed amount will be included in the current profits and losses.

4. Inventory system

The Company adopts perpetual inventory system.

5. Amortization of low-value consumables and packaging materials

Low-value consumables are amortized using one-off write-off method. Packaging materials and other revolving materials are amortized using equal-split amortization method.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. Contract assets

(1) Recognition and standards of contract assets

1. Contract assets

A contract asset is the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passing of time. Provision for impairment of contract assets is made by reference to the ECL on financial instruments method. For contract assets that do not contain a significant financing component, the Company uses the simplified approach to measure the provision for losses. For contract assets with a significant financing component, the Company measures the provision for losses in accordance with the general method.

2. Contract liabilities

A contract liability represents the obligation to transfer goods or provide services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer.

A contract asset and a contract liability under the same contract are presented on a net basis.

(2) Determination and accounting treatment of the ECL of contract assets

Details of the determination and accounting treatment of the ECL of contract assets are set forth in 10. Financial instruments under V. Important Accounting Policies and Estimates.

17. Long-term equity investments

1. Determination of initial investment cost

For a long-term equity investment obtained from business consolidation under common control, the initial investment cost is measured at the share of the carrying amount of equity interest of the combined party included in the consolidated financial statement of the ultimate controller as at the date of combination; for a long-term equity investment obtained from business consolidation not under common control, the initial investment cost is the consolidation cost at the date of acquisition. For a long-term equity investment acquired by cash, the initial investment cost shall be the actual purchase price. For a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is recognized according to relevant requirements of Accounting Standards for Business Enterprises No.12 – Debt Restructuring. For a long-term equity investment acquired by exchange of non-monetary assets, the initial investment cost is recognized according to relevant requirements of Accounting Standards for Business Enterprises No.7 – Non-monetary Asset Exchange.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Long-term equity investments (Continued)

2. *Subsequent measurement and profit or loss recognition*

Where the investor has a control over the investee, long-term equity investments are measured using cost method. Long-term equity investments in associates and joint ventures are measured using equity method. Where part of the equity investments of an investor in its associates are held indirectly through venture investment institutions, common fund, trust companies or other similar entities including investment linked insurance funds, such part of equity investments shall be measured according to relevant requirements of Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments regardless whether the above entities have significant influence on such part of equity investments, while the remaining part shall be measured using equity method.

3. *Basis of conclusion for common control and significant influence over the investee*

Joint control over an investee refers to where the activities which have a significant influence on return on certain arrangement could be decided only by mutual consent of the investing parties sharing the control, which includes the sales and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities and financing activities, etc.; Significant influence on the investee refers to that: significant influence over the investee exists when holding more than 20% but less than 50% of the shares with voting rights or even if the holding is below 20%, there is still significant influence if any of the following conditions is met: there is representative in the board of directors or similar governing body of the investee; participation in the investee's policy setting process; assigning key management to the investee; the investee relies on the technology or technical information of the investing company; or major transactions with the investee.

18. Investment properties

Investment properties of the Company include leased land use rights, leased buildings and land use rights held for resale after appreciation. Investment properties are initially measured at cost and subsequently measured using the cost approach.

Among investment properties of the Company, the depreciation for leased buildings is provided using the straight-line method and the specific measurement policy applied is the same as that applied to fixed assets; the leased land use rights and the land use rights held for resale after appreciation are amortized on a straight-line basis, and the specific measurement policy applied is the same as that applied to intangible assets.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)**19. Fixed assets****(1) Recognition conditions**

Fixed assets are tangible assets that are held for production, provision of services, leasing or administrative purposes, and have useful life of more than one financial year. Fixed assets are recognized when both of the following conditions are met: economic benefits in relation to the fixed assets are very likely to flow into the enterprise; and the cost of the fixed assets can be measured reliably.

(2) Depreciation methods

Category	Depreciation method	Depreciable Life (year)	Residual Value rate	Annual depreciation rate
Buildings and structures	Straight-line method	30–50	3–5	1.90–3.23
Machine and equipment	Straight-line method	4–28	3–5	3.39–24.25
Transportation tools	Straight-line method	6–12	3–5	7.92–16.17
Others	Straight-line method	4–28	3–5	3.39–24.25

Main fixed assets held by the Company are buildings and structures, machine and equipment, electronic equipment and transportation tools etc. Depreciation is provided based upon the straight-line method. The Company determines the useful life and estimates net residual value of a fixed asset according to the nature and use pattern of the fixed asset. The Company, at the end of each year, has a review on the useful life, expected net residual value and the depreciation method of the fixed assets. If it differs from its previous estimate, adjustment will be made accordingly. The Company provides depreciation for all its fixed assets other than fully depreciated fixed assets that are still in use and land individually accounted for.

20. Construction in progress

There are two types of construction in progress for the Company: self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when the project is completed and ready for its intended use. A fixed asset is ready for intended use if any of the following criteria is met: the construction of the fixed assets (including installation) has been completed or substantially completed; the fixed asset has been put to trial production or trial operation and it is evidenced that the asset can operate ordinarily or produce steadily qualified products; or the result of trial operation proves that it can run or operate normally; little or no expenditure will be incurred for construction of the fixed asset; or the fixed asset constructed has achieved or almost achieved the requirement of design or contract.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Borrowing costs

1. Basis for capitalization of borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized into the cost of relevant assets. Other borrowing costs are recognized as expenses in profit and loss for the period when incurred. Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. Calculation of amount to be capitalized

The capitalization period refers to the period beginning from the commencement of capitalizing borrowing costs to the date of ceasing capitalization, excluding the period of suspension of capitalization. Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

For designated borrowings, the capitalized amount shall be the actual interest expense incurred for the designated borrowings, less the interest income from the unused funds of the designated borrowings or investment income from the temporary investments; and for general borrowings, the weighted average of general borrowings occupied, based on the accumulated expenditure exceeding the capital expenditure from designated borrowings times the interest rate of the general borrowings so occupied. The interest rate is the weighted average rate of the general borrowings; and for borrowings with discount or premium, the discount or premium was amortized over the term of the borrowings to adjust the interest in every period using effective interest rate method.

The effective interest rate method is based on the effective interest rate of the borrowings to calculate the amortization of discount or premium or interest expense. The effective interest rate is the rate in discounting the estimated future cash flows to the carrying value of the borrowings.

22. Right-to-use assets

Details of right-to-use assets are set forth in 34. Lease under V. Important Accounting Policies and Estimates.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)**23. Intangible assets****(1) Measurement, useful life and impairment test***1. Measurement of intangible assets*

Intangible assets are initially measured at costs. The actual costs of purchased intangible assets include the considerations and relevant expenses paid. The actual costs of intangible assets contributed by investors are the prices contained in the investment agreements or mutually agreed. If the price contained in the investment agreement or mutually agreed is not a fair value, the fair value of the intangible asset is regarded as the actual cost. The cost of a self-developed intangible asset is the total expenditure incurred in bringing the asset to its intended use.

Subsequent measurement of the Company's intangible assets: Intangible assets with finite useful life are amortized on a straight-line basis over the useful life of the intangible assets; at the end of each year, the useful life and amortization policy are reviewed, and adjusted if there is variance with original estimates; Intangible assets with indefinite useful life are not amortized and the useful life are reviewed at the end of each year. If there is objective evidence that the useful life of an intangible asset is finite, the intangible asset is amortized using the straight line method according to the estimated useful life.

Amortization of an intangible asset with finite useful life is as follows:

Category	Useful life (year)	Amortization
Land use rights	37–70	straight-line basis
Patent right	10–20	straight-line basis
Non-patent technology	10	straight-line basis
Trademark rights	10	straight-line basis
Software use rights	3–10	straight-line basis

2. Determination basis of infinite useful life

An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company or it has no definite useful life. The determination basis of intangible assets with infinite useful life: derived from contractual rights or other legal rights and there are no explicit years of use stipulated in the contract or laws and regulations; useful life could not be estimated after considering the industrial practices or relevant expert opinion.

At each year end date, the useful life of the intangible assets with indefinite useful life is reviewed. The assessment is performed by the departments that use the intangible assets, using the down-to-top approach, to determine if there are changes to the determination basis of indefinite useful life.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Intangible assets (Continued)

(2) Accounting policy regarding the expenditure on the internal research and development

Basis for research and development phases of the internal research and development project, and basis for capitalization of expenditure incurred in development stage. The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- (1) The development of the production process has been sufficiently proved by the technical team;
- (2) The budget relating to development of the production process has been approved by the management, and the management has the intention to complete the intangible asset for use or for sale;
- (3) Research and analysis of market survey from previous periods show that the products produced under the production process have market promotion potential;
- (4) There are sufficient technical and financial resources for development activities of the production process and subsequent large-scale production; and the expenditures attributable to the development of the production process can be collected and calculated reliably.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Long-term asset impairment

Long-term assets such as long-term equity investments, investment properties measured under the cost model, fixed assets, construction in progress and intangible assets are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill separately presented on the financial statements is tested for impairment at least every year, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, the carrying amount of goodwill is allocated to asset groups or asset group portfolio expected to benefit from the synergy of business combination. Where the test results indicate the recoverable amount of the asset groups or asset group portfolio allocated with goodwill is lower than their carrying amounts, impairment loss is recognised accordingly. The amount of impairment loss is first reduced against the carrying amount of the goodwill allocated to the asset group or asset group portfolio, and then reduced against the carrying amounts of other assets (other than the goodwill) within the asset group or asset group portfolio on pro rata basis.

Once the impairment loss of such assets is recognized, it is not to be reversed in any subsequent period.

25. Long-term deferred expenses

Long-term deferred expenses of the Company are expenses which have been paid but the benefit period is over one year (not including one year). Long-term deferred expenses are amortized over the benefit period. If a long-term deferred expense cannot benefit the future accounting period, the residue value of such project not amortized yet shall be transferred to the profit or loss in the period.

26. Contract liabilities

(1) *Recognition of contract liabilities*

Details of the recognition of contract liabilities are set forth in 16. Contract assets under V. Important Accounting Policies and Estimates.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Employees' wages

Employees' wages refer to remuneration or indemnification in various forms given to employees for the company's obtaining of service provided by employees or for termination of employment with employees. Employees' wages shall include short-term wages, after-service welfare, dismissal welfare and other long-term employees' welfare.

(1) *Accounting treatment of short-termed wages*

During the accounting period in which an employee provides service, short-term wages are actually recognized as liabilities and charged to profit or loss, or if otherwise required or allowed by other accounting standards, to the cost of relevant assets for the period. At the time of actual occurrence, the Company's employee benefits are recorded into the profits and losses of the current year or the cost of relevant assets according to the actual amount. The non-monetary employee benefits are measured at fair value. Regarding the medical and health insurance, industrial injury insurance, maternity insurance and other social insurances, housing fund and labor union expenditure and personnel education that the Company paid for employees, the Company should recognize corresponding employees benefits payable according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities and include these expenses in the profits or losses of the period or recognized as the cost of relevant assets during the accounting period for which employees provide their service.

(2) *Accounting treatment of off-service welfare*

During the accounting period in which an employee provides service, the amount payable calculated under defined contribution scheme shall be recognized as a liability and recorded in profit and loss of the period or in the cost of relevant assets. In respect of the defined benefit scheme, the Company shall use the projected unit credit method and attribute the welfare obligations calculated using the formula stipulated by the defined benefit scheme to the service period of the employee, and record the obligation in the current profit and loss or the cost of relevant assets.

(3) *Accounting treatment of dismissal welfare*

The Company recognizes a liability and expenses in the current profit or loss for termination benefits at the earlier of the following dates: when the Company can no longer withdraw the offer of those benefits due to dissolution of labor relationship plan or suggested redundancy; and when the Company recognizes costs or fee for restructuring involving the payment of termination costs.

(4) *Accounting treatment of other long-term employees' welfare*

The Company provides other long-term employee benefits to its employees. For those falling within the scope of defined contribution scheme, the Company shall account for them according to relevant requirements of the defined contribution scheme. In addition, the Company recognizes and measures the net liabilities or net assets of the other long-term employee benefits according to relevant requirements of the defined contribution scheme.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Lease liabilities

Details of lease liabilities are set forth in 34. Lease under V. Important Accounting Policies and Estimates.

29. Estimated liability

If an obligation in relation to contingency is the present obligation of the Company and the performance of such obligation is likely to lead to the outflow of economic benefits and its amount can be reliably measured, such obligation shall be recognized as estimated liability. The best estimate of the expenditure from current obligation is initially recorded as accrued liability. When the necessary expenditures falls within a continuous range and the probability of each result in the range are identical, the best estimate is the median of the range; if there are severable items involved, every possible result and relevant probability are taken into account for the best estimation.

At the balance sheet date, the carrying value of provision is reviewed. If there is objective evidence that the carrying value could not reflect the current best estimate, the carrying value is adjusted to the best estimated value.

30. Revenue

When the Company has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant goods or services, revenues will be recognized as per transaction prices allocated to such performance obligation. Obtaining the right to control relevant goods means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom. Performance obligation represents the Company's commitment to transfer distinct goods to the customer in the contract. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer by the Company.

Whether performance obligations satisfied over time or at a point in time is based on the terms of contracts and related law regulations. If the performance obligations satisfied over time, the Company will recognise revenue via contract performance schedule, otherwise the Company satisfies the performance obligation at a point in time.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Revenue (Continued)

The Company's revenue is mainly derived from sales of products, and the specific accounting policies related to sales of products are described as follows:

Sales revenue is recognised when the Company has already transferred the control of the products to the customer, retained neither continuing managerial involvement nor control over the products, and the related costs can be reliably measured, the realization of sales revenue is recognized.

The Company delivers the products to the designated location in accordance with the sales contract or the customer picks up the goods at the warehouse location designated by the Company. Revenue is recognised when the products are delivered to the customers by the Company and accepted by the customers. The credit period granted by the Company to customers is determined according to the customer's credit risk characteristics, which is consistent with industry practices, and there is no major financing component. The Company's obligation to transfer goods to customers for consideration received or receivable from customers is listed as contract liabilities.

When the Company is required to pay a consideration to the customer while transferring the goods to the customer, the consideration is recognised as a reduction of the sales revenue.

31. Contract costs

Contract costs of the Company are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer. Incremental costs (the "incremental costs of obtaining a contract") of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it is expected to recover those costs.

If the costs of the Company to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

1. the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
2. the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

31. Contract costs (Continued)

- the costs are expected to be recovered.

The contract performance cost recognized as assets shall be listed in the "inventory" item on the balance sheet, if the amortization period is not exceeding one year or a normal business cycle at initial recognition, and shall be listed in the "other non-current assets" item on the balance sheet, if the amortization period exceeding one year or a normal business cycle at initial recognition.

Assets recognised for the Incremental Costs of obtaining a contract and the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods to which the assets relate and recognised in profit or loss for the period. The Company recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Company makes impairment provision and recognizes an impairment loss on the asset for the exceeding part to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Company expects to receive in exchange for the goods to which the asset relates;
- the costs that relate directly to providing those goods that have not yet been recognised as expenses.

If the impairment factors in the previous period have changed, and the difference between the aforementioned two items is higher than the carrying value of the asset, the original asset impairment provision should be reversed and included in the profit and loss of current period, but the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the date of reversal under the assumption that no impairment provision is made.

32. Government grants

1. *Types and accounting treatment of government grants*

The government grants mean the monetary assets or non-monetary assets (but excludes the capital invested by the government as the owner) obtained by the Company from the government for free. If a government grant is in the form of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at the nominal amount.

The government grants related to the Company's daily activities shall be included in other income according to the nature of the business; and the government grants unrelated to the Company's daily activities shall be included in non-operating income.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

32. Government grants (Continued)

1. *Types and accounting treatment of government grants (Continued)*

The government grants which are clearly defined in the government documents to be used for acquisition, construction or other project that forms a long-term asset are recognized as asset related government grants. Regarding the government grant not clearly defined in the official documents and can form long-term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income. Any government grants related to assets are recognized as deferred income, the amount of which shall be recorded in the current profit or loss in installments with a reasonable and systematic method over the useful lives of relevant assets.

The government grants other than those related to assets are recognized as government grants related to income. The income-related government grants used to compensate relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognized as deferred income and recorded in profit and loss for the period when such expenses are recognized while those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in profit or loss for the period.

Where the Company obtains an interest subsidy for policy-related preferential loans, the government either appropriates an interest subsidy to the lending bank, allowing the latter to provide loans at a preferential interest rate to the Company who shall recognize the loan amount received as the book-entry value of such loans, and calculate the relevant loan expenses according to the loan principal and the preferential interest rate; or the government directly appropriates an interest subsidy to the Company who shall use the interest subsidy to offset relevant loan expenses.

2. *Timing for recognition of government grants*

A government grant is recognized when there is reasonable assurance that the grant will be received and that the conditions attaching to the grant will be satisfied. The government grants calculated in accordance with the amount receivable will be acknowledged when there is unambiguous evidence suggesting the conformance to related conditions as provided in financial support policies and financial support fund is expected to be received. Other government grants other than that counted in accordance with the amount receivable will be acknowledged at the actual time of receiving the grants.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

33. Deferred tax assets/deferred tax liabilities

1. The deferred income tax assets and income tax liabilities shall be calculated and recognized at the applicable tax rate during which such asset are expected to be recovered or such liabilities can be settled, based on the difference between the carrying amount of assets and liabilities and their tax basis (for the items that have not been recognized as the assets and liabilities and whose taxable basis can be determined according to the tax law, the taxable basis can be determined as its difference).
2. The deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. At the balance sheet date, if there is positive evidence indicating that sufficient taxable profits can be obtained in the future period to lawful deductible temporary differences, and the unrecognized deferred income tax asset in the previous accounting period shall be recognized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized.
3. As for taxable temporary difference related to the investments of subsidiaries and associated enterprises, the deferred income tax liabilities are recognized unless the Company can control the time for the reversal of temporary differences and such differences are much likely not to be reversed in the foreseeable future. As for the deductible temporary difference related to investments of subsidiaries and associated enterprises, the deferred income tax assets shall be recognized when such temporary differences are much likely to be reversed in the foreseeable future and the taxable profit are available against which the deductible temporary difference can be utilized.

34. Lease

(1) Accounting treatment for operating leases

N/A

(2) Accounting treatment for lease under financing

N/A

(3) Determination and accounting treatment of lease under the New Lease Standards

1. Accounting treatment for leased assets

At the commencement date of lease term, the Company recognizes right-of-use assets and lease liabilities for leases (excluding short-term leases and leases of low-value assets), and recognizes depreciation and interest expenses separately over the lease term.

Short-term leases and leases of low-value assets are included in the current expenses by the Company on a straight-line basis over the respective lease terms.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

34. Lease (Continued)

(3) *Determination and accounting treatment of lease under the New Lease Standards (Continued)*

1. *Accounting treatment for leased assets (Continued)*

(1) Right-of-use assets

Right-of-use assets represent the lessee's right to use the leased asset for the lease term. At the commencement date of lease term, right-of-use assets are measured initially at cost. Such cost comprises: ① the amount of the initial measurement of lease liability; ② lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive); ③ initial direct costs incurred by the lessee; ④ an estimate of costs to be incurred by the lessee in dismantling and removing the leased assets, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease.

The depreciation of the right-of-use assets of the Company is accrued using the straightline method. For those who can reasonably determine the ownership of the leased asset when the lease term expires, the depreciation is accrued over the estimated remaining useful life of leased asset. If it is not reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation is accrued over the shorter of the lease term and the remaining useful life of the leased asset.

The Company recognizes whether the right-of-use assets are impaired or not and performs accounting treatment under relevant regulations of the Accounting Standard for Business Enterprises No.8 – Impairment of Asset.

(2) Lease liabilities

Lease liabilities are initially measured at the present value of outstanding lease payment at the beginning date of lease period. Lease payment include: ① fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive); ② variable lease payment that are based on an index or a rate; ③ amounts expected to be payable under the guaranteed residual value provided by the lessee; ④ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; ⑤ payments of penalties for terminating the lease option, if the lease term reflects that the lessee will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined, the Company's incremental borrowing rate is used. The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into financial expenses. The periodic interest rate refers to the discount rate adopted by the Company or the revised discount rate.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

34. Lease (Continued)

(3) *Determination and accounting treatment of lease under the New Lease Standards (Continued)*

1. *Accounting treatment for leased assets (Continued)*

(2) Lease liabilities (Continued)

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period in which they actually arise.

When the Company's evaluation results on extension, termination or purchase options change, the lease liabilities are remeasured by the present value calculated from the changed lease payments and revised discount rate and the carrying amount of the right-of-use assets will be adjusted accordingly. When the in-substance leased payments, amounts expected to be payable under the guaranteed residual value and the variable lease payments that depend on an index or a rate change, the lease liabilities are remeasured by the present value calculated from the changed lease payments and original discount rate and the carrying amount of the right-of-use assets will be adjusted accordingly.

2. *Accounting treatment for leasing assets*

(1) Accounting treatment for operating leases

The Company recognizes the lease payments derived from operating leases as rental income on a straight-line basis over the respective lease terms. The Company capitalizes the initial direct costs relating to operating leases, and includes them in the current income by stages at the same base as the recognition of rental income over the lease term.

(2) Accounting treatment for lease under financing

At the commencement date of lease term, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as leasing revenue over the periods when rent is received in the future. The Company's initial direct costs associated with rental transactions shall be included in the initial accounting value of the finance lease receivables.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

35. Other significant accounting policies and accounting estimates

Important judgments made while using accounting policies and the key assumptions and uncertainties used in accounting estimates

The Company shall make judgments, estimates and assumptions on the carrying value of items in the statements which cannot be accurately measured in the application of the accounting policies described in Note V. Such judgments, estimates and assumptions are made based on the historical experience of the management of the Company after taking into account other relevant factors and the actual results may be different from the estimates of the Company. Key assumptions and uncertainties in the accounting estimates of the Company which is likely to result in significant adjustments to the carrying value of the assets and liabilities in the future periods are as follows:

1. *Expected credit loss of accounts receivables*

As described in Note V.10. Financial instruments, the Company calculates the expected credit loss of accounts receivables based on the default exposure and the expected credit loss ratio of accounts receivables and determines the expected credit loss ratio based on the possibility of default and the default loss ratio. In determining the expected credit loss ratio, the Company uses the internal historical credit loss experience and other data and makes adjustments to the historical data based on the current conditions and forward-looking information. The indicators used by the Company in considering the forward-looking information include the risks on economic decline the external market environment, the industry risks and the changes in the customers.

2. *Inventory impairment provisions*

As described in Note V.15. Inventories, the inventory of the Company is measured at the lower of the cost and net realizable value of inventories. The net realizable value is the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of inventories. The estimation is based on the current market conditions and the historical experience in the production and sale of products with same nature. Where the management of the Company revises the estimated selling price and the estimated cost of completion and the estimated selling expenses, it will affect the estimation on the net realizable value of inventories, which will affect the inventory impairment provisions made.

3. *The estimated useful life and estimated net residual value of fixed assets*

As described in Note V.19. Fixed assets, the Company determines the estimated useful life and estimated net residual value of fixed assets based on its historical experience on actual useful life of fixed assets with similar nature or function. Technological innovation or intense industry competition may have a significant impact on the useful life of fixed assets and the actual net residual value may also be inconsistent with the estimated net residual value. If the estimates of the useful life and the net residual value of fixed asset are different from the original estimates, the Company will adjust it.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

35. Other significant accounting policies and accounting estimates (Continued)

4. *Impairment of fixed assets*

The management of the Company assessed whether the fixed assets had been impaired as at the balance sheet date. The recoverable amount is the higher of the present value of expected future cash flow of fixed assets and the net amount derived from deducting the disposal fee from the fair value, which is estimated based on the best information available to reflect the amount (after deducting the costs to disposal) that is obtainable from the disposal of the fixed asset in an arm's length transaction by knowledgeable willing parties as at each of the balance sheet date, or cash generated from continuously using the fixed assets. Such estimates may be subject to adjustment when conducting each of impairment test. If the re-estimated recoverable amount is higher than the original estimate by the management of the Company, the Company shall not reverse the provision for impairment loss of the fixed assets that has been made.

5. *Deferred tax assets*

As described in Note V.33. Deferred tax assets/deferred tax liabilities, the realization of deferred tax assets mainly depends on the actual income in future and the actual tax rate of temporary difference in future utilization year. If the actual income in future is less than those expected, or the actual tax rate is lower than those expected, the recognized deferred tax assets shall be reversed, and be recognized in combined income statement for the period in which the reversal occurred.



VI. TAXES

1. Major categories of taxes and tax rates

Major categories of taxes and tax rates

Category	Tax basis	Tax rate
Value added tax	Sell of goods or the supply of taxable services	6%, 9%, 13%
City maintenance and construction tax	Turnover tax payable	5%, 7%
Enterprise income tax	Income tax payable	15%, 25%
Educational surcharges	Turnover tax payable	3%

The enterprise income tax rate of each entity paying taxes is set out below:

Name of entity paying taxes	Income tax rate (%)
Luoyang Glass Co., Ltd.	25%
CLFG Longhai Electronic Glass Co., Ltd.	15%
CLFG Longmen Glass Co., Ltd.	25%
Bengbu CNBM Information Display Material Co., Ltd.	15%
CNBM (Puyang) Photoelectric Material Co., Ltd.	25%
CNBM (Hefei) New Energy Co., Ltd.	15%
CNBM (Tongcheng) New Energy Materials Co., Ltd.	15%
CNBM (Yixing) New Energy Resources Co., Ltd.	15%

2. Preferential tax treatment

Longhai Company, a wholly-owned subsidiary of the Company, has been approved as a high-tech enterprise in December 2019 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2020.

Bengbu CNBM Information Display Materials, a wholly-owned subsidiary of the Company, has been approved as a high-tech enterprise in September 2019 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2020.

Hefei New Energy, a wholly-owned subsidiary of the Company, has been approved as a high-tech enterprise in September 2019 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2020.

Tongcheng New Energy, a wholly-owned subsidiary of the Company, has been approved as a high-tech enterprise in August 2020 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2020.

Yixing New Energy, a controlling subsidiary of the Company, has been approved as a high-tech enterprise in November 2019 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2020.

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Monetary funds

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Cash on hand	88,748.59	324,480.10
Deposits at banks	140,609,553.23	149,331,130.05
Other monetary funds	160,250,041.74	283,215,887.51
Total	300,948,343.56	432,871,497.66
Including: Amount deposited abroad		

Other explanation

The security deposits for the bank acceptance under other monetary funds as at the end of the period was RMB160,250,041.74; in the bank deposit, RMB1,467,000.00 was restricted deposit.

2. Notes receivable

(1) Notes receivable by category

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Commercial acceptances	104,532,034.37	202,605,295.99
Less: provision for bad debts	2,090,640.69	4,052,105.93
Total	102,441,393.68	198,553,190.06

(2) Notes receivable pledged as at the end of the period

N/A



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Notes receivable (Continued)

(3) *Notes receivable which were endorsed and discounted by the Company at the end of the period but were not due as of the date of the balance sheet*

Unit: Yuan Currency: RMB

Item	Derecognized amount at the end of the period	Not-yet derecognized amount at the end of the period
Commercial acceptances		81,240,466.62
Total		81,240,466.62

The objective of the business model under which the Company managed its commercial acceptances receivable is to collect contract cash flow, so it was classified as financial assets measured at amortized cost.

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Receivables

(1) Disclosure by aging

Aging analysis of accounts receivables by date of entry is as follows:

Unit: Yuan Currency: RMB

Aging	31 December 2020		31 December 2019	
		Ratio (%)		Ratio (%)
Within 1 year	636,063,884.47	84.74	529,539,527.68	79.30
1 to 2 years	26,583,995.37	3.54	68,145,837.66	10.21
2 to 3 years	20,191,820.30	2.69	10,955,320.36	1.64
3 to 4 years	10,955,320.15	1.46	2,578,490.56	0.39
4 to 5 years	2,205,607.98	0.29	1,914,277.29	0.29
Over 5 years	54,619,988.42	7.28	54,582,608.02	8.17
Less: provision for bad debts (shown as negative)	-112,709,454.40		-104,823,379.84	
Total	637,911,162.29		562,892,681.73	



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Receivables (Continued)

(2) Classified disclosure by the method of bad debt provision

Unit: Yuan Currency: RMB

Category	31 December 2020					31 December 2019				
	Carrying amount		Provision for bad debts			Carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	ratio (%)	Book value	Amount	Ratio (%)	Amount	ratio (%)	Book value
Bad debt provision on individual basis	36,626,838.29	4.88	36,626,838.29	100.00	0.00	18,072,307.94	2.70	18,072,307.94	100.00	0.00
Bad debt provision on group basis	713,993,778.40	95.12	76,082,616.11	10.66	637,911,162.29	649,643,753.63	97.30	86,751,071.90	13.35	562,892,681.73
Including:										
Group 1: general customers	667,251,999.41	88.89	75,147,780.53	11.26	592,104,218.88	593,102,896.07	88.83	85,620,254.74	14.44	507,482,641.33
Group 2: related party customers	46,741,778.99	6.23	934,835.58	2.00	45,806,943.41	56,540,857.56	8.47	1,130,817.16	2.00	55,410,040.40
Total	750,620,616.69	/	112,709,454.40	/	637,911,162.29	667,716,061.57	/	104,823,379.84	/	562,892,681.73

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Continued)

3. Receivables (Continued)

(2) Classified disclosure by the method of bad debt provision (Continued)

Bad debt provision on individual basis:

Unit: Yuan Currency: RMB

Name	Carrying amount	Provision for bad debts	31 December 2020		
			Aging (%)	Provision ratio	Reason for provision
Entity 1	14,524,097.75	14,524,097.75	2 to 4 years	100.00	Significant financial difficulty experienced by the debtor
Entity 2	6,717,406.25	6,717,406.25	1 to 3 years	100.00	Significant financial difficulty experienced by the debtor
Entity 3	6,013,529.96	6,013,529.96	3 to 4 years	100.00	Significant financial difficulty experienced by the debtor
Entity 4	3,879,480.81	3,879,480.81	1 to 2 years	100.00	Significant financial difficulty experienced by the debtor
Entity 5	2,876,997.82	2,876,997.82	2 to 3 years	100.00	Significant financial difficulty experienced by the debtor
Entity 6	2,003,735.65	2,003,735.65	4 to 5 years	100.00	Significant financial difficulty experienced by the debtor
Entity 7	611,590.05	611,590.05	3 to 4 years	100.00	Significant financial difficulty experienced by the debtor
Total	36,626,838.29	36,626,838.29		100.00	/



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Receivables (Continued)

(2) Classified disclosure by the method of bad debt provision (Continued)

Provision on group basis: Group 1: general customers

Unit: Yuan Currency: RMB

Name	31 December 2020		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Within 1 year	590,818,751.06	11,816,375.01	2.00
1 to 2 years	17,068,957.96	5,120,687.38	30.00
2 to 3 years	2,307,144.50	1,153,572.25	50.00
3 to 4 years	2,235,285.14	2,235,285.14	100.00
4 to 5 years	201,872.33	201,872.33	100.00
Over 5 years	54,619,988.42	54,619,988.42	100.00
Total	<u>667,251,999.41</u>	<u>75,147,780.53</u>	<u>11.26</u>

Provision on group basis: Group 2: related party customers

Unit: Yuan Currency: RMB

Name	31 December 2020		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Related party customers	<u>46,741,778.99</u>	<u>934,835.58</u>	<u>2.00</u>
Total	<u>46,741,778.99</u>	<u>934,835.58</u>	<u>2.00</u>

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Receivables (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Category	31 December	Provision	Increase/decrease for the period			31 December
	2019		Recovery or reversal	Write-off or cancellation	Other changes	2020
Provision for bad debts	104,823,379.84	15,326,935.49	5,563,971.47	1,876,889.46		112,709,454.40
Total	104,823,379.84	15,326,935.49	5,563,971.47	1,876,889.46		112,709,454.40

(4) Top five accounts receivable by ending balance of debtors

Name	31 December 2020	Proportion in the total amount of accounts receivable (%)	Balance of provision for bad debts
First place	156,744,777.40	20.88	3,134,895.55
Second place	56,761,232.07	7.56	1,135,224.64
Third place	54,011,200.90	7.20	1,080,224.02
Fourth place	47,155,240.48	6.28	943,104.81
Fifth place	38,908,518.21	5.18	778,170.36
Total	353,580,969.06	47.10	7,071,619.38



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable financing

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Bank acceptances receivable	448,697,313.21	162,706,438.58
Total	448,697,313.21	162,706,438.58

Other explanation:

- The objectives of the business model under which the Company managed the commercial acceptances receivable were to collect contract cash flow and dispose such finance assets, therefore the bank acceptances were classified as financial assets measured at fair value through other comprehensive income.
- Notes receivable pledged as at the end of the period

Category	Amount pledged as at the end of the period
Bank acceptances	80,134,082.63
Total	80,134,082.63

- Notes receivable which were endorsed and discounted by the Company at the end of the period but were not due as of the date of the balance sheet

Category	Derecognized amount at the end of the period	Not-yet derecognized amount at the end of the period
Bank acceptances	1,523,335,309.92	
Total	1,523,335,309.92	

Note: Since the acceptors of bank acceptance are commercial banks, which have high credit, it is of relatively low probability for the failure to pay at the maturity of the bank acceptance. Therefore, the Company derecognised the undue bank acceptances which had been discounted or endorsed. If the bank acceptance is not paid at the maturity, the Company shall still bear joint liability for the holder according to relevant provisions of the Law of Negotiable Instrument.

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments

(1) Aging analysis of prepayments

Unit: Yuan Currency: RMB

Aging	31 December 2020		31 December 2019	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	141,341,872.96	99.35	59,081,573.49	98.79
1 to 2 years	547,221.21	0.38	608,529.02	1.02
2 to 3 years	354,994.94	0.25	105,357.72	0.18
Over 3 years	15,434.00	0.02	12,074.00	0.01
Total	142,259,523.11	100.00	59,807,534.23	100.00

(2) Top five largest prepayments at the end of the period by the balance collected regarding the party paying prepayments

Name	31 December 2020	Proportion in the total amount of prepayments (%)
Rank 1st	65,825,561.49	46.27
Rank 2nd	15,204,620.37	10.69
Rank 3rd	13,520,270.41	9.50
Rank 4th	7,947,329.38	5.59
Rank 5th	5,111,844.20	3.59
Total	107,609,625.85	75.64



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables

Presentation by item

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Other receivables	63,879,069.41	88,512,548.33
Less: provision for bad debts	46,855,213.63	50,607,335.25
Total	17,023,855.78	37,905,213.08

Other receivables

(1) Aging disclosure of other receivables by date of entry

Unit: Yuan Currency: RMB

Aging	31 December 2020	Ratio (%)	31 December 2019	Ratio (%)
Within 1 year	7,831,908.21	12.26	11,834,347.16	13.37
1 to 2 years	3,336,508.42	5.22	20,654,701.69	23.34
2 to 3 years	295,423.06	0.46	4,800,133.86	5.42
3 to 4 years	4,531,864.10	7.09	98,652.00	0.11
4 to 5 years	98,652.00	0.15	950,344.51	1.07
Over 5 years	47,784,713.62	74.82	50,174,369.11	56.69
Total	63,879,069.41	100.00	88,512,548.33	100.00



Notes to the Financial Statements

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Other receivables (Continued)

(2) *Other receivables by nature of amount*

Unit: Yuan Currency: RMB

Nature of amount	31 December 2020	31 December 2019
Photovoltaic subsidies	8,460,357.75	11,920,222.09
Security deposit, deposit, reserve	7,382,184.68	23,142,528.25
Current accounts	48,036,526.98	53,449,797.99
Less: provision for bad debts (shown as negative numbers)	-46,855,213.63	-50,607,335.25
Total	17,023,855.78	37,905,213.08



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Next 12-month ECL	Lifetime ECL (non-credit- impaired)	Lifetime ECL (credit-impaired)	
Balance as at 1 January 2020	811,192.63		49,796,142.62	50,607,335.25
Balance as at 1 January 2020 for the period				
– Transferred to stage 2				
– Transferred to stage 3				
– Reversed to stage 2				
– Reversed to stage 1				
Provision for the period	-442,152.12		30,030.50	-412,121.62
Reversal for the period			3,340,000.00	3,340,000.00
Write-off for the period				
Cancellation for the period				
Other changes				
Balance as at 31 December 2020	369,040.51		46,486,173.12	46,855,213.63

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Other receivables (Continued)

(4) Provision for bad debts

Unit: Yuan Currency: RMB

Category	31 December 2019	Provision	Increase/decrease for the period			31 December 2020
			Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debts	50,607,335.25	-412,121.62	3,340,000.00			46,855,213.63
Total	50,607,335.25	-412,121.62	3,340,000.00			46,855,213.63

(5) The top five largest other receivables at the end of the period by the balance collected regarding the party in default

Unit: Yuan Currency: RMB

Name	Nature of amount	31 December 2020	Aging	Proportion in total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
Rank 1st	Current accounts	10,808,704.00	Over 5 years	16.92	10,808,704.00
Rank 2nd	Current accounts	9,761,445.04	Over 5 years	15.28	9,761,445.04
Rank 3rd	Subsidies for electricity charges	4,626,053.72	Within 1 year and 1 to 2 years	7.24	92,521.07
Rank 4th	Current accounts	4,600,000.00	Over 5 years	7.20	4,600,000.00
Rank 5th	Current accounts	4,500,000.00	3 to 4 years	7.04	90,000.00
Total	/	34,296,202.76	/	53.68	25,352,670.11



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Category of inventories

Unit: Yuan Currency: RMB

Item	31 December 2020			31 December 2019		
	Carrying amount	Provision for impairment of inventories/ provision for impairment of contract performance cost	Book value	Carrying amount	Provision for impairment of inventories/ provision for impairment of contract performance cost	Book value
Raw materials	161,964,978.53		161,964,978.53	137,700,855.19		137,700,855.19
Products in process	6,461,536.46		6,461,536.46	5,051,065.27		5,051,065.27
Commodity inventories	95,294,990.61	7,611,049.54	87,683,941.07	147,180,440.87	9,331,959.06	137,848,481.81
Circulation materials	1,480,161.19		1,480,161.19	824,954.06		824,954.06
Consigned processing materials	8,003.43		8,003.43	457,331.26		457,331.26
Total	265,209,670.22	7,611,049.54	257,598,620.68	291,214,646.65	9,331,959.06	281,882,687.59

(2) Provision for impairment of inventories and provision for impairment of contract performance cost

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period		Decrease for the period		31 December 2020
		Provision	Others	Reversal or write off	Others	
Commodity inventories	9,331,959.06	3,095,566.51		4,816,476.03		7,611,049.54
Total	9,331,959.06	3,095,566.51		4,816,476.03		7,611,049.54

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other current assets

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Input tax to be deducted/unverified	53,283,603.64	82,123,198.15
Deferred expenses	1,707,579.39	717,536.22
Taxes paid in advance	148,702.91	244,438.32
Total	55,139,885.94	83,085,172.69

9. Long-term receivables

(1) Long-term receivables

Unit: Yuan Currency: RMB

Item	31 December 2020			31 December 2019		
	Carrying amount	Provision for bad debts	Book value	Carrying amount	Provision for bad debts	Book value
Receivables from disposal of equity interest	55,000,000.00		55,000,000.00	55,000,000.00		55,000,000.00
Total	55,000,000.00		55,000,000.00	55,000,000.00		55,000,000.00

The receivables from disposal of equity interest are the unreceived amount due to the transfer of equity by the Company in 2013. As agreed under the equity transfer agreement, it will be repaid by the transferee at a consideration of RMB55 million in the form of physical assets (new buildings).

(2) Provision for bad debts

N/A



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed assets

Presentation by category

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Original value of the fixed assets	3,089,880,825.92	2,365,099,652.59
Less: Provision for impairment	21,664,091.59	21,664,091.59
Fixed assets	3,068,216,734.33	2,343,435,561.00
Disposal of fixed assets		
Total	3,068,216,734.33	2,343,435,561.00

(1) Fixed assets

Unit: Yuan Currency: RMB

Item	Buildings and structures	Machine and equipment	Transportation tools	Electronic equipment	Total
I. Original book value:					
1. 31 December 2019	828,648,110.72	2,090,499,999.12	6,055,528.21	11,519,334.48	2,936,722,972.53
2. Increase for the period	231,273,045.36	680,698,541.01	988,742.42	2,519,650.29	915,479,979.08
(1) Purchase	11,195,134.58	30,441,486.82	988,742.42	2,519,650.29	45,145,014.11
(2) Transfer from construction in progress	208,045,094.07	662,289,870.90			870,334,964.97
(3) Reclassification	12,032,816.71	-12,032,816.71			
3. Decrease for the period	1,423,989.29	2,059,738.87	2,610,841.41	3,660.00	6,098,229.57
(1) Disposal or retirement	1,423,989.29	2,059,738.87	440,136.43	3,660.00	3,927,524.59
(2) Transferred debt restructuring			2,170,704.98		2,170,704.98
4. 31 December 2020	1,058,497,166.79	2,769,138,801.26	4,433,429.22	14,035,324.77	3,846,104,722.04

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed assets (Continued)

Presentation by category (Continued)

(1) Fixed assets (Continued)

Item	Buildings and structures	Machine and equipment	Transportation tools	Electronic equipment	Total
II. Accumulated depreciation					
1. 31 December 2019	111,660,161.00	450,183,759.11	3,872,486.44	5,906,913.39	571,623,319.94
2. Increase for the period	24,349,329.85	161,735,740.76	337,481.80	1,347,740.51	187,770,292.92
1) Provision	24,349,329.85	161,735,740.76	337,481.80	1,347,740.51	187,770,292.92
3. Decrease for the period	180,478.38	1,070,456.70	1,915,304.66	3,477.00	3,169,716.74
1) Disposal or retirement	180,478.38	1,070,456.70	247,660.23	3,477.00	1,502,072.31
2) Transferred debt restructuring			1,667,644.43		1,667,644.43
4. 31 December 2020	135,829,012.47	610,849,043.17	2,294,663.58	7,251,176.90	756,223,896.12
III. Provision for impairment					
1. 31 December 2019		21,664,091.59			21,664,091.59
2. Increase for the period					
1) Provision					
3. Decrease for the period					
1) Disposal or retirement					
4. 31 December 2020		21,664,091.59			21,664,091.59
IV. Book value					
1. Book value at the end of the period	922,668,154.32	2,136,625,666.50	2,138,765.64	6,784,147.87	3,068,216,734.33
2. Book value at the beginning of the period	716,987,949.72	1,618,652,148.42	2,183,041.77	5,612,421.09	2,343,435,561.00

Note: Original value of the fixed assets, including machine and equipment, transportation tools and electronic equipment which continued to be used upon full provision for depreciation at the end of the period, was RMB14,503,867.36. Original value and net value of the idle assets, including buildings and structures, machine and equipment and electronic equipment due to shut down, were RMB208,687,798.71 and RMB54,446,496.91, respectively.



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in progress

Presentation by category

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Construction in progress	54,472,785.67	603,637,921.26
Total	54,472,785.67	603,637,921.26

Construction in progress

(1) Construction in progress

Unit: Yuan Currency: RMB

Item	31 December 2020			31 December 2019		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Hefei production line renovation project-Phase I	9,627,408.22		9,627,408.22	4,457,929.22		4,457,929.22
Hefei original glass production line project-Phase II	4,589,832.22		4,589,832.22	4,589,832.22		4,589,832.22
Longhai ultra-thin substrate for information display project	1,514,827.37		1,514,827.37	3,705,168.77		3,705,168.77
Puyang 400 tons of ultra-white photothermal materials project	30,188,371.91		30,188,371.91	429,093,920.75		429,093,920.75
Puyang photoelectric material research and development center project	2,291,478.65		2,291,478.65	518,767.17		518,767.17
Tongcheng processing glass production lines 3#				91,218,310.64		91,218,310.64
Tongcheng furnace desulphurization, denitrification and dedusting equipment				13,157,101.17		13,157,101.17

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in progress (Continued)

Construction in progress (Continued)

(1) Construction in progress (Continued)

Item	31 December 2020			31 December 2019		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Tongcheng project of photovoltaic cell encapsulating material for solar equipment	773,930.71		773,930.71	293,868.86		293,868.86
Tongcheng EPC general contract of roof distributed photovoltaic power generation project				13,302,707.05		13,302,707.05
Yixing smart plant and other software				2,494,320.17		2,494,320.17
Yixing thin glass production and processing technology renovation project-Phase I	1,242,747.50		1,242,747.50	77,876.11		77,876.11
Yixing processing and double coating renovation-Phase II	2,088,495.56		2,088,495.56	2,378,933.72		2,378,933.72
Yixing project of photovoltaic cell encapsulating material for solar equipment	744,828.51		744,828.51	614,743.37		614,743.37
The project of black plate glass for double-glass modules processing line 2 of Yixing				37,709,442.04		37,709,442.04
Others	1,410,865.02		1,410,865.02	25,000.00		25,000.00
Total	54,472,785.67		54,472,785.67	603,637,921.26		603,637,921.26



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in progress (Continued)

Construction in progress (Continued)

(2) Change in the important engineering projects in construction for the period

Unit: Yuan Currency: RMB

Project name	Budget	31 December	Increase for the current period	Fixed assets amount transferred for the current period	Other decreased amount for period	31 December 2020	Ratio accounted by accumulated contribution towards engineering with respect to the budget (%)	Progress of engineering	Amount of accumulated capitalized interest	Among which, the amount of capitalized interest for the current period	Interest capitalized rate for the current period (%)	Source of funds
		2019										
Puyang 400 tons of ultra-white photothermal materials project	812,990,000.00	429,093,920.75	77,437,324.36	476,342,873.20		30,188,371.91	62.30	62.30	13,390,441.44	8,954,542.78	5.36	Self-raised funds
Tongcheng processing glass production line 3#	114,300,000.00	91,218,310.64	32,741,254.98	123,959,565.62			108.45	100.00				Self-raised funds
Tongcheng processing glass production line 4#	46,910,000.00		50,930,468.09	50,930,468.09			108.57	100.00				Self-raised funds
The project of black plate glass for double-glass modules processing line 2 of Yixing	48,040,000.00	37,709,442.04	9,245,395.87	46,954,837.91			97.74	100.00				Self-raised funds
Hefei solar energy back plate glass further processing project with annual capacity of 11 million m ²	46,580,000.00		42,044,761.19	42,044,761.19			90.26	100.00				Self-raised funds
Yixing photovoltaic glass further processing project with annual capacity of 11.4 million m ²	49,880,000.00		47,724,788.76	47,724,788.76			95.68	100.00				Self-raised funds
Total	1,118,700,000.00	558,021,673.43	260,123,993.25	787,957,294.77		30,188,371.91	/	/	13,390,441.44	8,954,542.78	/	/

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Right-of-use assets

Unit: Yuan Currency: RMB

Item	Buildings and structures	Total
I. Original book value		
1. 31 December 2019		
2. Increase for the period	12,910,111.79	12,910,111.79
(1) New leases	12,910,111.79	12,910,111.79
3. Decrease for the period		
4. 31 December 2020	12,910,111.79	12,910,111.79
II. Accumulated depreciation		
1. 31 December 2019		
2. Increase for the period	650,454.70	650,454.70
(1) Provision	650,454.70	650,454.70
3. Decrease for the period		
(1) Disposal		
4. 31 December 2020	650,454.70	650,454.70
III. Provision for impairment		
1. 31 December 2019		
2. Increase for the period		
(1) Provision		
3. Decrease for the period		
(1) Disposal		
4. 31 December 2020		
IV. Book value		
1. Book value at the end of the period	12,259,657.09	12,259,657.09
2. Book value at the beginning of the period		

Other explanation:

In 2020, Yixing New Energy and Jiangsu Huayuan Cable Co., Ltd. (江蘇華遠電纜有限公司) entered into the Plant Leasing Agreement, pursuant to which, Yixing New Energy agreed to lease from the counterparty the plant it owned for use as a warehouse, with a lease area of 23,742 square meters for a term from 1 October 2020 to 30 September 2025. The rent is RMB3 million per annum and a rent of RMB1.5 million shall be paid every half year.



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Intangible Assets

(1) Intangible assets

Unit: Yuan Currency: RMB

Item	Land use rights	Patent right	Non-patent technology	Software use rights	Trademark rights	Total
I. Original book value:						
1. 31 December 2019	409,401,164.93	202,830.19	43,978,448.22	1,910,949.91	6,000,000.00	461,493,393.25
2. Increase for the period		25,247.52	6,327,770.23	3,583,539.12		9,936,556.87
(1) Purchase		25,247.52		195,435.36		220,682.88
(2) Internal research and development			6,327,770.23			6,327,770.23
(3) Increase from business combination						
(4) Transfer from construction in progress				3,388,103.76		3,388,103.76
3. Decrease for the period						
(1) Disposal						
4. 31 December 2020	409,401,164.93	228,077.71	50,306,218.45	5,494,489.03	6,000,000.00	471,429,950.12
II. Accumulated depreciation						
1. 31 December 2019	48,239,799.93	41,430.81	10,059,671.68	794,159.77	6,000,000.00	65,135,062.19
2. Increase for the period	8,591,693.28	15,841.96	4,522,088.60	240,253.58		13,369,877.42
(1) Provision	8,591,693.28	15,841.96	4,522,088.60	240,253.58		13,369,877.42
3. Decrease for the period						
(1) Disposal						
4. 31 December 2020	56,831,493.21	57,272.77	14,581,760.28	1,034,413.35	6,000,000.00	78,504,939.61
III. Provision for impairment						
IV. Book value						
1. Book value at the end of the period	352,569,671.72	170,804.94	35,724,458.17	4,460,075.68		392,925,010.51
2. Book value at the beginning of the period	361,161,365.00	161,399.38	33,918,776.54	1,116,790.14		396,358,331.06

- The land use right certificates with original values of RMB36,426,971.76 in Puyang County, Puyang City and of RMB9,415,764.88 in Luoyang Development Zone among the intangible assets of the Company is being applied for.
- Land use rights among the intangible assets were all for lands located in the PRC with a remaining use period ranging from 25 to 70 years.
- Intangible assets from internal research and development of the Company accounted for 1.61% of the book value of intangible assets at the end of the period.



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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Development expenditure

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period		Decrease for the period		31 December 2020
		Internal development expenditure	Others	Recognized as intangible assets	Transferred to profit or loss for the period	
Technical renovation research on the main rotating shaft of edge grinding machine	1,327,902.53	2,004,448.72		3,332,351.25		
The research and development on the fluxing action of titanium nitride nanoparticles for glass batch	569,810.21	1,149,310.71		1,719,120.92		
Renovation research on the cooling inlet system of calender roll	548,177.64	489,947.66		1,038,125.30		
Research and development on 2.0 mm large physically and fully toughened anti-PID glass	627,867.96	6,139,409.06				6,767,277.02
Research and development of ultra-light double-glass modules structure		2,808,359.95				2,808,359.95
The research and development on the screen printing technology		4,520,978.39				4,520,978.39
Development of AR Coating Pharmaceutical		238,172.76		238,172.76		
Total	3,073,758.34	17,350,627.25		6,327,770.23		14,096,615.36



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Long-term deferred expenses

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period	Amortized amount for period	Other decreased amount	31 December 2020
Consultation service charge	6,476,226.31		5,045,015.65		1,431,210.66
Renovation expenses	315,809.12		151,588.35		164,220.77
Total	6,792,035.43		5,196,604.00		1,595,431.43

16. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not being offset

Unit: Yuan Currency: RMB

Item	31 December 2020		31 December 2019	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	64,544,059.87	9,681,688.99	59,754,067.62	8,963,110.16
Unrealised profits from internal transactions				
Deductible losses				
Deferred income	5,230,554.24	784,583.13	2,687,372.30	403,105.84
Total	69,774,614.11	10,466,272.12	62,441,439.92	9,366,216.00

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred income tax assets/deferred income tax liabilities (Continued)

(2) Breakdown of unrecognized deferred income tax assets

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Deductible temporary differences	126,386,389.98	130,724,804.05
Deductible losses	313,942,657.06	563,859,267.61
Total	440,329,047.04	694,584,071.66

Note: Because it is uncertain whether sufficient taxable incomes can be obtained in the future, they are not recognized as deferred income tax assets.

(3) Deductible losses not yet recognized as deferred income tax assets will expire in the following years indicated

Unit: Yuan Currency: RMB

Year	Amount at the end of the period	Amount at the beginning of the period	Note
2020		360,795,553.98	
2021	100,440,480.66	100,440,480.66	
2022	47,781,679.25	47,781,679.25	
2023	15,230,715.68	15,230,715.68	
2024	47,425,419.57	39,610,838.04	
2025	103,064,361.90		
Total	313,942,657.06	563,859,267.61	/



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Other non-current assets

Unit: Yuan Currency: RMB

Item	31 December 2020			31 December 2019		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Prepayments for projects and equipment	33,523,206.41		33,523,206.41	3,671,639.24		3,671,639.24
Total	<u>33,523,206.41</u>		<u>33,523,206.41</u>	<u>3,671,639.24</u>		<u>3,671,639.24</u>

18. Short-term loans

(1) Category of short-term loans

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Pledged loan		19,577,777.79
Mortgage loan	150,000,000.00	98,062,400.00
Guaranty loan	1,025,690,000.00	1,120,690,000.00
Credit loan		
Interest payable	1,624,071.56	1,723,908.47
Total	<u>1,177,314,071.56</u>	<u>1,240,054,086.26</u>

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Short-term loans (Continued)

(1) Category of short-term loans (Continued)

Explanation of the category of short-term loans:

1. They were obtained by the Company by mortgage over fixed assets with book value of RMB308,210,372.22 and intangible assets with book value of RMB34,403,454.80 on 31 December 2020.
2. As at 31 December 2020, all guaranty loans were guaranteed by related parties for the Company. For details, please refer to "Note 12. 4(3) Related party guarantees".
3. As at 31 December 2020, annual interest rate of short-term loans was 4.00%-7.8%.

19. Notes payable

(1) Notes payable by category

Unit: Yuan Currency: RMB

Category	31 December 2020	31 December 2019
Commercial acceptances		88,391,175.30
Bank acceptances	465,733,722.37	516,732,323.56
Total	465,733,722.37	605,123,498.86

The total notes payable due but not paid at the end of the period was nil.



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Accounts payable

(1) Ageing analysis of accounts payable by date of entry was as follows

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Within 1 year (including 1 year)	350,179,059.89	488,832,656.23
Above 1 year	78,576,977.57	186,564,524.30
Total	428,756,037.46	675,397,180.53

(2) Significant accounts payable aged over 1 year

Unit: Yuan Currency: RMB

Item	31 December 2020	Reason for outstanding or carrying forward
China Triumph International Engineering Co., Ltd.	34,195,337.05	Not yet settled
China Triumph International Engineering Co., Ltd. Jiangsu Branch	23,495,326.60	Not yet settled
Total	57,690,663.65	/

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Contract liabilities

(1) Contract liabilities

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Within 1 year (including 1 year)	37,835,199.13	15,330,437.39
Over 1 year	379,533.14	324,302.03
Total	38,214,732.27	15,654,739.42

22. Employee compensation payable

(1) Employee compensation payable is shown as follows

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period	Decrease for the period	31 December 2020
I. Short-term remuneration	30,686,220.28	259,091,200.92	250,851,337.86	38,926,083.34
II. After-service welfare – defined provision plan	367,501.35	1,839,767.79	2,154,532.75	52,736.39
III. Termination benefits	44,100.00	194,710.32	238,810.32	
IV. Other benefits due within one year				
Total	31,097,821.63	261,125,679.03	253,244,680.93	38,978,819.73



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Employee compensation payable (Continued)

(2) Short-term remuneration is shown as follows

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period	Decrease for the period	31 December 2020
I. Salary, bonus, allowance and subsidy	23,208,768.39	218,717,657.01	210,357,979.87	31,568,445.53
II. Staff's welfare		21,636,811.11	21,636,811.11	
III. Social insurance premium	216,684.49	6,938,682.27	6,942,666.85	212,699.91
Including: Medical insurance	161,110.26	6,612,860.11	6,581,610.16	192,360.21
Labor injury insurance	40,245.37	95,785.58	136,030.95	
Maternity insurance	15,328.86	230,036.58	225,025.74	20,339.70
IV. Housing Provident fund	240,462.88	7,896,464.05	7,888,039.41	248,887.52
V. Labor union expenses and employee education expenses	6,925,708.04	3,900,504.88	3,930,162.54	6,896,050.38
VI. Short-period paid leave				
VII. Short-term profit sharing plan				
VIII. Other short-term remuneration	94,596.48	1,081.60	95,678.08	
Total	30,686,220.28	259,091,200.92	250,851,337.86	38,926,083.34

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Employee compensation payable (Continued)

(3) Defined provision plan is shown as follows

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period	Decrease for the period	31 December 2020
1. Basic pension insurance	355,988.86	1,647,351.23	1,952,586.27	50,753.82
2. Unemployment insurance		137,509.60	137,509.60	
3. Enterprise annuity	11,512.49	54,906.96	64,436.88	1,982.57
Total	367,501.35	1,839,767.79	2,154,532.75	52,736.39

23. Tax payable

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Value-added tax	41,388,892.60	7,454,829.89
Enterprise income tax	62,653,302.94	22,098,757.58
Individual income tax	575,135.66	333,087.27
City maintenance tax	2,253,784.08	345,524.72
Property tax	3,542,947.76	2,960,563.66
Land-use tax	3,478,838.71	2,660,473.82
Education surcharges	995,154.53	187,966.21
Other tax and charges	1,467,015.42	653,045.22
Total	116,355,071.70	36,694,248.37



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Other payables

Presentation by category

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Other payables	764,011,526.81	356,002,972.21
Total	764,011,526.81	356,002,972.21

Other payables

(1) *Other payables by nature of amounts are shown as follows*

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Announcement and intermediary fee	3,658,205.65	6,118,480.48
Security deposits	3,333,459.04	3,728,696.69
Current accounts	757,019,862.12	346,155,795.04
Total	764,011,526.81	356,002,972.21



Notes to the Financial Statements

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Other payables (Continued)

Other payables (Continued)

(2) Significant other payables aged over one year

Unit: Yuan Currency: RMB

Item	31 December 2020	Reason for outstanding or carrying forward
Triumph Technology Group Limited Company	148,500,798.00	Not yet settled
China Luoyang Float Glass (Group) Co., Ltd.	41,695,303.43	Not yet settled
Total	190,196,101.43	/

25. Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Long-term loans due within one year	134,952,934.39	214,668,497.03
Bonds payable due within one year		
Long term payables due within one year		
Lease liabilities due within one year	2,377,881.03	
Total	137,330,815.42	214,668,497.03



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other current liabilities

Other current liabilities

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Ending balance of output VAT	4,888,222.00	1,834,742.27
Total	4,888,222.00	1,834,742.27

27. Long-term loans

(1) Category of long-term loans

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Pledged loan	33,842.95	202,540.79
Mortgage loan	77,650,345.00	240,318,194.26
Guaranty loan	580,000,000.00	517,500,000.00
Credit loan		
Interest payable	1,332,670.44	2,386,622.12
Less: long-term loans due within one year (stated in negative number)	-134,952,934.39	-214,668,497.03
Total	524,063,924.00	545,738,860.14



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Long-term loans (Continued)

(1) Category of long-term loans (Continued)

Explanation on the category of long-term loans:

- Notes: 1. Obtained by the Company by pledging a deposit certificate of RMB1,463,000.00 on 31 December 2020;
2. The Company used part of production equipment (hereinafter referred to as the "Leased Property") to process the after-sale lease-back financing lease business with Suyin Financial Leasing Co., Ltd.* (蘇銀金融租賃股份有限公司) (hereinafter referred to as "the Lessor") for a lease term of three to five years. The Company believed that pursuant to the substance over-form principle, for such transaction in reality, the Lessor provided loan to the Lessee by taking the leased article as the mortgaged article. Under such transaction, the nominal selling price of the Leased Property was handled as long-term loan by the Company and the Leased Property was book in at its original book value with provision made. As of 31 December 2020, the book value of after-sale lease-back fixed assets was RMB113,699,745.34 and the balance of such long-term loan was RMB37,809,637.42, among which, the long-term loan due within one year amounted to RMB21,745,713.42. Other mortgage loans were obtained by mortgage over fixed assets with a book value of RMB63,705,983.80 and intangible assets with a book value of RMB44,575,610.15 and being guaranteed by the related parties at the same time.
3. As at 31 December 2020, the guaranty loan of RMB580,000,000.00 was obtained through warranty guarantee from related parties provided to the Company.
4. Repayment period for long-term loan with over one year

Repayment period	31 December 2020	31 December 2019
1 to 2 years	109,263,924.00	164,174,936.14
2 to 5 years	344,800,000.00	306,063,924.00
Over 5 years	70,000,000.00	75,500,000.00
Total	524,063,924.00	545,738,860.14



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Lease liabilities

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Lease payment	12,857,142.85	
Less: Unrecognized financing expenses (stated in negative number)	-1,240,662.85	
Less: Lease liabilities due within one year (stated in negative number)	-2,377,881.03	
Total	9,238,598.97	

29. Deferred income

Deferred income

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the current period	Decrease for the current period	31 December 2020	Reasons of formation
Government grants	104,830,714.44	2,911,800.00	3,333,872.00	104,408,642.44	
Total	104,830,714.44	2,911,800.00	3,333,872.00	104,408,642.44	/

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Deferred income (Continued)

Deferred income (Continued)

Projects involving government subsidy:

Unit: Yuan Currency: RMB

Projects with liabilities	31 December 2019	New additional subsidy for the period	Amount recorded in non-operating profits for the period	Amount recorded in other income for the period	Other changes	31 December 2020	Related to assets/ related to income
Land-use subsidy for ultra-thin and ultra-white glass production line project	2,143,342.14			53,920.56		2,089,421.58	Related to assets
Subsidy for Project of Desulphurization and Denitration of Bengbu Furnaces		1,970,000.00		11,067.42		1,958,932.58	Related to assets
Special fund for ultra-thin production line	375,000.00			75,000.00		300,000.00	Related to assets
Investment subsidy for ultra-white solar thermal material project	100,000,000.00			2,911,333.36		97,088,666.64	Related to assets
Special subsidy for the application of new model of smart manufacturing	2,312,372.30			223,351.80		2,089,020.50	Related to assets
Subsidy for Hefei Photovoltaic Glass screen printing deep processing project		941,800.00		59,198.86		882,601.14	Related to assets
Total	104,830,714.44	2,911,800.00		3,333,872.00		104,408,642.44	



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Share capital

Unit: Yuan Currency: RMB

	31 December 2019	Changes in this period (+, -)				Sub-total	31 December 2020
		New shares	Bonus shares	Capital transferred to shares	Others		
Total number of shares	552,396,509.00						548,540,432.00
				-3,856,077.00		-3,856,077.00	

Note: For details, please refer to note "III. Basic Information of the Company".

31. Capital reserve

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period	Decrease for the period	31 December 2020
Capital premium (share capital premium)	1,903,422,821.29	3,856,075.00		1,907,278,896.29
Other capital reserves	75,115,945.01			75,115,945.01
Total	1,978,538,766.30	3,856,075.00		1,982,394,841.30

Note: The increase in capital premium of RMB3,856,075.00 in the current period represents the difference between the amount of repurchased capital and the consideration paid.

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Surplus reserve

Unit: Yuan Currency: RMB

Item	31 December 2019	Increase for the period	Decrease for the period	31 December 2020
Statutory surplus reserve	51,365,509.04			51,365,509.04
Total	51,365,509.04			51,365,509.04

33. Undistributed profit

Unit: Yuan Currency: RMB

Item	2020	2019
Undistributed profit at the end of the previous year before adjustment	-1,283,084,419.02	-1,337,084,302.73
Total of adjustment of undistributed profit at the beginning of the period (increase expresses with +, and decrease expressed with -)		
Undistributed profit at the beginning of the period after adjustment	-1,283,084,419.02	-1,337,084,302.73
Add: Net profit attributable to owners of parent company during the period	327,361,858.49	53,999,883.71
Undistributed profit at the end of the period	-955,722,560.53	-1,283,084,419.02

Breakdown of adjustment of undistributed profit at the beginning of the period:

- Due to the retrospective adjustment based on the Accounting Standards for Business Enterprises and its related new regulations, the effects on undistributed profit at the beginning of the period amounted to RMB0.
- Due to the change in accounting policies, the effects on undistributed profit at the beginning of the period amounted to RMB0.
- Due to the corrections of significant accounting errors, the effects on undistributed profit at the beginning of the period amounted to RMB0.
- Due to the change in the scope of consolidation resulting from the same control, the effects on undistributed profit at the beginning of the period amounted to RMB0.
- The total effects of other adjustments on the undistributed profit at the beginning of the period amounted to RMB0.



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Operating revenue and operating costs

(1) Operating revenue and operating costs

Unit: Yuan Currency: RMB

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
I. Principal operations	3,011,793,501.29	2,076,427,457.88	1,800,247,448.59	1,367,307,636.65
Information display glass	397,141,767.24	311,133,523.06	260,012,118.07	205,072,943.15
New energy glass	2,558,869,152.90	1,718,067,374.80	1,540,235,330.52	1,162,234,693.50
Other functional glass	55,782,581.15	47,226,560.02	0.00	0.00
II. Other operations	33,821,412.39	25,213,302.41	54,594,759.50	36,967,230.50
Raw materials, water, electricity, technical services, etc.	33,821,412.39	25,213,302.41	54,594,759.50	36,967,230.50
Total	3,045,614,913.68	2,101,640,760.29	1,854,842,208.09	1,404,274,867.15

(2) Description of performance obligations

Generally, there is only one performance obligation in the contracts of sales of goods related to sales of glass products to customers by the Company, and the consideration for sales of products is determined according to the fixed price agreed in the sales contract or temporary pricing arrangement. The Company recognises revenue when the control over related goods is transferred to customers.

In addition, the Company carries out businesses by adopting the methods of advance receipt or credit sales according to the credit status of the counterparties.

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Operating revenue and operating costs (Continued)

(3) Explanation on allocation to the remaining performance obligation

Other explanation:

Operating revenue for the current period by time of revenue recognition

Time of revenue recognition	Information display glass	New energy glass	Other functional glass	Revenue from other operations
Recognition at a point of time	397,141,767.24	2,558,869,152.90	55,782,581.15	33,821,412.39
Total	397,141,767.24	2,558,869,152.90	55,782,581.15	33,821,412.39

35. Taxes and surcharges

Unit: Yuan Currency: RMB

Item	2020	2019
Consumption tax		
Business tax		
City maintenance tax	7,765,268.33	3,747,860.71
Education surcharges	6,187,717.79	2,787,181.76
Resource tax		
Property tax	8,359,682.64	7,426,407.18
Land-use tax	9,427,195.13	9,136,754.19
Vehicle and vessel use tax		
Stamp duty	1,294,964.58	1,104,625.98
Others	1,499,592.26	1,484,463.87
Total	34,534,420.73	25,687,293.69



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Selling expenses

Unit: Yuan Currency: RMB

Item	2020	2019
Staff expense	20,290,139.32	14,947,279.13
Depreciation expense	602,222.87	207,583.67
Transportation costs	63,763,833.60	45,128,432.36
Travel Expense	371,948.39	575,200.21
Other selling expenses	2,155,415.15	5,031,763.74
Total	87,183,559.33	65,890,259.11

37. Administrative expenses

Unit: Yuan Currency: RMB

Item	2020	2019
Staff expense	63,018,465.36	63,136,240.20
Depreciation of fixed assets	17,121,284.94	8,029,521.39
Business entertainment expenses	1,063,736.14	1,536,200.50
Travel expenses	937,288.97	1,598,399.35
Transportation expenses	1,654,490.46	2,063,374.29
Office expenses	5,242,305.17	3,973,067.82
Intermediary engagement and consulting fees	7,540,856.30	6,868,076.46
Property management fee	3,505,183.03	2,267,806.03
Amortization of intangible assets	8,988,293.74	9,274,750.94
Other expenses	17,587,376.93	14,142,412.75
Total	126,659,281.04	112,889,849.73

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Research and development expenses

Unit: Yuan Currency: RMB

Item	2020	2019
Staff expense	29,880,819.79	20,847,864.17
Material expense	78,913,135.35	38,519,046.12
Depreciation expense	11,855,188.17	6,998,876.68
Other expenses	100,227.06	458,148.84
Total	120,749,370.37	66,823,935.81

39. Financial expenses

Unit: Yuan Currency: RMB

Item	2020	2019
Interest expense	112,471,782.20	92,019,454.58
Less: interest income (stated in negative number)	-5,786,654.82	-3,133,668.95
Exchange losses (less: exchange income)	2,257,051.68	-650,850.51
Handling charges expenses and other finance expenses	7,667,508.56	9,694,207.14
Total	116,609,687.62	97,929,142.26



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Other income

Unit: Yuan Currency: RMB

Item	2020	2019	Related to assets/income
R&D subsidy	4,686,657.10	5,543,741.80	Related to assets/income
Subsidy for photovoltaic power generation	5,520,182.04	5,719,772.73	Related to income
Financing subsidy		3,000,000.00	Related to income
Subsidy for production and operation	12,019,746.00	3,421,120.56	Related to assets/income
Individual income tax refunds	86,551.35	22,630.18	Related to income
Subsidy for stabilizing employment	2,241,230.98	1,686,993.00	Related to income
Insurance subsidy	223,763.69	1,666,500.00	Related to income
Others	140,766.00	1,292,580.00	Related to assets/income
Gains on debt restructuring	369,548.11		
Total	25,288,445.27	22,353,338.27	

41. Investment income

Unit: Yuan Currency: RMB

Item	2020	2019
Loss from de-recognition of accounts receivable financing	-14,203,232.10	-8,939,588.06
Total	-14,203,232.10	-8,939,588.06

42. Impairment losses of credit

Unit: Yuan Currency: RMB

Item	2020	2019
Impairment losses of financial assets at amortized cost	-4,049,377.16	-27,639,136.97
Total	-4,049,377.16	-27,639,136.97

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Unit: Yuan Currency: RMB

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Impairment losses of assets

Unit: Yuan Currency: RMB

Item	2020	2019
I. Bad debt loss		
II. Inventory impairment loss and impairment loss of contract performance costs	-3,095,566.51	-3,396,587.15
III. Impairment losses of long-term equity investments		
IV. Impairment losses of investment properties		
V. Impairment losses of fixed assets		-4,691,404.46
VI. Impairment losses of engineering materials		
VII. Impairment losses of construction in progress		
VIII. Impairment losses of productive biological assets		
IV. Impairment losses of oil and gas assets		
X. Impairment losses of intangible assets		
XI. Impairment losses of goodwill		
XIV. Others		
Total	-3,095,566.51	-8,087,991.61

44. Gains on the disposal of assets

Unit: Yuan Currency: RMB

Item	2020	2019
Fixed assets	-259,318.91	10,660,229.70
Intangible assets		694,847.96
Total	-259,318.91	11,355,077.66



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Non-operating income

Non-operating income

Unit: Yuan Currency: RMB

Item	2020	2019	Amount recognized as non-recurring gain or loss for the period
Government subsidy		18,150,339.00	
Others	2,713,060.43	257,975.15	2,713,060.43
Total	2,713,060.43	18,408,314.15	2,713,060.43

46. Non-operating expenses

Unit: Yuan Currency: RMB

Item	2020	2019	Amount recognized as non-recurring gain or loss for the period
Total losses from disposal of non-current assets	1,302,043.98		1,302,043.98
Including: losses from disposal of fixed assets	1,302,043.98		1,302,043.98
Losses from disposal of intangible assets			
Donations	5,000.00	10,000.00	5,000.00
Penalties and overdue fine	470,174.16	1,981,050.00	470,174.16
Others	120.00	440.00	120.00
Total	1,777,338.14	1,991,490.00	1,777,338.14

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Income tax expenses

(1) The table for income tax expenses

Unit: Yuan Currency: RMB

Item	2020	2019
Income tax expenses for the period	72,929,664.54	21,460,371.97
Deferred income tax expenses	-1,100,056.12	-3,256,406.77
Total	71,829,608.42	18,203,965.20

(2) Reconciliation between accounting profit and income tax expenses

Unit: Yuan Currency: RMB

Item	2020
Total profit	462,854,507.18
Income tax expenses calculated at statutory/applicable tax rates	115,713,626.80
Effect of different tax rates applicable to subsidiaries	-46,220,682.82
Effect of income tax before adjustments	-165,825.01
Effect of costs, expenses and losses not deductible for tax purposes	1,595,692.84
Effect of utilization of deductible losses of unrecognized deferred income tax assets in previous periods	-3,960,758.53
Effect of current deductible temporary differences or deductible loss of unrecognized deferred income tax assets	24,629,736.95
Deduction of aggregate expense items such as R&D expenses	-19,762,181.81
Income tax expenses	71,829,608.42



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Items of cash flow statement

(1) Other cash received from activities relating to operation

Unit: Yuan Currency: RMB

Item	2020	2019
Government grants	24,889,705.25	37,894,752.99
Compensation for land purchase and storage	50,000,000.00	
Others	28,184,668.01	22,172,000.96
Total	103,074,373.26	60,066,753.95

(2) Other cash paid for activities relating to operation

Unit: Yuan Currency: RMB

Item	2020	2019
Consultation and audit, assessment, legal fees, bulletin fees	7,418,409.79	8,054,647.89
Bill deposits	48,968,664.69	58,396,032.42
Other current accounts and expenses	29,415,079.95	34,751,354.13
Total	85,802,154.43	101,202,034.44

(3) Other cash received from activities relating to investment

Unit: Yuan Currency: RMB

Item	2020	2019
Insurance claim for equipment	6,761,595.39	
Total	6,761,595.39	

Notes to the Financial Statements

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Items of cash flow statement (Continued)

(4) Other cash received from activities relating to financing

Unit: Yuan Currency: RMB

Item	2020	2019
Bill discount	62,500,000.00	173,531,177.87
Bill deposits	62,532,984.92	
CLFG	731,205,925.80	126,580,321.40
China Triumph International Engineering Co., Ltd.		93,495,000.00
CNBM Bengbu Design Institute for Glass Industry Co., Ltd.		28,400,000.00
Others		1,551,871.28
Total	856,238,910.72	423,558,370.55

(5) Other cash paid for activities relating to financing

Unit: Yuan Currency: RMB

Item	2020	2019
Payment of matured bill	358,892,621.53	170,000,000.00
CLFG	355,233,098.63	159,800,000.00
China Triumph International Engineering Co., Ltd.		91,500,000.00
CNBM Bengbu Design Institute for Glass Industry Co., Ltd.		28,500,000.00
Financing security deposits and service fees		9,560,000.00
Bill deposit		38,383,739.59
Payment for repurchase of Shares	2.00	3.00
Total	714,125,722.16	497,743,742.59



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: Yuan Currency: RMB

Supplementary information	2020	2019
1. Net profit adjusted to cash flow of operating activities:		
Net profit	391,024,898.76	68,601,418.58
Add: Provision for impairment of assets	3,095,566.51	8,087,991.61
Impairment losses of credit	4,049,377.16	27,639,136.97
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	187,741,706.11	133,579,396.97
Amortization of right-of-use assets	650,454.70	
Amortization of intangible assets	13,369,877.42	10,488,235.04
Amortization of long-term deferred expenses	5,196,604.00	3,358,088.48
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	259,318.91	-11,355,077.66
Losses from scrapping of fixed assets ("-" for gains)	1,302,043.98	
Losses from changes in fair value ("-" for gains)		
Finance expenses ("-" for gains)	117,168,920.56	100,628,984.40
Investment losses ("-" for gains)	14,203,232.10	8,939,588.06
Decrease in deferred income tax assets ("-" for increase)	-1,100,056.12	-3,256,406.77
Increase in deferred income tax liabilities ("-" for decrease)		
Decrease in inventories ("-" for increase)	30,821,452.46	-2,445,458.58
Decrease in operating receivables ("-" for increase)	-300,695,391.34	-216,207,886.55
Increase in operating payables ("-" for decrease)	-113,007,207.43	-105,566,021.78
Others		
Net cash flow from operating activities	354,080,797.78	22,491,988.77
2. Significant investing and financing activities that do not involve cash receipts and payment:		
Capital transferred from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	139,231,301.82	148,188,549.43
Less: Opening balance of cash	148,188,549.43	160,068,348.62
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-8,957,247.61	-11,879,799.19

Commercial bill from sale of goods that did not involve cash receipt and payment was RMB1,340,460,400.

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VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Supplementary information of cash flow statement (Continued)

(2) Constitution of cash and cash equivalents

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
I. Cash	139,231,301.82	148,188,549.43
Including: Cash on hand	88,748.59	324,480.10
Bank deposit available for payment at any time	139,142,553.23	147,864,069.33
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	139,231,301.82	148,188,549.43

50. Assets under restricted ownership or use right

Unit: Yuan Currency: RMB

Item	Book value at the end of the period	Reasons for restriction
Monetary funds	161,717,041.74	Security deposit
Fixed assets	485,616,101.36	Mortgage
Intangible assets	78,979,064.95	Mortgage
Accounts receivable financing	80,134,082.63	Pledge
Total	806,446,290.68	/



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Monetary item in foreign currency

(1) Monetary item in foreign currency

Unit: Yuan

Item	Balance of foreign currency at the end of the period	Exchange rate	Balance of RMB converted at the end of the period
Monetary funds			20,368,517.68
Including: USD	3,120,735.32	6.5249	20,362,485.89
EURO			
HKD	7,167.05	0.8416	6,031.79
Accounts receivable			2,256,788.30
Including: USD	345,873.24	6.5249	2,256,788.30
Other payables			1,878,018.81
Including: HKD	2,231,486.23	0.8416	1,878,018.81
Long-term loans due within one year			33,842.95
Including: EURO	4,217.19	8.025	33,842.95

52. Government grants

(1) Basic information on government grants

Unit: Yuan Currency: RMB

Items	Amount	Presentation	The amount recognized in the profit and loss
Subsidy for photovoltaic industry supporting	6,480,182.04	Other income	6,480,182.04
R&D and technology reform	5,652,060.00	Other income	5,652,060.00
Transfer of deferred income in relation to long-term assets	3,438,227.10	Other income	3,438,227.10
Subsidy for social security, training and employment stabilization	3,188,605.72	Other income	3,188,605.72
Insurance refund	2,274,230.98	Other income	2,274,230.98
Energy saving and consumption reduction	364,529.69	Other income	364,529.69
Loan interest subsidy	60,000.00	Other income	60,000.00
Others	2,175,000.00	Construction in progress/finance expenses	261,000.00
	6,275,242.86	Deferred income/other income	3,374,510.28

Notes to the Financial Statements

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Unit: Yuan Currency: RMB

VIII. CHANGE IN THE SCOPE OF CONSOLIDATION

N/A

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) The constitution of the Group

Name of subsidiaries	Type of enterprise	Location of principal business	Registered capital (RMB'000)	Place of Registration	Nature of business	Shareholding ratio (%)		
						Direct	Indirect	Obtained by
Longmen Glass	Limited liability company	Luoyang City	7,000	Luoyang City	Producing and selling	100		Investment
Longhai Glass	Limited liability company	Yanshi City	10,000	Yanshi City	Producing and selling	100		Investment
Puyang CNBM Photovoltaic Materials	Limited liability company	Puyang City	24,000	Puyang City	Producing and selling	100		Investment
Bengbu CNBM Information Display	Limited liability company	Bengbu City	63,276.43	Bengbu City	Producing and selling	100		Business combination under common control
Hefei New Energy	Limited liability company	Hefei City	26,800	Hefei City	Producing and selling	100		Business combination under common control
Tongcheng New Energy	Limited liability company	Tongcheng City	13,338.898	Tongcheng City	Producing and selling	100		Business combination under common control
Yixing New Energy	Limited liability company	Yixing City	31,370	Yixing City	Producing and selling	70.99		Business combination under common control

(2) Important non-wholly owned subsidiary

Unit: Yuan Currency: RMB

Name of Subsidiary	Percentage of shareholdings of non-controlling shareholders	Profit and loss attributable to non-controlling shareholders for the period	Dividend paid to non-controlling shareholders for the period	Equity balance for non-controlling shareholders by the end of the period
Yixing New Energy	29.01%	63,663,040.27	9,685,787.11	168,703,404.63



IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Major accounting information on important non-wholly owned subsidiaries

Unit: Yuan Currency: RMB

Name of Subsidiary	31 December 2020						31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Yixing New Energy	757,159,482.24	712,894,857.81	1,470,054,340.05	877,191,372.00	11,327,619.47	888,518,991.47	551,358,799.32	668,287,003.36	1,219,645,802.68	766,306,825.26	57,867,927.91	824,174,753.17

Name of Subsidiary	2020				2019			
	Revenue	Net profit	Total Comprehensive income	Cash flow for operating activities	Revenue	Net profit	Total Comprehensive income	Cash flow for operating activities
Yixing New Energy	1,145,678,197.81	219,452,051.94	219,452,051.94	138,432,225.15	621,015,512.36	50,332,764.10	50,332,764.10	-42,269,029.63

2. Transactions with changes in percentage of equity interest in subsidiaries but without losing control

N/A

X. RISKS RELATING TO FINANCIAL INSTRUMENTS

(I) Risks relating to financial instruments

The business of the Company involves various financial risks: market risk (inclusive of foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management procedure of the Company focuses on unpredictable factors in financial market, and aims to seek methods to minimize potential negative effects that will affect the financial performance of the Company. Such kinds of risks are limited by following financial management policies and practice of the Company.

1. Market risk

(1) Foreign exchange risk

The exchange risk of the Company mainly comes from bank deposit and loan out of the range of recording currency. The main currencies that incur risks include U.S. dollar, Euro and HK dollar.

There have been little foreign exchange transactions in 2020 by the Company. Therefore, the management of the Company anticipates there is no commercial transaction in the future that will incur major foreign exchange risks.

X. RISKS RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Risks relating to financial instruments (Continued)

1. Market risk (Continued)

(2) Interest rate risk

The Company's risk of changes in market interest rates was mainly associated with the Company's bank loans which carry floating interest rates.

The Company maintained a proper portfolio of loans at fixed interest rates and those at variable rates to manage interest expenses. As at 31 December 2020, the total bank loans of the Company amounted to RMB1,833,374,187.95.

As at 31 December 2020, increase or decrease of 100 basis points in interest rates of the bank loans at floating interest rates, with all other factors held constant, would lead to decrease or increase of RMB15,178,137.18 in the Company's net profit.

2. Credit risk

The credit risk of the Company mainly comes from credit exposures of customers, including outstanding receivables and committed transactions. The Company also provided financial guarantees for certain subsidiaries.

Most of the Company's deposits and cash are placed with financial institutions with high credit ratings. Due to the high credit ratings of these banks, the Company was of the view that such assets are not exposed to significant credit risks.

In addition, with regard to notes receivables, accounts receivable financing and account receivables as well as other receivables, the Company assesses the credit quality of the customers, taking into account their financial positions, past experience and other factors. The credit quality of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

For ECLs measurement, based upon whether credit risk has significantly increased or impaired, the Company measures impairment provision for different assets upon the ECLs during 12 months or entire lifetime. The Company takes into account the quantitative analysis of historical statistics and forward-looking information.

Credit risks concentration are managed by customers and industries. Therefore, the concentration of credit risks is mainly due to the large account receivable of the Company payable by individual client. As of the balance sheet date, the account receivable of the Company payable by the top five clients has accounted for 47.10% of the total amount of account receivable of the Company (without deducting bad debt reserve). The Company does not have any other collateral or credit enhancement arrangements for the outstanding receivables.



X. RISKS RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Risks relating to financial instruments (Continued)

3. Liquidity risk

Within the Company, each subsidiary is responsible for its own cash flow forecast. Based on the summary of the cash flow forecast of each subsidiary, the Company's finance department should keep continuous monitoring of the short-term and long-term funding needs at the Group level in order to ensure that it maintains cash and cash equivalents of normal operations. The management of the Company is responsible to monitor the usage of borrowings and ensures compliance with loan agreements.

Financial liabilities held by the Company are analyzed dependent on maturity date of the undiscounted remaining contractual obligations:

Item	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term loans	1,188,005,350.47			1,188,005,350.47
Bills payable	465,733,722.37			465,733,722.37
Accounts payable	428,756,037.46			428,756,037.46
Other payables	764,011,526.81			764,011,526.81
Lease liabilities	3,000,000.00	10,500,000.00		13,500,000.00
Long-term loans (including long-term loans due within one year)	162,606,200.91	509,971,596.33	72,801,866.67	745,379,663.91
Total financial liability	3,012,112,838.02	520,471,596.33	72,801,866.67	3,605,386,301.02

(II) Capital management

The main objective of the Company's capital management policy is to ensure the Company's continuing operating capability to bring returns to shareholders and other stakeholders and maintain an optimal capital structure for reduction of capital cost.

In order to maintain or adjust the capital structure, the Company might adjust the distribution of profits to shareholders, return capital to shareholders, issue new shares or dispose of assets to cut debt.

The Company monitors its capital management through gearing ratio which is set out below:

Item	31 December 2020	31 December 2019
Gearing ratio	67.97%	73.02%

XI. DISCLOSURE OF FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

Unit: Yuan Currency: RMB

Items	Fair value at the end of period			Total
	Level One Fair Value Measurement	Level Two Fair Value Measurement	Level Three Fair Value Measurement	
I. Recurring fair value measurement				
(I) Financial assets held for trading				
(II) Other debt investments				
(III) Other equity investments				
(IV) Investment property				
(V) Biological assets				
(VI) Accounts receivable financing			448,697,313.21	448,697,313.21
Total assets measured at fair value on a recurring basis			448,697,313.21	448,697,313.21
(VII) Financial liabilities held for trading				
Total liabilities measured at fair value on a recurring basis				
II. Non-recurring fair value measurement				
(I) Assets held for sale				
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

2. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within level three

The fair value of receivable financing at the end of period is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

3. Reconciliation information between opening and closing carrying amount and sensitivity analysis of unobservable inputs for recurring fair value measurements categorized within level three

N/A



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Parent company of the Company

Unit: Yuan Currency: RMB

Name of parent company	Registered address	Nature of business	Registered capital	Shareholding ratio in the Company by the parent company (%)	Ratio of voting rights of the parent company in the Company (%)
China Luoyang Float Glass (Group) Company Limited	Luoyang, China	Manufacturing of glass and related raw materials, whole-set equipment	1,627,921,337.60	20.27	20.27

The ultimate controller of the Company is China National Building Materials Group Co., Ltd.

2. Subsidiaries of the Company

For details, please refer to Note "IX. Interests in Other Entities".

XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

3. Other related parties

Name of other related parties	Relationship with the Company
Triumph Technology Group Co., Ltd.	Controlling shareholder of the parent company
CLFG Longhao Glass Co. Ltd.	Controlled subsidiary of the parent company
Yinan Huasheng Mineral Products Industry Co., Ltd.	Controlled subsidiary of the parent company
Triumph Technology Company Limited	Brother company of the Group
Triumph Information Display Material (Luoyang)Co., Ltd.	Brother company of the Group
CTIEC Shenzhen Scieno-tech Engineering Company	Brother company of the Group
China Triumph Bengbu Engineering and Technology Company Limited	Brother company of the Group
CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd.	Brother company of the Group
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	Brother company of the Group
Bengbu Chemical Machinery Manufacturing Co., Ltd.	Brother company of the Group
CNBM (Bengbu) Photoelectricity Materials Co., Ltd.	Brother company of the Group
CNBM Triumph Robotics (Shanghai) Co., Ltd.	Brother company of the Group
Shanghai CTIEC Luculent Information Technology Co., Ltd.	Brother company of the Group
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	Brother company of the Group
Bengbu China Optoelectronics Technology Co., Ltd.	Brother company of the Group
China Triumph International Engineering Co., Ltd.	Brother company of the Group
Triumph Heavy Industry Co., Ltd.	Brother company of the Group
Triumph Photovoltaic Materials Ltd.	Brother company of the Group
Triumph Quartz Material (Huangshan) Co., Ltd.	Brother company of the Group
Triumph Quartz Material (Taihu) Co., Ltd.	Brother company of the Group
CNBM Research Institute for Automation of Light Industry Co., Ltd.	Brother company of the Group
CNBN Research Institute for Intelligent Automation Co., Ltd. (中建材智能自動化研究院有限公司)	Brother company of the Group
CNBN Xinyuan Zhilian Technology Co., Ltd. (中建材信雲智聯科技有限公司)	Brother company of the Group
CNBM International Corporation	Brother company of the Group
Bengbu Xingke Glass Co., Ltd.	Brother company of the Group
China Building Material Test & Certification Group Co., Ltd.	Brother company of the Group
Anhui Tianzhu Green Energy Sources Technology Co., Ltd.	Brother company of the Group
CNBM Jetion Solar (China) Co., Ltd.	Brother company of the Group
CNBM New Energy Engineering Co., Ltd.	Brother company of the Group
Henan Haichuan Electronic Glass Co., Ltd.	Others
Suqian CNG Electronic Glass Company Limited	Others
Far East Opto-Electronics Co., Ltd.	Others



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions

(1) Related party transactions regarding purchase and sales of commodity, provision and receiving of labor service

Table of purchase of commodity/receiving of labor service

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	2020	2019
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	Sodium carbonate	165,266,674.13	135,416,300.40
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	Raw glass	7,904,318.67	58,221.04
Bengbu Chemical Machinery Manufacturing Co., Ltd.	Materials, spare parts	15,367,355.64	8,416,423.28
China Triumph Bengbu Engineering and Technology Company Limited	Materials, spare parts, repair charges	5,109,189.53	673,304.74
Bengbu Xingke Glass Co., Ltd.	Raw glass		702.10
Wonderful Sky Financial Group Limited	Announcement fees		2,002,450.65
Triumph Technology Group Co., Ltd.	Sodium carbonate		38,593,268.54
Triumph Technology Group Co., Ltd.	Interests expenditure	5,529,009.48	5,513,902.89
Triumph Quartz Material (Taihu) Co., Ltd.	Silica sand	24,052,204.96	23,357,899.57
Triumph Quartz Material (Huangshan) Co., Ltd.	Silica sand	1,084,999.99	
Shanghai CTIEC Luculent Information Technology Co., Ltd.	Information system	4,203,150.33	3,069,518.59
Shanghai CTIEC Luculent Information Technology Co., Ltd.	Information service fees		150,943.40
Far East Opto-Electronics Co., Ltd.	Backup power		1,229,713.58
Far East Opto-Electronics Co., Ltd.	Electricity charges		793,147.53
Far East Opto-Electronics Co., Ltd.	Water charges	10,454.82	26,077.85
Far East Opto-Electronics Co., Ltd.	Vehicle rental		145,950.44
Far East Opto-Electronics Co., Ltd.	Fixed assets		11,350,490.75
Hainan branch of China Triumph International Engineering Co., Ltd.	Silica sand	1,252,865.68	10,394,917.56

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XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(1) Related party transactions regarding purchase and sales of commodity, provision and receiving of labor service (Continued)

Table of purchase of commodity/receiving of labor service (Continued)

Related party	Content of related party transactions	2020	2019
Bengdu branch of China Triumph International Engineering Co., Ltd.	Technical service fees	103,773.59	
China Triumph International Engineering Co., Ltd.	Design service fees	127,358.49	
China Building Material Test & Certification Group Co., Ltd.	Service fees	22,641.51	81,481.13
China Luoyang Float Glass (Group) Company Limited	Interests expenditure	15,001,229.77	8,108,335.62
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	Sodium carbonate	63,452.48	6,428,876.42
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	Guarantee fees	201,375.00	450,725.00
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	Electricity charges	541,348.89	923,440.72
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	Consulting fees, service fees	1,932,123.03	756,906.59
CNBM Triumph Robotics (Shanghai) Co., Ltd.	Spare parts, equipment	607,391.54	339,810.14
CNBM Research Institute For Automation of Light Industry Co., Ltd.	Spare parts, equipment		69,251.45
CNBN Research Institute for Intelligent Automation Co., Ltd. (中建材智能自动化研究院有限公司)	Spare parts, equipment	5,566,157.89	
Henan Haichuan Electronic Glass Co., Ltd.	Processing charges	16,743,362.79	
Triumph Heavy Industry Co., Ltd.	Equipment	261,946.90	
Suqian CNG Electronic Glass Company Limited	Raw glass	11,401,624.34	
CNBM International Corporation	Labour protection appliance	23,008.85	
CNBN Xinyuan Zhilian Technology Co., Ltd (中建材信雲智聯科技有限公司)	Equipment	657,064.59	



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(1) Related party transactions regarding purchase and sales of commodity, provision and receiving of labor service (Continued)

Table of disposal of commodity/provision of labor service

Unit: Yuan Currency: RMB

Related party	Content of related party transactions	2020	2019
Triumph Information Display Material (Luoyang)Co., Ltd.	Information display glass	3,770,593.86	4,320,432.01
Triumph Photovoltaic Materials Ltd.	New energy glass	8,055,649.99	32,026,336.19
Far East Opto-Electronics Co., Ltd.	Tenant and utilities	6,134,006.72	6,360,100.93
Far East Opto-Electronics Co., Ltd.	Materials		5,730.09
China Triumph International Engineering Co., Ltd.	New energy glass		201,237.38
Jiangsu branch of China Triumph International Engineering Co., Ltd.	Technical services		2,452,830.20
CLFG Longhao Glass Co. Ltd.	Materials	310,224.42	
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	Technical services		19,339,622.71
CNBM Jetion Solar (China) Co., Ltd.	New energy glass	130,161,720.17	76,746,452.57
Triumph Technology Company Limited	Information display glass		21,660,464.18
Bengdu Yihua branch of Triumph Technology Company Limited	Information display glass	48,117,292.36	4,631,212.03
Bengbu China Optoelectronics Technology Co., Ltd.	Silica sand		3,013.10

Explanation on related party transactions regarding purchase and sale of goods and the acceptance and provision of labor services

The purchase and sale of goods and the acceptance and provision of labor services by the Company from or to related parties are negotiated and determined based on market price and are carried out in accordance with the terms of the agreements signed between the Company and related parties.

XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(2) Leasing with related parties

The Company as the lessor:

Unit: Yuan Currency: RMB

Name of lessee	Leasing asset	Leasing income recognized In 2020	Leasing income recognized In 2019
Far East Opto-Electronics Co., Ltd.	Fixed assets	428,316.51	402,131.74

(3) Related party guarantees

The Company as the guarantor party

N/A



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(3) Related party guarantees (Continued)

The Company as the guaranteed party

Unit: Yuan Currency: RMB

Guarantor	Amount under guaranty	Commencement date of the guaranty	Expiry date of the guaranty	Whether the guaranty been completed or not
Triumph Technology Group Co., Ltd., Far East Opto-Electronics Co., Ltd.	90,000,000.00	2017-4-12	2022-6-30	No
Triumph Technology Group Co., Ltd., Far East Opto-Electronics Co., Ltd.	30,000,000.00	2017-4-12	2022-6-30	No
Triumph Technology Group Co., Ltd.	40,000,000.00	2019-7-23	2022-7-22	No
Triumph Technology Group Co., Ltd.	50,000,000.00	2019-5-20	2022-5-20	No
Far East Opto-Electronics Co., Ltd.	100,000,000.00	2019-7-22	2022-7-22	No
Triumph Technology Group Co., Ltd., Far East Opto-Electronics Co., Ltd.	50,000,000.00	2020-3-20	2023-3-20	No
Triumph Technology Group Co., Ltd.	100,000,000.00	2020-5-25	2025-5-25	No
Triumph Technology Group Co., Ltd.	80,000,000.00	2020-6-30	2021-6-29	No
Triumph Technology Group Co., Ltd.	150,000,000.00	2020-8-12	2021-6-18	No
Triumph Technology Group Co., Ltd.	50,000,000.00	2020-9-10	2021-9-10	No
Triumph Technology Group Co., Ltd.	50,000,000.00	2020-12-2	2021-12-1	No
Triumph Technology Group Co., Ltd.	50,000,000.00	2019-2-21	2022-2-21	No
Triumph Technology Group Co., Ltd.	20,000,000.00	2020-12-15	2021-12-15	No
Triumph Technology Group Co., Ltd.	5,200,000.00	2020-5-6	2021-5-5	No
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	290,000,000.00	2015-3-26	2023-12-14	No
Triumph Technology Group Co., Ltd.	134,790,000.00	2020-12-15	2021-12-15	No
Triumph Technology Group Co., Ltd.	30,000,000.00	2019-12-25	2022-12-25	No
Triumph Technology Group Co., Ltd.	80,000,000.00	2020-12-1	2023-11-30	No
Triumph Technology Group Co., Ltd.	22,000,000.00	2020-12-25	2021-12-24	No
Triumph Technology Group Co., Ltd.	100,000,000.00	2019-12-23	2021-11-19	No
Triumph Technology Group Co., Ltd.	100,000,000.00	2020-11-10	2021-11-10	No
Triumph Technology Group Co., Ltd.	100,000,000.00	2017-4-11	2022-4-11	No
Triumph Technology Group Co., Ltd.	50,000,000.00	2017-11-8	2022-11-8	No
Triumph Technology Group Co., Ltd.	50,000,000.00	2020-11-24	2021-10-3	No
Triumph Technology Group Co., Ltd.	300,000,000.00	2019-7-15	2027-1-15	No
Triumph Technology Group Co., Ltd.	300,000,000.00	2018-12-7	2026-4-30	No
Triumph Technology Group Co., Ltd.	49,000,000.00	2019-3-26	2021-3-25	No
Triumph Technology Group Co., Ltd.	99,990,000.00	2020-2-20	2021-2-28	No
Triumph Technology Group Co., Ltd.	70,000,000.00	2020-3-27	2021-5-11	No
Triumph Technology Group Co., Ltd.	200,000,000.00	2020-8-7	2021-8-6	No
Triumph Technology Group Co., Ltd.	120,000,000.00	2020-2-26	2021-3-12	No
Triumph Technology Group Co., Ltd.	55,000,000.00	2020-11-19	2021-11-19	No
Triumph Technology Group Co., Ltd.	100,000,000.00	2020-8-6	2021-8-6	No
Triumph Technology Group Co., Ltd.	110,000,000.00	2020-2-19	2023-2-19	No

In 2020, the obligation for guarantee amounts of RMB1,761.86 million has been completed.

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XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(4) Borrowings/loans with related parties

In 2020, CLFG provided an aggregate fund of RMB731,392,261.80 directly to the Company, with an annual interest rate of 3.8–4.35%.

(5) Remuneration of key management personnel

Unit: Yuan Currency: RMB

Item	2020	2019
Remuneration of key management personnel	5,574,175.08	4,653,537.29

(1) Remuneration of Directors and Supervisors

The remuneration of each director and supervisor in 2020 is as follows:

Name	Fees	Bonus	Salary, allowance and benefit in kind	Defined contribution plan contribution	Total	Note
Executive directors						
Ma Yan			800,000.00	58,962.36	858,962.36	
Wang Guoqiang			750,000.00	32,364.74	782,364.74	
Zhang Chong			700,000.00	137,304.23	837,304.23	
Independent directors						
He Baofeng	60,000.00				60,000.00	
Ye Shuhua	60,000.00				60,000.00	
Zhang Yajuan	60,000.00				60,000.00	
Supervisors						
Li Wenge			450,000.00	32,275.59	482,275.59	
Qiu Mingwei	30,000.00				30,000.00	
Yan Mei	30,000.00				30,000.00	
Employee supervisors						
Wang Jian			281,287.60	32,218.11	313,505.71	
Ma Jiankang			218,700.00	24,686.25	243,386.25	
Total	240,000.00	-	3,199,987.60	317,811.28	3,757,798.88	



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

(1) Remuneration of Directors and Supervisors (Continued)

The remuneration of each director and supervisor in 2019 is as follows:

Name	Fees	Bonus	Salary, allowance and benefit in kind	Defined contribution plan contribution	Total	Note
Executive directors						
Ma Yan			600,000.00	72,233.27	672,233.27	
Wang Guoqiang			550,000.00	61,451.24	611,451.24	
Zhang Chong			550,000.00	114,452.17	664,452.17	
Independent directors						
He Baofeng	60,000.00				60,000.00	
Ye Shuhua	60,000.00				60,000.00	
Zhang Yajuan	50,000.00				60,000.00	
Liu Tianni	10,000.00				10,000.00	
Supervisors						
Li Wenge			330,000.00	60,659.66	390,659.66	
Qiu Mingwei	30,000.00				30,000.00	
Yan Mei	30,000.00				30,000.00	
Employee supervisors						
Wang Jian			254,720.00	60,902.07	315,622.07	
Ma Jiankang			185,170.00	45,313.68	230,483.68	
Total	240,000.00		2,469,890.00	415,012.09	3,124,902.09	

XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

(2) The five individuals whose remunerations are the highest

The five individuals whose remuneration were the highest during 2020, included three directors (2019: three directors and one supervisor), whose remuneration was set out as above. The total remunerations paid to other two persons (2019: one) during the year are set out as below:

Item	2020	2019
Salary, allowance and benefit in kind	1,200,000.00	550,000.00
Defined contribution, plan contribution	84,095.27	27,682.00
Total	1,284,095.27	577,682.00

The remuneration paid to each of the abovementioned two persons during the year was within HK\$1,000,000.00.



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(6) Other related party transactions

- (1) In July 2020, Longhai Glass and CTIEC Shenzhen Scieno-tech Engineering Co., Ltd. entered into the Treatment Project of Ultra-low Emission of Flue Gas of the 180t/d Production Line of CLFG Longhai Electronic Glass Co., Ltd. (《洛玻集團洛陽龍海電子玻璃有限公司180t/d生產線超低排放煙氣治理工程》), with a contract amount of RMB9.96 million. In December 2020, Longhai Glass and CTIEC Shenzhen Scieno-tech Engineering Co., Ltd. entered into the Contract of Purchase, Installation and Construction of Maintenance Equipment of the Backup Environmental Protection System for the Treatment Project of Ultra-low Emission of Flue Gas of the 180t/d Production Line of CLFG Longhai Electronic Glass Co., Ltd. (《洛玻集團洛陽龍海電子玻璃有限公司180t/d生產線超低排放煙氣治理工程備用環保系統檢修設備採購、安裝施工合同》), with a contract amount of RMB0.96 million. This project has been completed in December 2020. In 2020, Longhai Glass made payment for project and equipment of RMB5.2488 million in total with the aggregated amounts paid amounting to RMB5.2488 million.

In July 2020, Longhai Glass and CNBM New Energy Engineering Co., Ltd. entered into the EPC General Contract for Rooftop Distributed Photovoltaic Power Generation Project, with a contract amount of RMB6.10 million in total. The project has been completed in December 2020. In 2020, Longhai Glass made payment for project and equipment of RMB1.7262 million in total with the aggregated amounts paid amounting to RMB1.7262 million.

- (2) In January 2020, Bengbu CNBM Information Display and CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd. entered into the general contract of Project of Dedusting, Desulfurization and Denitration of Flue Gas of the 150t/d Glass Furnace (《150t/d玻璃窯爐煙氣除塵脫硫脫硝工程》), with a contract amount of RMB8.6 million in total. The project has been completed in October 2020. In 2020, Bengbu CNBM Information Display made payment for project and equipment of RMB6.6 million in total.

XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(6) Other related party transactions (Continued)

- (3) In December 2017, Puyang CNBM Photovoltaic Materials and China Triumph International Engineering Co., Ltd. entered into the Ultra-White Solar Thermal Material Project Contract of CNBM (Puyang) Photoelectric Material Co., Ltd. (《中建材(濮陽)光電材料有限公司超白光熱材料項目合同書》) with a total contract amount of RMB439 million. The project has been completed in August 2020. In 2020, Puyang CNBM Photovoltaic Materials made payment for project and equipment of RMB137.49 million in total with the aggregated amounts paid amounting to RMB377.8986 million.

Puyang CNBM Photovoltaic Materials and CTIEC Shenzhen Scieno-tech Engineering Co., Ltd. Bengbu Branch respectively entered into the Supportive Flue Gas Treatment Project Equipment Procurement, Installation and Construction Contract for the Ultra-White Solar Thermal Material Project of CNBM (Puyang) Photoelectric Material Co., Ltd. (《中建材(濮陽)光電材料有限公司超白光熱材料項目配套煙氣治理項目設備採購、安裝施工合同》) and the Supportive Waste Heat Boiler Room Project Equipment Procurement, Design and Installation Contract for the Ultra-White Solar Thermal Material Project of CNBM (Puyang) Photoelectric Material Co., Ltd. CNBM (Puyang) Photoelectric Material Co., Ltd. (《中建材(濮陽)光電材料有限公司超白光熱材料項目配套餘熱鍋爐房項目設備採購、設計安裝合同》), with a total contract amount of RMB26 million and RMB7.5 million, respectively. The projects have been completed in December 2020. In 2020, Puyang CNBM Photovoltaic Materials made payment for project and equipment of RMB9.625 million in total with the aggregated amounts paid amounting to RMB25.1632 million.

In July 2020, Puyang CNBM Photovoltaic Materials and CTIEC Shenzhen Scieno-tech Engineering Company entered into the Flue Gas Treatment Standard Improvement Project Contract of CNBM (Puyang) Photoelectric Material Co., Ltd. (《中建材(濮陽)光電材料有限公司煙氣治理提標改造項目合同書》), with a contract amount of RMB6.245. As of 31 December 2020, this project was yet to be completed. In 2020, Puyang CNBM Photovoltaic Materials made payment for project and equipment of RMB4.996 million in total with the aggregated amounts paid amounting to RMB4.996 million.



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(6) Other related party transactions (Continued)

- (4) In April 2017, Tongcheng New Energy and China Triumph International Engineering Co., Ltd. entered into the Contract for Construction of Deep Processing Production Line No. 4 (《深加工4#生產線合同》) with a total contract amount of RMB80.8 million. The project has been completed in December 2020. In 2020, Tongcheng New Energy made payment for project and equipment of RMB0.7 million in total with the aggregated amounts paid amounting to RMB68.2066 million.

In October 2017, Tongcheng New Energy and CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd. entered into the Contract for Project of Desulphurization, Denitration and Dedusting of Furnaces (《窯爐脫硝脫硫除塵工程》), with a total contract amount of RMB15.5 million. The project has been completed in December 2020. In 2020, Tongcheng New Energy made payment for project and equipment of RMB2.1148 million in total with the aggregated amounts paid amounting to RMB14.5165 million.

In November 2019, Tongcheng New Energy and CNBM New Energy Engineering Co., Ltd. entered into the EPC General Contract for Rooftop Distributed Photovoltaic Power Generation Project of CNBM (Tongcheng) New Energy Materials Company Limited with a contract amount of RMB27.47 million in total. The project has been completed in January 2020. In 2020, Tongcheng New Energy made payment for project and equipment of RMB9.7614 million in total with the aggregated amounts paid amounting to RMB24.7935 million.

In April 2020, Tongcheng New Energy and China Triumph International Engineering Co., Ltd. Jiangsu Branch entered into the Equipment Material Installation Contract for the 10 million m^2/a Solar Glass Deep Processing Production Line Project of CNBM (Tongcheng) New Energy Materials Company Limited (《中國建材桐城新能源材料有限公司1000萬 m^2/a 太陽能玻璃深加工生產線項目設備材料安裝合同》) and the Equipment Material Supply Contract for the 10 million m^2/a Solar Glass Deep Processing Production Line Project of CNBM (Tongcheng) New Energy Materials Company Limited (《中國建材桐城新能源材料有限公司1000萬 m^2/a 太陽能玻璃深加工生產線項目設備材料供貨合同》), with a contract amount of RMB45 million, respectively. The projects have been completed in September 2020. In 2020, Tongcheng New Energy made payment for project and equipment of RMB48.098 million in total with the aggregated amounts paid amounting to RMB48.098 million.

In December 2020, Tongcheng New Energy and China Triumph International Engineering Co., Ltd. Bengbu Branch entered into the General Contract for Civil Construction of Photovoltaic Cell Packaging Materials for Solar Energy Equipment Phase I Project of CNBM (Tongcheng) New Energy Materials Company Limited (《中國建材桐城新能源材料有限公司太陽能裝備用光伏電池封裝材料一期項目土建施工總承包合同》), with a contract amount of RMB250 million in total. As at 31 December 2020, this project was yet to be completed. In 2020, Tongcheng New Energy made payment for project and equipment of RMB30 million in total.

XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(6) Other related party transactions (Continued)

- (5) In August 2019, Yixing New Energy and China Triumph International Engineering Co., Ltd. Jiangsu Branch entered into the Back Plate Second-line Supply Contract and the Back Plate Second-line Equipment Material Installation Contract with a contract amount of RMB34.11 million in total. The projects have been completed in March 2020. In 2020, Yixing New Energy made payment for project and equipment of RMB5 million in total with the aggregated amounts paid amounting to RMB33.15 million.

In April 2020, Yixing New Energy and China Triumph International Engineering Co., Ltd. Jiangsu Branch entered into the Back Plate Third-line Supply Contract and the Back Plate Third-line Equipment Material Installation Contract with a contract amount of RMB44.85 million in total. The projects have been completed in September 2020. In 2020, Yixing New Energy made payment for project and equipment of RMB44 million in total with the aggregated amounts paid amounting to RMB44 million.

In April 2020, Yixing New Energy and China Triumph International Engineering Co., Ltd. Jiangsu Branch entered into the Supply Contract for Phase II Processing Double-layer Coating Equipment (《二期加工雙層鍍膜設備供貨合同》) and Installation Contract for Phase II Processing Double-layer Coating Transformation Equipment (《二期加工雙層鍍膜改造設備安裝合同》) with a contract amount of RMB4.45 million in total. As at 31 December 2020, this project was yet to be completed. In 2020, Yixing New Energy made payment for project and equipment of RMB4 million in total with the aggregated amounts paid amounting to RMB4 million.

- (6) In March 2020, Hefei New Energy and Anhui Tianzhu Green Energy Sources Technology Co., Ltd. entered into the Energy Storage Demonstration Project (《儲能示範項目》) with a contract amount of RMB9.8 million in total. The project has been completed in November 2020. In 2020, Hefei New Energy made payment for project and equipment of RMB5.8944 million in total with the aggregated amounts paid amounting to RMB5.8944 million.

In March 2020, Hefei New Energy and China Triumph International Engineering Co., Ltd. entered into the General Contract for Intelligent Transformation Project (《智能化改造項目總承包合同》) with a contract amount of RMB13.2 million in total. The project has been completed in December 2020. In 2020, Hefei New Energy made payment for project and equipment of RMB11.88 million in total with the aggregated amounts paid amounting to RMB11.88 million.

In March 2020, Hefei New Energy and CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd. entered into the Coating Workshop No. 3 VOCs Treatment Project (《3#鍍膜間VOCs治理項目》) with a contract amount of RMB1.6 million in total. As at 31 December 2020, this project was yet to be completed. In 2020, Hefei New Energy made payment for project and equipment of RMB0.16 million in total with the aggregated amounts paid amounting to RMB0.16 million.



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(6) Other related party transactions (Continued)

In April 2020, Hefei New Energy and China Triumph International Engineering Co., Ltd. entered into the Solar Back Panel Glass Deep Processing Project (《太陽能背板玻璃深加工項目》) with a contract amount of RMB39 million in total. The project has been completed in September 2020. In 2020, Hefei New Energy made payment for project and equipment of RMB35.10 million in total with the aggregated amounts paid amounting to RMB35.10 million.

In December 2020, Hefei New Energy and China Triumph International Engineering Co., Ltd. Bengbu Branch entered into the General Contract for Civil Engineering (《土木工程總承包合同》) with a contract amount of RMB137 million in total. As at 31 December 2020, this project has not yet started. In 2020, Hefei New Energy made payment for project and equipment of RMB0 in total with the aggregated amounts paid amounting to RMB0.

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XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Receivables and payables of related parties

(1) Receivables

Unit: Yuan Currency: RMB

Item	Related party	31 December 2020		31 December 2019	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable	Bengbu Huayi Branch of Triumph Technology Company Limited			6,342,977.05	126,859.54
Accounts receivable	Far East Opto-Electronics Co., Ltd.	8,375,142.15	306,578.04	1,021,747.43	101,562.15
Accounts receivable	China Triumph International Engineering Co., Ltd.	1,496,645.58	29,932.91	1,522,529.95	30,450.60
Accounts receivable	CNBM Jetion Solar (China) Co., Ltd.	38,908,518.21	778,170.36	13,978,963.35	279,579.27
Accounts receivable	Triumph Photovoltaic Materials Ltd.	6,336,615.20	126,732.30	34,228,150.58	684,563.01
Accounts receivable	Anhui Tianzhu Green Energy Sources Technology Co., Ltd.			39,114.10	782.28
Prepayment	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.			3,419.54	
Prepayment	China Triumph Bengbu Engineering and Technology Company Limited	112,230.97		109,990.00	
Prepayment	Triumph Technology Group Co., Ltd.			84.01	
Prepayment	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd			12,406.90	
Prepayment	CNBM Triumph Robotics (Shanghai) Co., Ltd.	204,040.00		178,000.00	
Prepayment	China Triumph International Engineering Co., Ltd. Jiangsu Branch	84,738.11			
Prepayment	Suqian CNG Electronic Glass Co., Ltd.	126,545.89			
Other receivables	CNBM (Bengbu) Photoelectric Materials Co., Ltd.			2,545,878.05	50,917.56
Other receivables	China Luoyang Float Glass (Group) Company Limited			273,732.26	5,474.65
Other receivables	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.			6,092.43	121.85
Other non-current assets	CNBM Triumph Robotics (Shanghai) Co., Ltd.	637,644.00			
Other non-current assets	China Triumph International Engineering Co., Ltd. Bengbu Branch	30,000,000.00			
Other non-current assets	CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd.	1,060,000.00			
Other non-current assets	Bengbu Chemical Machinery Manufacturing Co., Ltd.	325,222.90			



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Receivables and payables of related parties (Continued)

(2) Payables

Unit: Yuan Currency: RMB

Item	Related party	31 December 2020	31 December 2019
Bills payable	China Triumph International Engineering Co., Ltd.		45,644,237.97
Accounts payable	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	35,857,362.82	24,730,156.51
Accounts payable	Anhui Tianzhu Green Energy Sources Technology Co., Ltd.	3,920,000.00	14,355.00
Accounts payable	Bengbu Chemical Machinery Manufacturing Co., Ltd.	3,679,719.13	972,309.49
Accounts payable	China Triumph Bengbu Engineering and Technology Company Limited	222,419.52	555,647.00
Accounts payable	Jiangsu SHD New Materials Co., Ltd.	165,123.15	
Accounts payable	Triumph Quartz Material (Taihu) Co., Ltd.	7,007,920.36	3,432,707.57
Accounts payable	Triumph Heavy Industry Co., Ltd.	29,600.00	
Accounts payable	Shanghai CTIEC Luculent Information Technology Co., Ltd.	2,115,850.00	868,500.00
Accounts payable	Yinan Huasheng Mineral Products Industry Co., Ltd.	2,714.60	2,714.60
Accounts payable	CTIEC Shenzhen Scieno-tech Engineering Company	13,523,835.02	17,106,364.86
Accounts payable	Suqian CNG Electronic Glass Co., Ltd.	1,175,795.79	
Accounts payable	China Triumph International Engineering Co., Ltd.	47,470,560.74	365,466,801.40
Accounts payable	China Triumph International Engineering Co., Ltd. Bengbu Branch		13,621,654.50
Accounts payable	China Triumph International Engineering Co., Ltd. Hainan Branch		8,340,112.24
Accounts payable	China Triumph International Engineering Co., Ltd. Jiangsu Branch	61,386,289.16	82,439,872.87
Accounts payable	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd	1,007,342.70	1,153,003.08
Accounts payable	CNBM New Energy Engineering Co., Ltd.	2,559,086.26	
Accounts payable	CNBM Research Institute For Automation of Light Industry Co., Ltd.	1,818,502.22	
Accounts payable	CNBM Triumph Robotics (Shanghai) Co., Ltd.	248,176.99	
Accounts payable	CNBM Research Institute For Automation of Light Industry Co., Ltd.		851,008.00

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XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Receivables and payables of related parties (Continued)

(2) Payables (Continued)

Item	Related party	31 December 2020	31 December 2019
Accounts payable	CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd.	2,907,908.66	1,182,499.11
Contract liabilities	Bengbu Huayi Branch of Triumph Technology Company Limited	1,240,788.99	2,398,724.04
Contract liabilities	Triumph Information Display Material (Luoyang) Co., Ltd.	0.28	8,144.32
Other payables	Triumph Technology Group Co., Ltd.	154,029,807.48	148,500,798.00
Other payables	CTIEC Shenzhen Scieno-tech Engineering Company	20,000.00	
Other payables	China Triumph International Engineering Co., Ltd.	13,000,000.00	
Other payables	China Triumph International Engineering Co., Ltd. Bengbu Branch	140,000.00	140,000.00
Other payables	China Building Material Test & Certification Group Co., Ltd.		10,500.00
Other payables	China Luoyang Float Glass (Group) Company Limited	517,733,836.35	179,784,182.13
Other payables	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd	4,001,398.44	3,892,405.95
Other payables	CNBM New Energy Engineering Co., Ltd.	10,000.00	
Other payables	CNBM Triumph Robotics (Shanghai) Co., Ltd.	20,000.00	20,000.00
Other payables	Bengbu Huayi Branch of Triumph Technology Company Limited	347,185.00	347,185.00
Other payables	CNBM Xinyun Zhilian Technology Co., Ltd.* (中建材信雲智聯科技有限公司)	49,645.00	
Other payables	Bengbu Xingke Glass Co., Ltd.		11,624.94
Other payables	Bengbu Chemical Machinery Manufacturing Co., Ltd.		10,000.00



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Commitments of related parties

As approved by the CSRC with the "Approval on Purchase of Assets by Share Issue to China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), etc. and Raising of Supporting Funds by Luoyang Glass Company Limited* (關於核准洛陽玻璃股份有限公司向中國洛陽浮法玻璃集團有限責任公司等發行股份購買資產並募集配套資金的批覆)" (Zheng Jian Xu Ke [2018] No. 475), the Company acquired 100% equity interest in Hefei New Energy from CLFG and Hefei HighTech, 100% equity interest in Tongcheng New Energy from Huaguang Group, Bengbu Institute, International Engineering and 70.99% equity interest in Yixing New Energy from Triumph Group, Yixing Environmental Technology, GCL System Integration by way of issuance of shares.

GLFG and Hefei HighTech had undertaken that the audited net profit after deducting non-recurring profit or loss of Hefei New Energy would not be lower than RMB74.1556 million for 2020. Huaguang Group, Bengbu Institute and International Engineering had undertaken that the audited net profit after deducting non-recurring profit or loss of Tongcheng New Energy would not be lower than RMB27.0727 million for 2020. Triumph Group, Yixing Environmental Technology and GCL System Integration had undertaken that the audited net profit after deducting non-recurring profit or loss of Yixing New Energy would be not lower than RMB47.1475 million for 2020. The audited net profit after deducting non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2020 is RMB119.0529 million, RMB86.8518 million and RMB217.4389 million, respectively, Hefei New Energy, Tongcheng New Energy and Yixing New Energy have fulfilled their performance commitments.

XIII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Significant external commitments, nature and amount thereof as at the balance sheet date

At 31 December 2020, the Company had the following significant capital commitments:

Item	31 December 2020	31 December 2019
Contracted but not provided for –Construction project	406,154,832.69	209,365,691.82
Total	406,154,832.69	209,365,691.82

2. Contingencies

N/A

XIV. SUBSEQUENT EVENTS AFTER THE DATE OF BALANCE SHEET

N/A

XV. OTHER SIGNIFICANT EVENTS

1. Non-public issuance

The Board of the Company considered and approved the Proposal on the Non-public Issuance of A Shares of the Company in 2020 at the twenty-third meeting of the ninth session of the Board held on 30 December 2020. In accordance with the actual situation of the Company and in compliance with the requirements of the relevant laws, regulations and regulatory documents, the Company will implement the scheme of the non-public issuance of A shares, the gross proceeds to be raised will not exceed RMB2 billion (inclusive).

2. Segment Information

(1) *Determination basis and accounting policies of reporting segment*

The Company will determine operation segment on the basis of the internal organizational structure, management requirements and internal report system, and determine reporting segment on the basis of operation segment, and disclose such segment information. For management purposes, the Company has two operating segments. The management of the Company regularly reviews the financial information of each segment to make decisions about resources to be allocated to the segment and to assess its performance.

An operating segment is a component of the Company that meets the following conditions simultaneously:

- (1) the component is able to generate revenues and incur expenses from its ordinary activities;
- (2) whose operating results are regularly evaluated by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance;
- (3) for which the information on financial position, operating results and cash flows is available to the Company. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

The operating segments of the Company include information display glass segment and new energy glass segment.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements. Segment assets exclude deferred income tax assets and segment liabilities exclude deferred income tax liabilities.

Intersegment transactions are measured based on the actual transaction price. Segment revenue and segment expenses are recognized based on the actual revenue generated and actual expenses incurred by the respective segments. Assets and liabilities are allocated to the respective segments according to the assets used or liabilities assumed in their daily operating activities.



XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment Information (Continued)

(2) Financial information of reporting segment

Unit: Yuan Currency: RMB

Item	Information display glass	New energy glass	Unallocated items	Inter-segment offset	Total
1. Operating income	398,585,187.91	2,645,908,412.12	1,427,769.66	306,456.01	3,045,614,913.68
Including: Re venue from external principal operations	397,141,767.24	2,614,651,734.05			3,011,793,501.29
Re venue from other external operations	1,443,420.67	31,256,678.07	1,427,769.66	306,456.01	33,821,412.39
2. Impairment losses of assets	-3,095,566.51				-3,095,566.51
3. Impairment losses of credit	9,537,269.67	-13,792,320.74	205,673.91		-4,049,377.16
4. De preciation expenses and amortization expenses	68,343,223.04	138,282,838.00	494,751.63	162,170.44	206,958,642.23
5. Total profit	12,912,055.71	510,776,211.92	790,523.73	61,624,284.18	462,854,507.18
6. Income tax expenses	2,746,195.52	69,083,412.90			71,829,608.42
7. Net profit	10,165,860.19	441,692,799.02	790,523.73	61,624,284.18	391,024,898.76
8. Total assets	1,415,785,177.43	4,317,259,980.49	888,817,678.65	1,017,287,025.40	5,604,575,811.17
9. Total liabilities	1,005,756,511.59	2,652,404,637.18	1,575,428,684.54	1,424,295,648.58	3,809,294,184.73

3. Others

(1) Operating income by customer's geographical location

Geographical location	2020	2019
China (excluding Hong Kong, Macau and Taiwan)	2,991,450,557.06	1,782,618,433.48
Other countries and regions	54,164,356.62	72,223,774.61
Total	3,045,614,913.68	1,854,842,208.09

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)**3. Others (Continued)****(2) Non-current assets by its geographical location**

Geographical location	31 December 2020	31 December 2019
China (excluding Hong Kong, Macau and Taiwan)	3,577,089,440.80	3,356,969,246.33
Total	3,577,089,440.80	3,356,969,246.33

Note: Non-current assets are attributable to the areas where the assets are located, excluding financial assets, separate account assets and deferred income tax assets.

(3) Degree of reliance on major customers

In 2020, the transaction of four customers (customers who are controlled by the same controller are deemed to be the same customer) from new energy reporting segment exceeds 10% of the Company's revenue, and the amounts are RMB580,464,028.70, RMB562,624,540.40, RMB512,532,373.33 and RMB325,873,431.45, respectively.

(4) Auditor remuneration

Auditor remuneration	2020	2019
Total	1,280,000.00	1,280,000.00

(5) Pending litigations

① Sales contract dispute between Hefei New Energy and Zhejiang Qixin New Energy Technology Co., Ltd. (hereinafter referred to as "Qixin New Energy")

Hefei New Energy and Qixin New Energy started trading transactions in 2016. Qixin New Energy still had outstanding payment of RMB7,069,693.98 for the goods, which was failed to pay after repeated calls. On 2 April 2020, Hefei New Energy filed a lawsuit to the People's Court of Hefei High-tech Industrial Development Zone, Anhui Province. On 27 May 2020, the court issued a civil judgment with the filing number (2020) Wan 0191 Minchu No. 2049, ordering Qixin New Energy to pay the purchase price of RMB7,069,693.98 and interest within ten days after the judgment became effective. After the judgment took effect, Qixin New Energy failed to perform as scheduled, and Hefei New Energy has applied to the court for compulsory execution.



XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Others (Continued)

(5) Pending litigations (Continued)

- ② *Sales contract dispute between Tongcheng New Energy and Zhangjiagang Wanshengda Trading Co., Ltd. (hereinafter referred to as "Wanshengda Trading")*

Tongcheng New Energy and Wanshengda Trading started trading transactions in 2016, and Wanshengda Trading failed to pay the outstanding payment of RMB2,876,997.82 and still failed to do so after repeated calls. On 20 August 2020, Tongcheng New Energy filed a lawsuit to the People's Court of Tongcheng City, Anhui Province. On 22 September 2020, the court issued a civil judgment with the filing number (2020) Wan 0881 Min Chu No. 3765, ordering Wanshengda Trading to pay the purchase price of RMB2,876,997.82 within ten days after the judgement became effective. If the payment obligation is not fulfilled within the specified time limit, the duty interest during the delayed period should be doubled. After the judgment took effect, Wanshengda Trading failed to perform as scheduled, and Tongcheng New Energy has applied to the court for compulsory execution.

- ③ *Sales contract dispute between Yixing New Energy and Znshine Solar Technology Co. Ltd. (hereinafter referred to as "Znshine Solar")*

Yixing New Energy and Znshine Solar signed the "Procurement Contract" on 28 April 2018. Yixing New Energy delivered products to Znshine Solar, while Znshine Solar refused to pay due to quality issues. After repeated negotiations, the issue was not resolved. Yixing New Energy filed a lawsuit to the People's Court of Jintan District, Changzhou City on 30 December 2020, the court issued a civil judgment with filing number (2019) Su 0413 Minchu No.7913, ordering Znshine Solar to pay the purchase price of RMB1,088,158.65 for the goods within ten days after the judgment became effective. If the payment obligation is not fulfilled within the specified time limit, the duty interest during the delayed period should be doubled. And the judgment has come into effect.

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Disclosure by aging

Unit: Yuan Currency: RMB

Aging	31 December 2020	Ratio (%)	31 December 2019	Ratio (%)
Within 1 year	61,776,109.47	17.43	45,317,394.61	14.26
1 to 2 years	20,584,557.50	5.81	3,772,285.86	1.19
2 to 3 years	3,772,284.75	1.07	0.21	0.00
3 to 4 years			60,623,362.41	19.08
4 to 5 years	60,623,358.83	17.11	45,954,862.42	14.47
Over 5 years	207,598,255.62	58.58	162,033,065.16	51.00
Less: provision for bad debts (shown as negative)	-182,249,601.06		-119,459,981.36	
Total	172,104,965.11		198,240,989.31	

Note: The aforementioned aging classification is based on the accounting date of the relevant business.



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(2) Classified disclosure by the method of bad debt provision

Unit: Yuan Currency: RMB

Category	31 December 2020					31 December 2019				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision Ratio (%)	
Bad debt provision on individual basis	234,474,749.76	66.17	131,361,980.30	56.02	103,112,769.46	234,488,675.62	73.81	68,197,630.51	29.08	166,291,045.11
Including:										
Bad debt provision on group basis	119,879,816.41	33.83	50,887,620.76	42.45	68,992,195.65	83,212,295.05	26.19	51,262,350.85	99.99	31,949,944.20
Including:										
Group 1: general customers	50,937,602.47	14.37	50,887,620.76	99.90	49,981.71	51,262,351.73	16.14	51,262,350.85	99.99	0.88
Group 2: related parties	68,942,213.94	19.46			68,942,213.94	31,949,943.32	10.05			31,949,943.32
Total	354,354,566.17	/	182,249,601.06	/	172,104,965.11	317,700,970.67	/	119,459,981.36	/	198,240,989.31

Bad debt provision on individual basis:

Unit: Yuan Currency: RMB

Name	Carrying amount	Provision for bad debts	31 December 2020		Reason for making provision
			Aging	Provision Ratio (%)	
CLFG Longmen Glass Co., Ltd.	234,474,749.76	131,361,980.30	1 to 3 years, over 4 years	56.02	Un able to be recovered in full
Total	234,474,749.76	131,361,980.30		56.02	/

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(2) Classified disclosure by the method of bad debt provision (Continued)

Bad debt provision on group basis:

Items for which provision is assessed on a group basis: Group 1: General customers

Unit: Yuan Currency: RMB

Name	31 December 2020		Provision ratio (%)
	Accounts receivable	Provision for bad debts	
Within 1 year	51,001.74	1,020.03	2.00
1 to 2 years			
2 to 3 years			
3 to 4 years			
4 to 5 years			
Over 5 years	50,886,600.73	50,886,600.73	100.00
Total	50,937,602.47	50,887,620.76	99.90

Items for which provision is assessed on a group basis: Group 2: Related party customers

Unit: Yuan Currency: RMB

Name	31 December 2020		Provision ratio (%)
	Accounts receivable	Provision for bad debts	
Related party customers	68,942,213.94		
Total	68,942,213.94		

Note: The above ageing basis is the accounting date of the relevant business.



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Category	31 December 2019	Increase/decrease for the period			31 December 2020
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debts	119,459,981.36	63,165,358.37		375,738.67	182,249,601.06
Total	119,459,981.36	63,165,358.37		375,738.67	182,249,601.06

(4) Top five largest accounts receivable at the end of the period by the balance collected regarding the party in default

Name	31 December 2020	Proportion in the total amount of accounts receivable (%)	Balance of provision for bad debts
Rank 1st	234,474,749.76	66.17	131,361,980.30
Rank 2nd	22,221,935.42	6.27	
Rank 3rd	17,931,348.91	5.06	
Rank 4th	13,511,297.27	3.81	
Rank 5th	12,371,848.53	3.49	
Total	300,511,179.89	84.80	131,361,980.30

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables

Presentation by item

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019
Other receivables	811,682,361.37	659,984,205.06
Less: provision for bad debts	322,417,937.75	401,029,388.68
Total	489,264,423.62	258,954,816.38

Other receivables

(1) Ageing disclosure of prepayments by date of entry

Unit: Yuan Currency: RMB

Aging	31 December 2020	Ratio (%)	31 December 2019	Ratio (%)
Within 1 year	779,700,561.44	96.06	434,237,766.80	65.80
1 to 2 years			193,564,638.33	29.33
2 to 3 years				
3 to 4 years				
4 to 5 years			826,296.51	0.13
Over 5 years	31,981,799.93	3.94	31,355,503.42	4.74
Less: provision for bad debts (Expressed in negative)	-322,417,937.75		-401,029,388.68	
Total	489,264,423.62		258,954,816.38	



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(2) *Category of other receivables by nature of amount*

Unit: Yuan Currency: RMB

Nature of amount	31 December 2020	31 December 2019
Amounts due from subsidiaries	778,458,046.46	627,275,765.43
Current accounts	33,224,314.91	32,708,439.63
Less: provision for bad debts (Expressed in negative)	-322,417,937.75	-401,029,388.68
Total	489,264,423.62	258,954,816.38

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	First stage Next 12 months ECL	Second stage	Third stage	Total
		Lifetime ECL (not credit-impairment)	Lifetime ECL (credit-impairment)	
Balance as at 1 January 2020	10,532.79		401,018,855.89	401,029,388.68
Balance as at 1 January 2020 during the period				
- Transferred to Stage 2				
- Transferred to Stage 3				
- Reversed to Stage 2				
- Reversed to Stage 1				
Provision for the current period	14,317.51			14,317.51
Reversal for the period			67,558,843.44	67,558,843.44
Transfer for the period			11,066,925.00	11,066,925.00
Cancellation in current period				
Other changes				
Balance at 31 December 2020	24,850.30		322,393,087.45	322,417,937.75

(4) Provision for bad debts

Unit: Yuan Currency: RMB

Category	31 December 2019	Increase/decrease for the period			31 December 2020
		Provision	Recovery or reversal	Write-off or cancellation	
Provision for bad debts	401,029,388.68	14,317.51	67,558,843.44	11,066,925.00	322,417,937.75
Total	401,029,388.68	14,317.51	67,558,843.44	11,066,925.00	322,417,937.75



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(5) The top five largest other receivables at the end of the period by the balance collected regarding the party in default

Unit: Yuan Currency: RMB

Name	Nature of amount	31 December 2020	Aging	Percentage in the total balance of other receivables at the end of the period (%)	Provision for bad debts Closing balance
Rank 1st	Current accounts	293,274,865.26	Within 1 year	36.13	
Rank 2nd	Current accounts	290,411,287.52	Within 1 year	35.78	290,411,287.52
Rank 3rd	Current accounts	77,262,100.00	Within 1 year	9.52	
Rank 4th	Current accounts	69,108,603.50	Within 1 year	8.51	
Rank 5th	Current accounts	43,598,800.00	Within 1 year	5.37	
Total	/	<u>773,655,656.28</u>	/	<u>95.31</u>	<u>290,411,287.52</u>

3. Long-term equity investment

Unit: Yuan Currency: RMB

Item	31 December 2020			31 December 2019		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investment in subsidiaries	2,000,660,028.53	114,513,390.18	1,886,146,638.35	2,000,660,028.53	114,513,390.18	1,886,146,638.35
Investment in associates and joint ventures						
Total	<u>2,000,660,028.53</u>	<u>114,513,390.18</u>	<u>1,886,146,638.35</u>	<u>2,000,660,028.53</u>	<u>114,513,390.18</u>	<u>1,886,146,638.35</u>

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

3. Long-term equity investment (Continued)

(1) Investment in subsidiaries

Unit: Yuan Currency: RMB

Investee	31 December 2019	Increase for the current period	Decrease for the current period	31 December 2020	Provision for impairment for the current period	Balance of the provision for impairment at the end of the period
Puyang China National Building Materials Photovoltaic Materials Company Limited	240,000,000.00			240,000,000.00		
CLFG Longmen Glass Co., Ltd.	114,513,390.18			114,513,390.18		114,513,390.18
CLFG Longhai Electronic Glass Limited	88,941,425.28			88,941,425.28		
Bengbu China National Building Materials Information Display Material Company Limited	699,545,168.71			699,545,168.71		
CNBM (Hefei) New Energy Company Limited*	375,180,001.59			375,180,001.59		
CNBM (Tongcheng) New Energy Materials Company Limited*	239,788,106.76			239,788,106.76		
CNBM (Yixing) New Energy Resources Company Limited*	242,691,936.01			242,691,936.01		
Total	2,000,660,028.53			2,000,660,028.53		114,513,390.18



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Operating revenue and operating costs

(1) Operating revenue and operating costs

Unit: Yuan Currency: RMB

Item	2020		2019	
	Income	Cost	Income	Cost
Principal operations	205,611,581.87	205,799,401.09	159,376,832.44	159,376,832.45
– Information display glass	205,611,581.87	205,799,401.09	159,376,832.44	159,376,832.45
Other operations	186,572,900.43	184,689,697.06	176,804,995.60	174,300,788.90
– Raw materials and technical services, etc.	186,572,900.43	184,689,697.06	176,804,995.60	174,300,788.90
Total	392,184,482.30	390,489,098.15	336,181,828.04	333,677,621.35

(2) Description of performance obligations

Generally, there is only one performance obligation in the contracts of sales of goods related to sales of glass products to customers by the Company, and the consideration for sales of products is determined according to the fixed price agreed in the sales contract or temporary pricing arrangement. The Company recognises revenue when the control over related goods is transferred to customers.

In addition, the Company carries out businesses by adopting the methods of advance receipt or credit sales according to the credit status of the counterparties.

(3) Explanation on allocation to the remaining performance obligations

Operating revenue for the current period by time of revenue recognition

Timing of revenue recognition	Revenue from principal operations	Revenue from other operations
Recognition at a point of time	205,611,581.87	186,572,900.43
Total	205,611,581.87	186,572,900.43

Notes to the Financial Statements

31 December 2020
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

5. Investment income

Unit: Yuan Currency: RMB

Item	2020	2019
Income from long-term equity investment based on the cost method	54,701,965.76	60,000,000.00
Other	-3,796,425.30	
Total	50,905,540.46	60,000,000.00

XVII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the period

Unit: Yuan Currency: RMB

Item	Amount	Explanation
Profit/loss on disposal of non-current assets	-259,318.91	
Government subsidies (except for the grants which are closely related to the Company's normal business, and have the standard amount or quantities in accordance with the unified national standard) attributable to profit or loss for the period	19,573,163.77	
Included in the profit or loss against the non-financial enterprises funds occupation fee collected	394,509.03	
Reversal of provision made for impairment of receivables and contract assets that are individually tested for impairment	8,903,971.47	
Custody fee income from entrusted operation	1,132,075.49	
Other non-operating income and expenses other than the aforesaid items	1,391,821.75	
Effect of income taxation	-6,084,660.13	
Amount of effect on minority interest	-584,006.05	
Total	24,467,556.42	



XVII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	22.38	0.5930	0.5930
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	20.71	0.5486	0.5486

The calculation form of the return on equity and earnings per share is prepared in accordance with the relevant provisions of Public Issuance of Securities Companies Information Disclosure and Compilation Rules No. 09 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised in 2010) issued by the China Securities Regulatory Commission.

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of the outstanding ordinary shares of the Company as set out in the following table:

Item	Current period	Previous period
Net profit attributable to ordinary shareholders of the Company	327,361,858.49	53,999,883.71
The weighted average number of the outstanding ordinary shares of the Company	552,075,169	559,797,391
Basic earnings per share (RMB/share)	0.5930	0.0965

The weighted average number of ordinary shares is calculated as follows:

Item	Current period	Previous period
Number of ordinary shares issued at the beginning of period	552,396,509	559,797,391
The weighted average number of the outstanding ordinary shares of the Company	552,075,169	559,797,391

During the Reporting Period, the Company does not have dilutive potential ordinary shares, and diluted earnings per share and basic earnings per share are the same.

Section XI Documents Available for Inspection

Documents Available for Inspection	Financial statements signed and sealed by the Legal Representative, the Chief Financial Controller and the Person in charge of Accounting Department.
Documents Available for Inspection	Original copy of the auditors' report stamped by WUYIGE Certified Public Accountants LLP and signed by PRC certified public accountants.
Documents Available for Inspection	All original copies of the Company's documents and the original drafts of the Company's announcements as disclosed in the newspaper designated by the CSRC during the reporting period.

Chairman: **Zhang Chong**

Reporting date as approved by the Board: 30 March 2021

