



洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

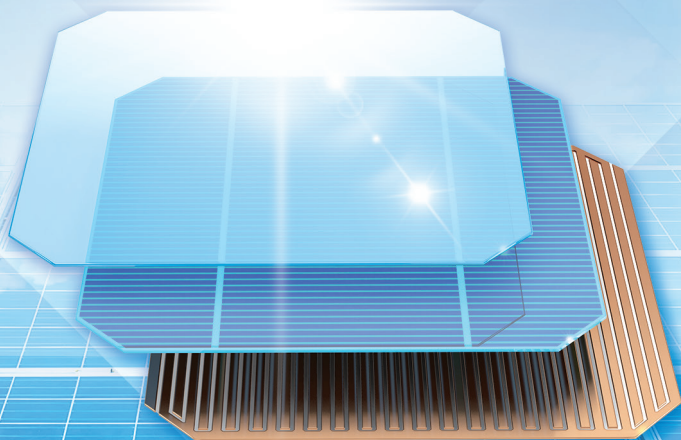
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

H Share Stock Code: 1108

A Share Stock Code: 600876

2021

ANNUAL REPORT



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| | |
|------------------------------------|--|
| 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. |
| | Original copy of the auditors' report stamped by WUYIGE Certified Public Accountants LLP and signed by PRC certified public accountants. |
| | All original copies of the Company's documents and the original drafts of the Company's announcements as publicly disclosed in the newspaper designated by the CSRC during the reporting period. |

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 approved by the Board by resolutions
As considered by WUYIGE Certified Public Accountants LLP, the net profit of the Company for 2021 was RMB218,543,400, together with the undistributed profit RMB-1,362,217,900 at the beginning of the year, the undistributed profit amounted to RMB-1,143,674,500 as at the end of 2021. The Company will not distribute profit or convert capital reserve to the share capital for 2021.
- 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 III. "Management Discussion and Analysis".

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 |
| Luoyang New Energy | CNBM (Luoyang) 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. |
| Huaguang Group | Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. |
| Hefei Gaoxin Investment | Hefei Gaoxin Development and Investment Group Company* |



Section I Definitions

| | |
|---------------------------------|---|
| 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. |
| North Glass | Qinhuangdao North Glass Co., Ltd. |
| Yaohua Group | China Yaohua Glass Group Corporation Co., Ltd. |
| Zigong New Energy | Kaisheng (Zigong) New Energy Co., Ltd. |
| Jinma Investment | Zigong Jinma Industrial Investment Co., Ltd. |
| CNBM Finance Company | China National Building Material Group Finance Co.,Ltd. |
| Taiwan Glass China Holdings | Taiwan Glass China Holdings Co., Ltd. |
| Taiwan Glass (Fujian) | Taiwan Glass (Fujian) Photovoltaic Glass Co., Ltd. |
| Six-indicators | Capacity utilization rate, total yield rate, production- sales ratio, collection rate, comprehensive gross profit margin and comprehensive labor productivity |
| 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") |
| Historical changes of registered address of the Company | Nil |
| 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 and website of the media in which Company discloses its annual reports | China Securities Journal, Shanghai Securities News, Securities Daily |
| Website of the stock exchange in which Company discloses its annual report | 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, Xu Xiaolu |
| Sponsor performing continuous supervision duties during the Reporting Period | Name | CITIC Securities Co., Ltd. |
| | Office address | North Tower, Excellence Times Square (Phase II), No. 8, Zhongxin 3rd Road, Futian District, Shenzhen, Guangdong Province |
| | Signing representative of sponsor | Ling Tao, Ge Weijie |
| | Period of continuous supervision | 2021-8-18 to 2022-12-31 |

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 | 2021 | 2020 | | Increase/ decrease over the same period last year (%) | 2019 |
|---|------------------------------|------------------------------|-------------------|---|------------------------------|
| | | After adjustment | Before adjustment | | |
| Operating income | 3,605,601,992.64 | 3,381,105,357.02 | 3,045,614,913.68 | 6.64 | 1,854,842,208.09 |
| Net profit attributable to shareholders of the listed company | 264,595,142.78 | 372,861,545.19 | 327,361,858.49 | -29.04 | 53,999,883.71 |
| Net profit attributable to shareholders of the listed company after deducting nonrecurring profit or loss | 192,100,059.47 | 302,894,302.07 | 302,894,302.07 | -36.58 | 11,804,391.65 |
| Net cash flow from operating activities | 136,314,148.15 | 470,552,220.97 | 354,080,797.78 | -71.03 | 22,491,988.77 |
| | As at the end of 2021 | As at the end of 2020 | | Increase/ decrease over the same period last year (%) | As at the end of 2019 |
| | | After adjustment | Before adjustment | | |
| Net assets attributable to shareholders of the listed company | 3,843,648,733.57 | 1,767,526,442.24 | 1,626,578,221.81 | 117.46 | 1,299,216,365.32 |
| T total assets | 9,267,756,778.49 | 6,525,929,440.38 | 5,604,575,811.17 | 42.01 | 5,241,039,877.95 |



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 | 2021 | 2020 | | Increase/decrease over the same period last year (%) | 2019 |
|---|-------|------------------|-------------------|---|------|
| | | After adjustment | Before adjustment | | |
| Basic earnings per share (RMB/share) | 0.46 | 0.68 | 0.59 | -32.35 | 0.10 |
| Diluted earnings per share (RMB/share) | 0.46 | 0.68 | 0.59 | -32.35 | 0.10 |
| Basic earnings per share after deducting non-recurring profit and loss (RMB/share) | 0.33 | 0.55 | 0.55 | -40.00 | 0.02 |
| Weighted average return on net assets (%) | 10.63 | 24.32 | 22.38 | Decreased by 13.69 percentage points | 4.24 |
| Weighted average return on net assets after deducting non-recurring profit and loss (%) | 7.93 | 20.88 | 20.71 | Decrease 12.95 percentage points | 0.93 |

VIII. MAJOR QUARTERLY FINANCIAL INDICATORS IN 2021

Unit: Yuan Currency: RMB

| | Q1 (January- March) | Q2 (April-June) | Q3 (July- September) | Q4 (October- December) |
|--|------------------------|-----------------|-------------------------|---------------------------|
| Operating revenue | 852,501,763.96 | 959,956,286.66 | 995,889,670.14 | 797,254,271.88 |
| Net profit attributable to shareholders of the listed company | 149,540,992.21 | 79,162,900.55 | 98,250,192.58 | -62,358,942.56 |
| Net profit attributable to shareholders of the listed company after deducting nonrecurring profit or loss | 136,026,866.05 | 49,665,203.12 | 75,252,762.60 | -68,844,772.30 |
| Net cash flow from operating activities | 168,806,959.61 | 79,033,942.04 | 29,117,275.22 | -140,644,028.72 |

Explanation on the difference between quarterly data and data disclosed in regular reports

During the reporting period, the Company acquired 60% equity interest in North Glass through a business combination under common control, which has been included in the scope of consolidation since August 2021, and adjusted the data by quarter according to the principle of "the reporting entity formed after the merger has been the existence of integration since the ultimate controlling party began to implement control".



Section II Company Profile and Major Financial Indicators

IX. NON-RECURRING ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

| Non-recurring items | 2021 | Note (If applicable) | 2020 | 2019 |
|---|----------------------|----------------------------|---------------|---------------|
| Profit/loss on disposal of non-current assets | -373,666.85 | | -259,318.91 | 11,355,077.66 |
| 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 | 30,067,249.74 | | 19,573,163.77 | 35,456,524.36 |
| 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 | 84,843.06 | | | |
| Enterprise restructuring costs, such as expenditures on staff placement and integration costs | | | | |
| Gain or loss arising from transactions with obviously unfair transaction price in excess of fair value | | | | |
| The current net profit and loss of subsidiary resulting from combination under common control from the beginning of the period to consolidation date | 71,103,489.62 | | 80,076,886.13 | |
| Reversal of provision made for impairment of receivables and contract assets that are individually tested for impairment | 120,000.00 | | 8,903,971.47 | 1,000,000.00 |
| Custody fee income from en-trusted operation | 1,201,257.94 | | 1,132,075.49 | 377,358.52 |
| Other non-operating income and expenses excluding the aforesaid items | 3,244,589.23 | | 1,391,821.75 | -1,710,884.67 |
| Other profit/loss items that meet the definition of non-recurring profit/loss | 689,700.90 | | | |
| Less: Effect of income tax | 4,205,716.59 | | 6,084,660.13 | 4,021,530.45 |
| Effect of minority interests (after tax) | 29,436,663.74 | | 35,161,205.48 | 702,084.87 |
| Total | 72,495,083.31 | | 69,967,243.12 | 42,195,492.06 |



Section II Company Profile and Major Financial Indicators

X. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

| Project Name | Opening balance | Closing balance | Current period changes | Impact on the profit for the period |
|-----------------------|-----------------|-----------------|------------------------|-------------------------------------|
| Receivables financing | 448,697,313.21 | 369,857,635.69 | -78,839,677.52 | 0.00 |
| Total | 448,697,313.21 | 369,857,635.69 | -78,839,677.52 | 0.00 |

XI. 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 Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATIONS

The Group adhered to the guidance of high-quality development, continuously adjusted the structure, accelerated the pace of transformation, focused on the ("Three-Excellence Management") and developmental operation, and strived to promote the operation measures of seeking development, strengthening financing, stimulating innovation, maintaining prices, reducing costs and relieving pressure. The operating results of the Group decreased year-on-year in 2021, due to the influence of dual control over energy consumption, rising raw material prices and fluctuations in the prices of photovoltaic glass.

1. Remarkable Achievements in Development

Focusing on the national goal of "Carbon Peak and Carbon Neutrality", the Company immersed itself in the strategic opportunity period for the development of new energy glass, accelerated the construction of new energy glass projects and enterprise mergers and acquisitions, rapidly expanded the main business and strengthened the development momentum. Hefei New Energy and Tongcheng New Energy investment are about to be ready for the commencement of operation; The construction of the new project of Yixing New Energy packaging materials has commenced; The Luoyang New Energy packaging materials project and the North Glass project are progressing in an orderly manner as planned.

During the reporting period, the Company successfully completed the acquisition of the equity of North Glass acquisition of Zigong New Energy. At the same time, the merger and acquisition of Taiwan Glass (Fujian) is also progressing in an orderly manner.

2. Strong Financing Opens a New Chapter amid Changes

During the reporting period, the Company successfully completed the non- public issuance project and issued 97,134,531 A Shares, raising a total of approximately RMB2 billion. The capital scale of the Company was further expanded, the working capital was correspondingly strengthened, the asset-liability structure was more reasonable, laying a good foundation for the development of the Company.

3. Focusing on Innovation, Improving Quality and Increasing Efficiency

Facing the ever-changing market situation, the Company took technological innovation as the lead, continuously optimized the process and equipment level of each production line, continuously improved the quality of products, and continuously developed new products according to user needs to meet the market demand to the greatest extent. Yixing New Energy successfully commenced mass production of 2258 mm wide plates; Hefei New Energy developed aesthetic components that can fully meet the needs of users. The total yield rate of Longhai Glass repeatedly reached a new high with its quality fully recognized by downstream customers; Bengbu CNBM Information Display further improved the quality of 0.7mm and 0.55mm products through technological research; Puyang CNBM Photovoltaic Materials realized improvement in both quality and yield rate of glass.

In 2021, the Company completed a total of 47 patent applications, including 21 invention patents and 26 utility models, and was authorized 35 patents, including 6 invention patents and 29 utility models. The Company completed R&D investment of RMB157,660,000, stimulating endogenous power continuously.

4. Adjusting Structure and Stabilizing Market

The Company continued to maintain the advantages of 2.0 double-glass production, while increasing the proportion of large-plate glass production; Hefei New Energy increased the proportion of high value-added products such as double-layer coating and aesthetic components; Bengbu CNBM Information Display increased the proportion of end customers.



Section III Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATIONS (CONTINUED)

5. Reducing Costs and Achieving Effective Results

The Company carried out benchmarking criteria for first-class enterprises. The photovoltaic glass segment conducted benchmarking against the "six indicators" to facilitate the significant decrease in costs. The Company saved costs through the Party branch's innovative establishment activities of "increasing, saving and reducing", reduced procurement costs through centralized procurement bidding, implemented cost-saving plans, strictly controlled expenses and optimized financial structure.

6. Reducing and Controlling Risks

The Company's accounts receivable and other receivables for the year significantly decreased; The Company's gearing ratio decreased by 15.10 percentage points to 53.03%.

7. Reform Enhancement and Release of Dynamics

The Company conscientiously implemented the requirements of the three-year action plan for state-owned enterprise reform, formulated the three-year action plan for state-owned enterprise reform. The Company also actively promoted the tenure system and contractual management at the level of managers.

II. INDUSTRIAL PRACTICES OF THE COMPANY DURING THE REPORTING PERIOD

In 2021, the national photovoltaic industry focused on carbon peak and carbon neutrality, seized the development opportunities of the industry, overcame the adverse effects of the repeated global pandemic, severe economic situation, etc., continued to deepen the supply-side structural reform, accelerated the promotion of industrial intelligent innovation and upgrading, and the overall industry operation was improving, achieving a good start of the "14th Five-Year Plan". The whole industry achieved steady growth. The overall supply chain of the national photovoltaic industry chain remained safe and stable. The annual output of polysilicon, wafer, battery and module reached 505,000 tons, 227 GW, 198 GW and 182 GW, respectively, representing a year-on-year increase of 27.5%, 40.6%, 46.9% and 46.1%, respectively (Extracted from market research data of Photovoltaic Industry Association).

As the world accelerates its response to climate change, the demand in the photovoltaic market continues to increase. In 2021, the export of photovoltaic products in China exceeded US\$28.4 billion. The country actively promoted carbon peak and carbon neutrality, accelerated the construction of large-scale photovoltaic power generation bases, continued to implement policies such as the action plan for innovative development of distributed photovoltaic and intelligent photovoltaic in the whole county, and continuously optimized public service platforms such as standards and testing (Extracted from market research data of Photovoltaic Industry Association).

III. BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

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

The new energy glass segment mainly produces photovoltaic original glass and its further processed products. The Company has a diversified photovoltaic glass product portfolio, including glass for 1.6mm-4.0mm series of ultra-white 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. By adopting the direct sale model, products are directly sold to end customers based on product sales contracts or purchasing orders.



Section III Management Discussion and Analysis

III. BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

The information display glass segment mainly produces ultra-thin electronic glass substrate. It is capable of producing 0.12mm–2.0mm series of ultra-thin float glass in large scale. The Company ranks among the leading manufacturers of ultra-thin float glass in China in terms of production capacity as well as product varieties and specifications of ultra-thin electronic glass. The Company's products have passed the ISO9001 quality management system and are able to meet the needs of ITO industry, electronics industry, high-precision instruments and deep processing of glass. The Company adopts both two modes of direct sale and dealer distribution.

IV. 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 ultra-thin 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 ultra-white 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 with stable quality products, thereby meeting the downstream customers' needs for high-quality photovoltaic glass. The Company have built sound cooperative relationship with main photovoltaic component manufacturers.

The strategic layout of the Company has achieved initial success. During the reporting period, the Company successively completed the acquisition of North Glass and Zigong New Energy as well as newly established Luoyang New Energy Company. The number of subsidiaries engaged in new energy business increased to 7, which are located in five provinces, namely Henan, Anhui, Jiangsu, Hebei and Sichuan. The production bases are close to downstream customers or upstream raw materials and fuels bases with reasonable layout and emerging geographical advantages.

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 energy glass area and further diversify its product structure, thus enhancing profitability and overall competitiveness.



Section III Management Discussion and Analysis

V. THE PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, the Company's operating revenue amounted to RMB3,605,601,992.64, representing a year-on-year increase of RMB224,496,635.62; operating profit amounted to RMB362,605,339.31, representing a year-on-year decrease of RMB175,346,199.85; net profit attributable to the shareholders of the Company amounted to RMB264,595,142.78, representing a year-on-year decrease of RMB108,266,402.41; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.46. Gearing ratio was 53.03%, representing a decrease of 15.10 percentage points from 2020.

(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 | 2021 | 2020 | Change (%) |
|--|-------------------|------------------|------------|
| Operating revenue | 3,605,601,992.64 | 3,381,105,357.02 | 6.64 |
| Operating costs | 2,737,305,132.64 | 2,434,391,750.29 | 12.44 |
| Taxes and surcharges | 42,783,319.97 | 38,292,641.71 | 11.73 |
| Selling expenses | 19,304,831.08 | 23,612,460.65 | -18.24 |
| Administrative expenses | 174,899,951.49 | 136,974,104.36 | 27.69 |
| Financial expenses | 125,067,605.00 | 133,676,272.84 | -6.44 |
| Research and development expenses | 154,331,928.64 | 120,749,370.37 | 27.81 |
| Other income | 36,921,816.28 | 55,492,355.91 | -33.47 |
| Investment income | -11,556,042.87 | -9,674,971.70 | -19.44 |
| Impairment losses on credit | -3,402,075.93 | -4,686,523.09 | -27.41 |
| Impairment losses on assets | -10,919,597.80 | 3,671,240.15 | -397.44 |
| Gains on disposal of assets | -347,984.19 | -259,318.91 | -34.19 |
| Non-operating income | 4,698,890.28 | 8,316,068.49 | -43.50 |
| Non-operating expense | 1,502,393.35 | 3,832,215.97 | -60.80 |
| Income tax expenses | 20,635,909.99 | 70,184,963.12 | -70.60 |
| Net cash flow from operating activities | 136,314,148.15 | 470,552,220.97 | -71.03 |
| Net cash flow from investment activities | -1,710,583,296.00 | -253,783,235.99 | 574.03 |
| Net cash flow from financing activities | 2,384,619,268.87 | -218,143,429.16 | 1,193.14 |



Section III Management Discussion and Analysis

V. 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 the scope of consolidation, and an increase in sales volume, resulting in an increase in revenue during the reporting period;

Reasons for changes in operating costs: the increase in the prices of raw materials and fuel materials leading to an increase in costs on one hand, and an increase in sales volume on the other hand.

Reasons for change in selling expenses: a decrease in performance-based remuneration of sales personnel during the reporting period;

Reasons for change in administrative expenses: an increase in the scope of consolidation on the one hand, and an increase in remuneration of management personnel, amortisation of intangible assets and right-of-use assets, as well as intermediary agency fees on the other hand;

Reasons for change in financial expenses: a decrease in finance costs and exchange losses during the reporting period;

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

Reasons for change in other income: a year-on-year decrease in the amount of debt restructuring during the reporting period;

Reasons for change in impairment losses on credit: the expected impairment on credit decreased year-on-year during the reporting period;

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

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

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

Reasons for change in net cash flow from operating activities: the increase in cash outflow from operating activities was higher than the increase in cash inflow from operating activities during the reporting period;

Reasons for change in net cash flow from investment activities: a year-on-year increase in investment cash expenditure during the reporting period;

Reasons for change in net cash flow from financing activities: a year-on-year increase in equity and debt financing during the reporting period.



Section III Management Discussion and Analysis

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

(I) Analysis of principal operating activities (Continued)

2. Analysis of revenue and costs

During the reporting period, the Company recorded revenue of RMB3,605,602,000, representing an increase of 6.64% as compared with that of the same period of last year. The operating costs amounted to RMB2,737,305,100, representing an increase of 12.44% as compared with that of the same period of last year. The higher increase in operating costs was mainly due to the increase in the prices of raw materials and fuel materials leading to an increase in costs on one hand, and an increase in sales volume on the other hand.

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

Unit: Yuan Currency: RMB

| Principal operations by industry | | | | | | |
|----------------------------------|-------------------|------------------|-------------------------|---|---|---|
| By industry | Operating revenue | Operating costs | 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 | 3,596,697,279.68 | 2,730,642,835.57 | 24.08 | 8.06 | 14.22 | Decreased by 4.10 percentage points |

| Principal operations by product | | | | | | |
|---------------------------------|-------------------|------------------|-------------------------|---|---|---|
| By product | Operating revenue | Operating costs | 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 | 390,317,126.62 | 251,437,621.28 | 35.58 | -1.72 | -20.03 | Increased by 14.75 percentage points |
| New energy glass | 2,741,774,527.87 | 2,185,393,030.11 | 20.29 | 7.15 | 22.87 | Decreased by 10.20 percentage points |
| Other functional glass | 464,605,625.19 | 293,812,184.18 | 36.76 | 24.71 | -1.31 | Increased by 16.67 percentage points |

| Principal operations by region | | | | | | |
|---|-------------------|------------------|-------------------------|---|---|---|
| By region | Operating revenue | Operating costs | 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 (%) |
| PRC (excluding Hong Kong, Macau and Taiwan) | 3,389,102,997.82 | 2,594,782,405.73 | 23.44 | 7.10 | 15.63 | Decreased by 5.65 percentage points |
| Other countries and regions | 207,594,281.86 | 135,860,429.84 | 34.55 | 26.45 | -7.39 | Increased by 23.91 percentage points |

| Principal operations by sales model | | | | | | |
|-------------------------------------|-------------------|------------------|-------------------------|---|---|---|
| By sales model | Operating revenue | Operating costs | 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 (%) |
| Direct sales | 2,778,733,366.15 | 2,174,299,333.53 | 21.75 | 1.43 | 11.58 | Decreased by 7.12 percentage points |
| Distribution | 817,963,913.53 | 556,343,502.04 | 31.98 | 38.89 | 25.86 | Increased by 7.03 percentage points |

Section III Management Discussion and Analysis

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

(I) Analysis of principal operating activities (Continued)

2. Analysis of revenue and costs (Continued)

(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 sales volume as compared with last year (%) | Increase/decrease of storage volume as compared with last year (%) |
|---------------------------|----------------------|-------------------|-------------------------------|--------------|----------------|---|--|--|
| Information display glass | '0,000 square meters | 2,717.11 | 0.00 | 2,787.45 | 409.54 | -2.06 | -20.43 | -14.66 |
| New energy glass | '0,000 square meters | 13,576.43 | 899.46 | 12,595.73 | 1,569.44 | 40.22 | 20.52 | 1,123.98 |
| Other functional glass | '0,000 square meters | 1,389.54 | 0.00 | 1,429.90 | 96.79 | 31.27 | 14.29 | -40.94 |

(3) Analytical statement of costs

Unit: Yuan Currency: RMB

| By industry | Component of cost | Amount for current period | By industry | | | | Status Description |
|-----------------------------|------------------------|---------------------------|---|--------------------------------------|--|---|--------------------|
| | | | 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 (%) | Percentage of changes in amount for the current period over the same period last year (%) | |
| New materials-self-produced | Direct materials | 2,064,518,674.27 | 85.82 | 1,748,228,524.34 | 85.54 | 18.09 | |
| | Direct labour | 148,404,383.45 | 6.17 | 119,183,379.13 | 5.83 | 24.52 | |
| | Manufacturing expenses | 192,724,773.14 | 8.01 | 176,468,893.85 | 8.63 | 9.21 | |
| New materials-outsourcing | Material costs | 324,995,004.71 | 100.00 | 346,798,003.46 | 100.00 | -6.29 | |

| By industry | Component of Cost | Amount for current period | By product | | | | Status Description |
|--------------------------------|------------------------|---------------------------|---|--------------------------------------|--|---|--------------------|
| | | | 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 (%) | Percentage of changes in amount for the current period over the same period last year (%) | |
| Information display glass | Direct materials | 157,852,538.64 | 62.78 | 203,385,124.14 | 64.69 | -22.39 | |
| | Direct labour | 33,240,053.53 | 13.22 | 35,495,718.84 | 11.29 | -6.35 | |
| | Manufacturing expenses | 60,345,029.11 | 24.00 | 75,518,792.43 | 24.02 | -20.09 | |
| New energy glass-self-produced | Direct materials | 1,672,497,824.84 | 89.90 | 1,303,480,761.10 | 91.04 | 28.31 | |
| | Direct labour | 89,485,145.02 | 4.81 | 60,993,278.14 | 4.26 | 46.71 | |
| | Manufacturing expenses | 98,415,055.54 | 5.29 | 67,293,053.35 | 4.70 | 46.25 | |
| New energy glass-outsourcing | Material costs | 324,995,004.71 | 100.00 | 346,798,003.46 | 100.00 | -6.29 | |
| Other functional glass | Direct materials | 234,168,310.79 | 79.70 | 241,362,639.10 | 81.07 | -2.98 | |
| | Direct labour | 25,679,184.90 | 8.74 | 22,694,382.15 | 7.62 | 13.15 | |
| | Manufacturing expenses | 33,964,888.49 | 11.56 | 33,657,048.07 | 11.31 | 0.91 | |



Section III Management Discussion and Analysis

V. 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

A. Major sales to customers of the Company

The total amount of sales to the top five customers amounted to RMB1,980,404,500, representing 54.93% of the Group's annual sales. The largest customer accounted for 19.04% of the Group's annual sales.

Among the top five customers, sales were aggregated and calculated based on the principle that CNBM and its subsidiaries, the de facto controllers of the Company, are regarded as the same customer. CNBM is the third largest customer of the Group.

During the reporting period, there was no sales to a single customer that accounted for more than 50% of the total amount, and there was no new customer or significant reliance on a few customers among the top five customers.

B. Major suppliers of the Company

The total amount of purchase from the top five suppliers amounted to RMB913,153,000, representing 35.31% of the Group's annual purchases. The largest supplier accounted for 18.63% of the Group's annual purchases.

Among the top five suppliers, the purchase amount was aggregated and calculated based on the principle that CNBM and its subsidiaries, the de facto controllers of the Company, are regarded as the same supplier. CNBM is the largest supplier of the Group.

During the reporting period, there was no single supplier whose purchase ratio accounted more than 50% of the total amount, and there was no new supplier or significant reliance on a few suppliers among the top five suppliers.



Section III Management Discussion and Analysis

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

(I) Analysis of principal operating activities (Continued)

3. Expenses

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 | Changes (%) | Reasons of changes |
|-------------------------|----------------|----------------|-------------|---|
| Selling expenses | 19,304,831.08 | 23,612,460.65 | -18.24 | Decrease in performance-based remuneration of sales personnel during the reporting period |
| Administration expenses | 174,899,951.49 | 136,974,104.36 | 27.69 | Increase in the scope of consolidation on the one hand, and an increase in remuneration of management personnel, amortisation of intangible assets and right-of-use assets, as well as intermediary agency fees on the other hand during the reporting period |
| Finance expenses | 125,067,605.00 | 133,676,272.84 | -6.44 | Decrease in finance costs and exchange losses during the reporting period |
| R&D expenses | 154,331,928.64 | 120,749,370.37 | 27.81 | Increase in R&D investment during the reporting period |
| Income tax expenses | 20,635,909.99 | 70,184,963.12 | -70.60 | Year-on-year decrease in taxable income during the reporting period |

4. R&D expenditures

(1) R&D expenditures

Unit: Yuan Currency: RMB

| | |
|--|----------------|
| Expensed R&D expenditure in current period | 140,274,706.27 |
| Capitalized R&D expenditure in current period | 17,385,469.27 |
| Total of R&D expenditure | 157,660,175.54 |
| Percentage of total R&D expenditure to operating revenue (%) | 4.37 |
| Proportion of capitalization of R&D investment (%) | 11.03 |

(2) R&D staff

Unit: Yuan Currency: RMB

| | |
|---|--------|
| Number of the Company's R&D staff | 491 |
| Percentage of R&D staff number to the Company's total number of employees (%) | 13.11% |
| Education background of R&D staff | |
| Degree | Number |
| Doctor's degree | 0 |
| Postgraduate | 8 |
| Undergraduate | 114 |
| Associate | 209 |
| High school and below | 160 |
| Age Structure of R&D staff | |
| Age | Number |
| Below 30 (exclusive) | 118 |
| 30-40 years old (including 30 years old, excluding 40 years old) | 170 |
| 40-50 years old (including 40 years old, excluding 50 years old) | 108 |
| 50-60 years old (including 50 years old, excluding 60 years old) | 92 |
| 60 years old and above | 3 |



Section III Management Discussion and Analysis

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

(I) Analysis of principal operating activities (Continued)

5. Cash flow

- (1) The net cash flow from operating activities amounted to RMB136,314,100, representing a decrease of RMB334,238,100 as compared with RMB470,552,200 for the same period of last year, this was mainly due to the fact that the increase in cash outflow from operating activities was higher than the increase in cash inflow from operating activities during the reporting period;
- (2) The net cash outflow from investing activities amounted to RMB1,710,583,300, representing an increase of RMB1,456,800,100 as compared with the net outflow of RMB253,783,200 for the same period of last year, mainly due to the year-on-year increase in cash expenditure on investment in fixed assets as a result of the increase in construction projects during the reporting period;
- (3) The net cash inflow from financing activities amounted to RMB2,384,619,300, representing an increase of RMB2,602,762,700 in the net inflow as compared with the net outflow of RMB218,143,400 for the same period of last year, which was mainly due to the year-on-year increase in net proceeds from non-public issuance of securities and borrowings during the reporting period.



Section III Management Discussion and Analysis

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

(II) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | Percentage of closing balance of current period over the total assets (%) | 31 December 2020 | 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 |
|-------------------------------|---------------------|--|---------------------|--|--|---|
| Monetary funds | 1,116,571,580.99 | 12.05 | 338,338,105.37 | 5.18 | 230.02 | due to the balance of proceeds included during the reporting period |
| Notes receivable | 204,999,510.62 | 2.21 | 102,441,393.68 | 1.57 | 100.11 | due to the increase in commercial acceptance notes received during the reporting period |
| Accounts receivable | 438,504,721.48 | 4.73 | 641,954,362.17 | 9.84 | -31.69 | due to the increase in the collection of receivables by the Company during the reporting period |
| Other receivables | 35,054,042.55 | 0.38 | 553,839,445.64 | 8.49 | -93.67 | due to the increase in efforts to clear debts during the reporting period |
| Inventories | 686,161,229.71 | 7.40 | 307,898,221.12 | 4.72 | 122.85 | due to the expansion of PV glass production capacity of the Company during the reporting period |
| Other current assets | 190,034,599.15 | 2.05 | 60,748,621.82 | 0.93 | 212.82 | due to the increase in tax to be deducted at the end of the reporting period |
| Construction in progress | 1,420,340,092.86 | 15.33 | 83,910,682.05 | 1.29 | 1592.68 | due to the increase in projects in progress of subsidiaries during the reporting period |
| Intangible assets | 644,275,347.55 | 6.95 | 453,958,149.23 | 6.96 | 41.92 | due to the increase in acquisition of new project land during the reporting period |
| Deferred income tax assets | 16,986,021.11 | 0.18 | 10,466,272.12 | 0.16 | 62.29 | due to the increase in deductible temporary differences during the reporting period |
| Other non-current assets | 185,935,267.61 | 2.01 | 33,523,206.41 | 0.51 | 454.65 | due to the increase in prepayments for construction and equipment during the reporting period |
| Accounts payable | 645,516,087.58 | 6.97 | 473,725,797.02 | 7.26 | 36.26 | due to the increase in payables to suppliers as a result of the increase in procurement scale during the reporting period |
| Employee compensation payable | 60,667,607.28 | 0.65 | 44,039,082.77 | 0.67 | 37.76 | due to the increase in the number of employees as a result of expansion of production capacity of the Company during the reporting period |
| Taxes payable | 13,688,263.71 | 0.15 | 116,499,806.65 | 1.79 | -88.25 | due to the decrease in taxable income during the reporting period |
| Other current liabilities | 20,064,405.18 | 0.22 | 7,654,980.24 | 0.12 | 162.11 | due to the increase in undue commercial bills endorsed at the end of the reporting period |
| Long-term borrowings | 1,032,800,000.00 | 11.14 | 640,530,047.96 | 9.82 | 61.24 | due to the increase in bank borrowings during the reporting period |



Section III Management Discussion and Analysis

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

(II) Analysis of assets and liabilities

1. Assets and liabilities

Other remarks

(1) Capital liquidity

As at 31 December 2021, the Group's liquidity ratio was 0.85 (31 December 2020: 0.71) and quick ratio was 0.58 (31 December 2020: 0.57). The turnover rate of accounts receivable for the year was 5.50 times (2020: 4.67 times); and the turnover rate of inventory was 5.17 times (2020: 7.61 times).

(2) Financial resources

As at 31 December 2021, the Group's cash and cash equivalents amounted to RMB961,479,236.37, including 98.24% denominated in RMB and 1.76% denominated in US\$ and other foreign currencies.

As at 31 December 2021, the Group's borrowings from financial institutions amounted to RMB2,615,677,350.77 (31 December 2020: RMB2,267,829,485.92), including short-term loans amounting to RMB1,326,709,864.27 (31 December 2020: RMB1,278,414,071.56) and long-term loans amounting to RMB1,288,967,486.50 (31 December 2020: RMB989,415,414.36).

(3) Capital structure

As at 31 December 2021, the Group's current liabilities amounted to RMB 3,724,201,381.66 (31 December 2020: RMB3,655,626,917.42), representing an increase of 1.88% from 2020; non-current liabilities amounted to RMB1,190,838,553.88 (31 December 2020: RMB790,346,834.62), representing an increase of 50.67% from the end of 2020; and equity attributable to shareholders of the Company amounted to RMB 3,843,648,733.57 (31 December 2020: RMB1,767,526,442.24), representing an increase of 117.46% from 2020.

As at 31 December 2021, the Group's gearing ratio, (total assets divided by total liabilities) was 53.03% (31 December 2020: 68.13%).



Section III Management Discussion and Analysis

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

(II) 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 | 155,092,344.62 | Deposits |
| Closing balance | 119,233,770.63 | Notes pledge |
| Fixed assets | 395,441,301.93 | Mortgage |
| Intangible assets | 76,851,952.27 | Mortgage |
| Construction in progress | 29,437,896.38 | Mortgage |
| Total | 776,057,265.83 | |

(III) Analysis on industry operating information

In 2021, the newly PV grid connection installation capacity in China was 54.88GW, representing a year-on-year increase of 13.9%. The cumulative PV grid-connected installed capacity reached 308GW, and the new and cumulative installed capacity of PVs continued to remain the first in the world. The annual photovoltaic power generation was 325.9 billion kWh, representing a year-on-year increase of 25.1%, accounting for approximately 4.0% of China's total power generation for the whole year. It is expected that the newly installed photovoltaic capacity will exceed 75GW in 2022, and the cumulative installed capacity is expected to reach approximately 383GW. (Extracted from the "China PV Industry Development Roadmap (2021)")

(IV) Analysis of investment

1. Material equity investments

- On 21 July 2021, as considered and approved at the 2021 third extraordinary general meeting of the Company, the Company acquired 60% equity interest in North Glass. In August 2021, North Glass completed the industrial and commercial change and became a holding subsidiary of the Company.
- On 18 March 2021, as considered and approved at the thirty-eighth meeting of the ninth session of the Board of the Company, the Company made capital injection in Zigong New Energy. Upon completion of the capital injection, the Company will hold 60% equity interests in Zigong New Energy. In September 2021, Zigong New Energy completed the industrial and commercial change and became a holding subsidiary of the Company.
- As approved at the forty-first meeting of the ninth session of the Board, the Company contributed cash to establish a wholly-owned subsidiary, Luoyang New Energy. On 18 November 2021, Luoyang New Energy completed the industrial and commercial registration.



Section III Management Discussion and Analysis

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

(V) Analysis of major controlled and investee companies

Unit: Yuan Currency: RMB

| 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 | 100,851,123.42 | -501,103,013.14 | 726,188.35 |
| CLFG Longhai Electronic Glass Co., Ltd. | New materials | Information display glass | 100,000,000 | 483,195,042.59 | 185,178,012.56 | 46,604,975.55 |
| Bengbu CNBM Information Display Materials Co., Ltd. | New materials | Information display glass | 632,764,300 | 814,902,021.88 | 780,367,563.85 | 7,446,742.31 |
| CNBM (Puyang) Photoelectric Material Co., Ltd. | New materials | New energy glass | 240,000,000 | 777,426,595.21 | 280,994,931.20 | 33,791,348.23 |
| CNBM (Hefei) New Energy Co., Ltd. | New materials | New energy glass | 868,000,000 | 2,272,590,335.70 | 1,042,899,040.50 | 64,445,441.59 |
| CNBM (Tongcheng) New Energy Materials Co., Ltd. | New materials | New energy glass | 933,388,980 | 2,042,536,611.03 | 1,087,871,632.45 | 30,208,819.60 |
| CNBM (Yixing) New Energy Resources Co., Ltd. | New materials | New energy glass | 313,700,000 | 1,430,886,495.11 | 537,024,318.08 | 94,025,729.27 |
| Qinhuangdao North Glass Co., Ltd. | New materials | Other functional glass | 643,903,700 | 617,891,379.18 | 372,505,203.96 | 124,444,273.96 |
| Kaisheng (Zigong) New Energy Co., Ltd. | New materials | New energy glass | 500,000,000 | 960,489,843.67 | 510,688,182.81 | 3,137,797.15 |
| CNBM (Luoyang) New Energy Co., Ltd. | New materials | New energy glass | 800,000,000 | 80,200,266.66 | 80,085,671.69 | 85,671.69 |



Section III Management Discussion and Analysis

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

(VI) Five-year financial highlight

The operating results, assets and liabilities of the Group for the five years ended 31 December 2021:

Operating results

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------------|------------------|------------------|------------------|------------------|
| Operating income | 3,605,601,992.64 | 3,381,105,357.02 | 1,854,842,208.09 | 1,402,748,187.74 | 1,502,152,910.64 |
| Total profit | 365,801,836.24 | 542,435,391.68 | 86,805,383.78 | 32,146,544.91 | 132,789,587.47 |
| Income tax | 20,635,909.99 | 70,184,963.12 | 18,203,965.20 | 8,960,304.34 | 27,701,698.70 |
| Net profit | 345,165,926.25 | 472,250,428.56 | 68,601,418.58 | 23,186,240.57 | 105,087,888.77 |
| Net profit attributable to the owners of the parent company | 264,595,142.78 | 372,861,545.19 | 53,999,883.71 | 15,645,310.47 | 87,672,262.83 |
| Minority interests | 80,570,783.47 | 99,388,883.37 | 14,601,534.87 | 7,540,930.10 | 17,415,625.94 |

Assets and liabilities

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|------------------|------------------|------------------|
| Monetary funds | 1,116,571,580.99 | 338,338,105.37 | 432,871,497.66 | 276,132,689.62 | 204,245,757.54 |
| Inventory | 686,161,229.71 | 307,898,221.12 | 281,882,687.59 | 245,395,799.98 | 180,924,918.81 |
| Fixed assets | 3,752,537,037.23 | 3,245,484,257.44 | 2,343,435,561.00 | 1,915,114,403.91 | 1,766,535,573.58 |
| Construction in progress | 1,420,340,092.86 | 83,910,682.05 | 603,637,921.26 | 680,485,100.59 | 282,234,935.76 |
| Non-current assets | 6,099,121,339.30 | 3,913,977,604.59 | 3,421,335,462.33 | 3,038,792,641.97 | 2,437,724,816.09 |
| Current liabilities | 3,724,201,381.66 | 3,655,626,917.42 | 3,176,527,786.58 | 2,530,476,027.00 | 2,173,272,699.98 |
| Non-current liabilities | 1,190,838,553.88 | 790,346,834.62 | 650,569,574.58 | 628,364,792.15 | 478,990,428.91 |
| Share capital | 645,674,963.00 | 548,540,432.00 | 552,396,509.00 | 559,797,391.00 | 526,766,875.00 |
| Equity attributable to owners of the Parent Company | 3,843,648,733.57 | 1,767,526,442.24 | 1,299,216,365.32 | 1,245,216,484.61 | 1,131,687,647.58 |
| Minority interests | 509,068,109.38 | 312,429,246.10 | 114,726,151.47 | 100,124,616.60 | 214,501,306.52 |



Section III Management Discussion and Analysis

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

(VII) Others

1. *Gearing ratio*

As at the end of the reporting period, the gearing ratio was 53.03%, down by 15.10 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, 35 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.

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 RMB5,872,081.93.

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 2021, the accumulated loss of the Company was RMB645,627,731.05.

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 III Management Discussion and Analysis

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

(I) Industry landscape and Trend

From the industry perspective, “14th Five-year Plan” is the key and window period for China to achieve carbon peak. The long-term growth potential of the photovoltaic industry under the “dual carbon” goal will be further enhanced. New energy will start rapid development in 2022. It is expected that by the end of the “14th Five-year Plan” period, the total installed capacity of photovoltaic + wind power in China will reach 1200GW, and the average annual net installed capacity of photovoltaic and wind power will reach 114GW. For ultra-white rolled glass, the technology and equipment for production of wide-plate with large size has started to be constructed and used in the new production line, which will play a role in 2022; the crystalline silicon double-glass battery module technology has gradually matured, making technical preparations for future double-sided modules; the “ultra-large board”, “thin” and “double-glass” will continue to increase, and the market share will gradually increase. In 2022, the industry’s production capacity expanded rapidly, and PV glass may face the pressure of nominal overcapacity.

(II) Development strategy

The Company actively responded to the national dual-carbon policy, guided by the new energy market, expanded the application fields and optimized the product structure; supported by technological innovation, continuously improved the production process level and equipment level of relevant products, gave full play to the Company’s advantages in ultra-thin glass production technology, led the development trend of thin-type glass in the industry, thus to promote the low-carbon development of the industry to an industrial group of key new energy materials, which will provide positive contributions to the national green development.

(III) Operating Plan

In 2022, the Company will seize the strategic opportunities for the development of the new energy industry, maintain its confidence and determination, seek development in opportunities, consolidate the scale of its main business, and strive to achieve growth in both revenue and profit for the year.

1. Adhere to benchmarking and promoting management. With the implementation of “streamlined, refined and lean management” as the starting point, the Company will carry out the “Six Rates” benchmarking, continue to optimise the benchmarking indicator system, firmly importance of gross profit margin, to achieve effective leading, find the shortcomings, make up the shortcomings, reduce the cost, promote the further improvement of management, and further improve the performance.
2. Adhere to innovation and promoting quality. Innovation is the source of power for enterprise development. We will continue to adhere to technological innovation and product innovation, stimulate endogenous power, organise the production of high value-added, high-quality and high-tech products, and enhance the core competitiveness of the enterprise.
3. Adhere to operation and promoting efficiency. Adhering to the business concept of “Price-Cost-Profit” and following the principle of “benefits first, efficiency first”, the Company will enhance market research and judgment, strengthen marketing, respond to market demand, adopt differentiated business strategies, continue to transform into ultra-thin or large-scale products and play a leading role in the industry.
4. Adhere to focusing on capital and facilitating the maintenance of market value. The Company will strengthen the standardized operation of listed companies, accelerate the pace of merger and acquisition and integration, consolidate the scale of the principal business of new energy, make good use of the dual-carbon policy, promote the Company’s development strategy, and enhance the Company’s market value to a new level.
5. Adhere to innovation and promoting quality. Adhere to focusing on projects and promoting development. Preparing for the commencement of operation of completed projects; the projects to be constructed will be steadily advanced to further consolidate the scale of the principal business of new energy.
6. Adhere to reform and promoting incentives. The Company will make good use of the platform of a listed company and actively promote medium and long-term incentives; further improve the internal incentive mechanism and the performance assessment mechanism. We will strengthen the construction of staff team, put into effect the implementation plan for the cultivation and development of reserve cadres, and provide a growth platform for young talents with both integrity and capability.



Section III Management Discussion and Analysis

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

(IV) Potential risks

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

The industry risk is mainly reflected in the relaxation of the policy restrictions on PV glass capacity replacement, and the further enhancement of the long-term growth potential of the PV industry under the “dual carbon” goal. Since 2021, the PV glass industry has entered the stage of accelerated production capacity deployment, and the PV glass industry has started the centralized production expansion trend, and the industry’s production capacity has increased significantly, which increased the risk of overcapacity in the market.

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 develop to strive to become the industry leader.

(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, 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 III Management Discussion and Analysis

VII. 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

The Company did not repurchase, sell or redeem any its shares during the reporting period.

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.

8. Interests of Directors and Supervisors in Significant Transactions, Arrangement or Contracts

During the Reporting Period, none of the Directors or Supervisors of the Company or their connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party.



Section IV 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.

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 are clearly divided into two different positions. Their duties are clearly divided and specified in the Articles of Association, and are held by different persons. The General Manager had the right to conduct business management over each subsidiary and functional department, and was responsible for daily operation and business activities of the Company.



Section IV Corporate Governance

I. INTRODUCTION OF CORPORATE GOVERNANCE (CONTINUED)

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 duly disclose regular reports, provisional announcements and important matters and disclose information to its investors in an authentic, accurate, complete, timely and faire manner. The level of information disclosure was continued to be improved, together with improved transparency and standardization.

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.

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 IV 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.

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 IV Corporate Governance

II. SPECIFIC MEASURES TAKEN BY THE COMPANY'S CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS ADOPTED TO AFFECT THE INDEPENDENCE OF THE COMPANY

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.

III. INTRODUCTION OF GENERAL MEETINGS

| Session | Date of convening | Inquiry index on the website on which the resolutions are publicized | Date of disclosure | Resolutions |
|--|-------------------|--|--------------------|---|
| 2021 First Extraordinary General Meeting | 9 February 2021 | http://www.sse.com.cn , http://www.hkexnews.hk | 9 February 2021 | 1. To consider and approve the resolution on the amendments to the Articles of Association; 2. To consider and approve the terms and conditions of the Sale and Purchase of Glass Products Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; 3. To consider and approve the terms and conditions of the Sale and Purchase of Raw Materials Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; 4. To consider and approve the terms and conditions of the Technical Services Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; 5. To consider and approve the terms and conditions of the Engineering Construction Equipment Procurement and Installation Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; 6. To consider and approve the terms and conditions of the Sale and Purchase of Spare Parts Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; 7. To consider and approve the terms and conditions of the Sale and Purchase of Products Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; 8. To consider and approve the terms and conditions of the Financial Services Framework Agreement, its proposed annual caps, the transactions contemplated thereunder and the implementation thereof; Resolution on approving and confirming the execution of continuing connected transaction framework agreement and its implementation by any Director on behalf of the Company; 9. Resolution on the change of business term of business license of the Company; 10. Resolution on the amendments to the Rules of Procedure for General Meetings of the Company. |



Section IV Corporate Governance

III. INTRODUCTION OF GENERAL MEETINGS (CONTINUED)

| Session | Date of convening | Inquiry index on the website on which the resolutions are publicized | Date of disclosure | Resolutions |
|---|-------------------|--|--------------------|---|
| 2021 Second Extraordinary General Meeting, 2021 First A Share Class Meeting and 2021 First H Share Class Meeting of Luoyang Glass Company Limited | 12 March 2021 | http://www.sse.com.cn , http://www.hkexnews.hk | 12 March 2021 | 1. To consider and approve the resolution on the Company's compliance with the conditions for the 2020 Non-public Issuance of A Shares; 2. To consider and approve the resolution in relation to the 2020 Non-public Issuance of A Shares of the Company; 3. To consider and approve the resolution in relation to the plan for the non-public issuance of A shares of the Company for 2020 (revised); 4. To consider and approve the resolution on the feasibility analysis report on the use of proceeds from the 2020 Non-public Issuance of A Shares of the Company; 5. To consider and approve the resolution in relation to the conditional Non-public Issuance of A Shares Subscription Agreement and the Supplemental Agreement to the Conditional Non-public Issuance of A Shares Subscription Agreement entered into between the Company and Triumph Technology Group; 6. To consider and approve the resolution on the related party transactions involved in the non-public issuance of A shares of the Company; 7. To consider and approve the resolution in relation to the dilution of current returns by the non-public issuance of A shares of the Company, remedial measures and undertakings by relevant entities; 8. To consider and approve the resolution in relation to the submission to the Company to consider and approve the application by Triumph Technology Group Company Limited and parties acting in concert with it to waive the general offer obligation of the A Shares triggered by the Proposed Triumph Technology Group Company Limited Subscription and the Proposed Non-public A Shares Issue in accordance with the relevant laws and regulations of the PRC; 9. To consider and approve the resolution on the Shareholders' Return Plan for the Next Three Years (2021-2023) of the Company; 10. To consider and approve the resolution in relation to the grant of the Specific Mandate to the Board to issue additional A Shares and the authorisation to the Board and its authorised persons to handle all matters relating to the Non-public Issuance of A Shares at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company; 11. To consider and approve the resolution on the Report on the Use of Previously Raised Funds; 12. To consider and approve the resolution on the provision of guarantee for subsidiaries in 2021. |
| 2020 Annual General Meeting | 28 June 2021 | http://www.sse.com.cn , http://www.hkexnews.hk | 28 June 2021 | 1. To consider and approve the working report of the Board of the Company for the year 2020; 2. To consider and approve the working report of the supervisory committee of the Company for the year 2020; 3. To consider and approve the final accounts report of the Company for the year 2020; 4. To consider and approve the Company's annual report 2020 and its summary; 5. To consider and approve the profit distribution plan for the year 2020; 6. To consider and approve the financial budget report of the Company for the year 2021; 7. To consider and approve the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2021 with total auditing fee of RMB1.56 million in aggregate and, in case of material changes in volume of audit work for the year 2021, authorization to the Board of the Company for determining its remunerations according to the actual audit workload by then; 8. To consider and approve the resolution on the use of previous proceeds; 9. To consider and approve the resolution in relation to the acquisition of 60% equity interest in Qinhuangdao North Glass Co., Ltd. by the Company and the transactions contemplated thereunder; 10. To consider and approve the resolution in relation to the authorisation to the board of directors of the Company to handle all matters relating to the acquisition of 60% equity interest in Qinhuangdao North Glass Co., Ltd. and the transactions thereunder. |



Section IV Corporate Governance

III. INTRODUCTION OF GENERAL MEETINGS (CONTINUED)

| Session | Date of convening | Inquiry index on the website on which the resolutions are publicized | Date of disclosure | Resolutions |
|---|-------------------|--|--------------------|---|
| 2021 Third Extraordinary General Meeting | 21 July 2021 | http://www.sse.com.cn , http://www.hkexnews.hk | 21 July 2021 | 1. To consider and approve the resolution in relation to the acquisition of 60% equity interest in Qinhuangdao North Glass Co., Ltd. by the Company and the transactions contemplated thereunder; 2. To consider and approve the resolution in relation to the authorisation to the board of directors of the Company to handle all matters relating to the acquisition of 60% equity interest in Qinhuangdao North Glass Co., Ltd. and the transactions thereunder. |
| 2021 fourth Extraordinary General Meeting | 18 October 2021 | http://www.sse.com.cn , http://www.hkexnews.hk | 18 October 2021 | 1. To consider and approve the resolution in relation to the proposed amendments to the Articles of Association; to consider and approve the resolution in relation to the amendments to the Rules of Procedure for General Meetings of the Company; 2. to consider and approve the resolution on capital increase in CNBM (Hefei) New Energy Company Limited* (中建材(合肥) 新能源有限公司); 3. To consider and approve the resolution in relation to the capital increase in CNBM (Tongcheng) New Energy Materials Company Limited. (中國建材桐城新能源材料有限公司). |
| 2021 fifth Extraordinary General Meeting | 22 December 2021 | http://www.sse.com.cn , http://www.hkexnews.hk | 22 December 2021 | 1. To consider and approve the resolution in relation to the investment and construction of solar photovoltaic cell packaging materials project of CNBM (Luoyang) New Energy Company Limited by the Company; 2. To consider and approve the investment in the construction of solar photovoltaic cell packaging materials project by Qinhuangdao North Glass Co., Ltd., a controlling subsidiary of the Company; 3. To consider and approve the resolution in relation to the appointment of Ms. Tang Jie as a supervisor of the ninth session of the Supervisory Committee of the Company. |



Section IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(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 beginning 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 (RMB'000) | Whether received remuneration from the Company's related parties or not |
|---------------|--|--------|-----|---------------------------------|-------------------------------|--|--|---|-------------------|---|---|
| | | | | | | | | | | (RMB'000) | or not |
| Zhang Chong | Chairman | Male | 59 | 2015-12-24 | 2022-03-03 | 0 | 0 | 0 | Nil | 0 | Y |
| Xie Jun | Vice chairman | Male | 56 | 2015-12-24 | 2022-03-03 | 0 | 0 | 0 | Nil | 0 | Y |
| Ma Yan | Executive director | Male | 51 | 2015-12-23 | 2022-03-03 | 0 | 0 | 0 | Nil | 85 | N |
| | Financial executive | | | 2016-05-06 | - | | | | | | |
| | General Manager | | | 2018-11-21 | - | | | | | | |
| Wang Guoqiang | Executive director | Male | 53 | 2015-12-23 | 2022-03-03 | 0 | 0 | 0 | Nil | 80 | N |
| | Vice general manager | | | | | | | | | | |
| Zhang Rong | Vice general manager | Male | 48 | 2018-11-21 | - | 0 | 0 | 0 | Nil | 61.22 | Y |
| | Executive director | | | 2019-03-04 | 2022-03-03 | | | | | | |
| Ren Hongcan | Non-executive director | Male | 58 | 2019-03-04 | 2022-03-03 | 0 | 0 | 0 | Nil | 0 | Y |
| Chen Yong | Non-executive director | Male | 50 | 2019-03-04 | 2022-03-03 | 0 | 0 | 0 | Nil | 0 | Y |
| Jin Zhanping | Independent director | Male | 58 | 2014-06-03 | 2020-06-02 | 0 | 0 | 0 | Nil | 0 | N |
| He Baofeng | Independent director | Male | 49 | 2015-12-23 | 2022-03-03 | 0 | 0 | 0 | Nil | 6 | N |
| Ye Shuhua | Independent director | Male | 61 | 2015-12-23 | 2022-03-03 | 0 | 0 | 0 | Nil | 6 | N |
| Zhang Yajuan | Independent director | Female | 48 | 2019-03-04 | 2022-03-03 | 0 | 0 | 0 | Nil | 6 | N |
| Ren Zhenduo | Former chairman of the Supervisory Committee | Male | 57 | 2019-03-04 | 2021-11-26 | 0 | 0 | 0 | Nil | 0 | Y |
| Tang Jie | Chairman of the Supervisory Committee | Female | 54 | 2021-12-22 | 2022-03-03 | 0 | 0 | 0 | Nil | 0 | Y |
| Li Wenge | Supervisor | Male | 56 | 2019-03-04 | 2022-03-03 | 0 | 0 | 0 | Nil | 50 | N |
| Wang Jian | Employee supervisor | Male | 46 | 2010-05-26 | 2022-03-03 | 0 | 0 | 0 | Nil | 32 | N |
| Ma Jiankang | Employee supervisor | Male | 57 | 2012-12-17 | 2022-03-03 | 0 | 0 | 0 | Nil | 22 | N |
| Qiu Mingwei | Supervisor | Male | 50 | 2015-12-23 | 2022-03-03 | 0 | 0 | 0 | Nil | 3 | N |
| Yan Mei | Supervisor | Female | 59 | 2015-12-23 | 2022-03-03 | 0 | 0 | 0 | Nil | 3 | N |
| Liu Yuquan | Vice general manager | Male | 54 | 2015-12-24 | - | 0 | 0 | 0 | Nil | 65 | N |
| Yang Bornin | Vice general manager | Male | 55 | 2018-11-21 | - | 0 | 0 | 0 | Nil | 70 | N |
| Wu Zhixin | Secretary to the Board | Female | 55 | 2014-05-20 | - | 0 | 0 | 0 | Nil | 56 | N |
| Ip Pui Sum | Company secretary | Male | 62 | 2008-08-06 | - | 0 | 0 | 0 | Nil | 11.65 | N |
| Total | / | / | / | / | / | 0 | 0 | 0 | / | 556.87 | / |



Section IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (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 general manager and chief engineer of Bengbu Institute and the chairman 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 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 deputy secretary of the party committee, a director, general manager and general engineer of CLFG. Mr. Xie had served as the secretary of party committee and deputy general manager of the Company, the party secretary and general manager of Chenzhou Bada Glass Co., Ltd. (郴州八達玻璃有限公司), a party secretary and general manager of the glass processing company of CLFG, 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 general manager of Chengdu Zhongguangdian Technology Co., Ltd.*, etc. |
| Ma Yan | an accountant with a bachelor's degree, an Executive Director, 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 a deputy general manager 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, an executive director, general manager and party secretary of Longhai Glass. |
| 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 chairman and general manager of North Glass, the chairman and general manager of Zigong New Energy, an executive director of Hefei New Energy and Tongcheng New Energy, and an assistant to the president of International Engineering. 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 general manager and deputy executive 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 IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (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 partner of Henan Qianwen Law Firm, a director of , 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 former 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. |
| Tang Jie | a holder of associate degree, a senior statistician and the chairman of the Supervisory Committee of the Company. He is currently the chief financial officer of CLFG. He was the general manager of the finance department of CLFG and the chief financial officer of Luoyang Luobo Logistics Company Limited. |
| 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. |
| 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. |



Section IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (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 |
|------------|--|
| 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. |

Other explanation

- (1) Save as disclosed above, as at 31 December 2021, 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 2021, 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.



Section IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(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 | Deputy general manager | February 2021 | - |
| Ren Hongcan | Bengbu Institute | Vice general engineer | October 2018 | - |
| Chen Yong | Bengbu Institute | Vice dean, chief accountant | December 2014 | - |
| Chen Yong | Huaguang Group | General manager, secretary of party committee, chairman | June 2020 | - |
| Tang Jie | CLFG | Chief financial officer | September 2018 | - |

Explanation of positions in shareholder entities:

Nil



Section IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

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

(I) Positions in shareholder entities (Continued)

| 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. | Chairman | June 2020 | - |
| | 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 | - |
| | Huarong Rongda Futures Co., Ltd. | Director | May 2020 | - |
| | Central Plains Environment Protection Co., Ltd. | Independent director | April 2017 | - |
| | Zhengzhou Kaixue Cold Chain Co., Ltd | Independent director | June 2016 | - |
| He Baofeng | 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 | - |

Explanation of positions in shareholder entities:

Nil



Section IV Corporate Governance

IV. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(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

RMB5,568,700

(IV) Changes in Directors, Supervisors and senior management

| Name | Position | Changes | Reasons for changes |
|-------------|---|-------------|--|
| Ren Zhenduo | Supervisor, Chairman of the Supervisory Committee | Resignation | Work adjustment |
| Tang Jie | Supervisor, Chairman of the Supervisory Committee | Appointment | Newly elected as the Chairman of the Supervisory Committee |



Section IV Corporate Governance

V. MEETINGS OF BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD

| Session | Date | Resolutions made at the meeting |
|------------------|-----------------|---|
| The 24th meeting | 13 January 2021 | Considered and approved the resolution in relation to the further postponement of convening the extraordinary general meeting. |
| The 25th meeting | 20 January 2021 | 1. Considered and approved the resolution in relation to the plan for the 2020 non-public issuance of A shares of the Company; 2. Considered and approved the resolution in relation to the Proposal for the 2020 Non-public Issuance of A Shares of the Company (Revised); 3. considered and approved the resolution in relation to the Supplemental Agreement to the Conditional Subscription Agreement on the Non-public Issuance of A shares entered into between the Company and Triumph Science & Technology Co., Ltd.; 4. considered and approved the resolution in relation to the proposal to the Company to consider and approve the application for the waiver in respect of the general offer obligation over the A shares by Triumph Science & Technology Co., Ltd. and parties acting in concert with it to be triggered as a result of the proposed Triumph Science & Technology Co., Ltd. subscription and the proposed non-public issuance of A shares under the relevant laws and regulations in the PRC; 5. considered and approved the resolution in relation to the Financial Services Framework Agreement entered into between the Company and Triumph Science & Technology Co., Ltd.; 6. Considered and approved the resolution in relation to the Company's application for bank credit; 7. Considered and approved the resolution in relation to the provision of guarantees to the subsidiaries of the Company in 2021. |
| The 26th meeting | 22 January 2021 | Considered and approved the resolution in relation to the further postponement of convening the extraordinary general meeting. |
| The 27th meeting | 28 January 2021 | Considered and approved the resolution in relation to the issuance of profit warning announcement of the Company for the year 2020. |
| The 28th meeting | 3 March 2021 | 1. considered and approved the resolution in relation to the Natural Gas Purchase Framework Agreement entered into between a wholly-owned subsidiary and Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. and the approval of annual caps of transaction amounts; 2. Considered and approved the resolution in relation to the Company's application for bank credit and related authorization. |
| The 29th meeting | 18 March 2021 | 1. considered and approved the resolution in relation to the Cooperation Framework Agreement entered into between the Company and Zigong Jinma Industrial Investment Co., Ltd; 2. considered and approved the resolution in relation to the Entrusted Operation and Management Agreement entered into by the Company with Zigong Jinma Industrial Investment Co., Ltd and Kaisheng (Zigong) New Energy Co., Ltd.; 3. Considered and approved the resolution in relation to the formulation of Investor Relationship Management System; 4. Considered and approved the resolution in relation to the Company's application for bank credit. |
| The 30th meeting | 30 March 2021 | Considered and approved: 1. the working report of the Board of the Company for the year 2020; 2. the working report of general manager of the Company for the year 2020; 3. the final accounts report of the Company for the year 2020; 4. the Company's 2020 annual report and its summary; 5. the profit distribution plan of the Company for the year 2020; 6. the financial budget report of the Company for the year 2021; 7. the report on continuing connected transactions of the Company for 2020; 8. the resolution in relation to the provision for asset impairment of the Company for 2020; 9. the evaluation report on internal control of the Company for 2020; 10. The Social Responsibility Report of the Company for 2020; 11.the resolution in relation to the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2021; 12. The explanation on completion of the 2020 performance commitment for major asset restructuring; 13. The impairment test report on subject assets of major asset restructuring; 14. The resolution in relation to the profit distribution plan of CNBM (Yixing) New Energy Company Limited; 15. The resolution in relation to the convening of 2020 Annual General Meeting of Shareholders. |



Section IV Corporate Governance

V. BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD (CONTINUED)

| Session | Date | Resolutions made at the meeting |
|------------------|----------------|--|
| The 31st meeting | 29 April 2021 | 1. Considered and approved the 2021 first quarterly report of the Company; 2. Considered and approved the resolution in relation to the Special Report on Utilisation of the Previously Raised Proceeds; 3. considered and approved the resolution in relation to the acquisition of part of the equity of Qinhuangdao North Glass Co., Ltd. |
| The 32nd meeting | 28 May 2021 | Considered and approved the resolution in relation to the further postponement of convening 2020 annual general meeting. |
| The 33rd meeting | 7 June 2021 | 1. Considered and approved the resolution in relation to the termination of cooperation between the Company and Triumph Glass Holding Co., Ltd.; 2. Considered and approved the resolution in relation to the Company's application for bank credit and related authorization; 3. Considered and approved the resolution in relation to the further postponement of convening 2020 annual general meeting of the Company. |
| The 34th meeting | 10 June 2021 | Considered and approved the resolution in relation to the cancel of 2020 annual general meeting of the Company. |
| The 35th meeting | 21 June 2021 | 1. Considered and approved the resolution in relation to the purchase of land use rights by the Company; 2. considered and approved the resolution in relation to the demonstration project on capture and purification, green emission reduction of annual output of 50,000 tons of carbon dioxide of CNBM (Hefei) New Energy Company Limited; 3. Considered and approved the resolution in relation to the amendment and establishment of five management systems of the Company. |
| The 36th meeting | 2 August 2021 | Considered and approved the resolution in relation to the opening of special account for raising funds from the 2020 non-public issuance of A Shares. |
| The 37th meeting | 17 August 2021 | 1. Considered and approved the interim report and summary of the Company for the year 2021; 2. Considered and approved the resolution in relation to the Company's application for bank credit and related authorization. |
| The 38th meeting | 27 August 2021 | 1. considered and approved the resolution in relation to the capital increase of Kaisheng (Zigong) New Energy Co., Ltd.; 2. Considered and approved the resolution in relation to the Company's application for bank credit and related authorization; 3. Considered and approved the resolution in relation to the profit distribution plan of CNBM (Hefei) New Energy Company Limited; 4. Considered and approved the resolution in relation to the profit distribution plan of CNBM (Tongcheng) New Energy Materials Company Limited; 5. Considered and approved the resolution in relation to the use of bank acceptance bills and other bills to pay raised investment project funds and replace them with the same amount of funds raised. |



Section IV Corporate Governance

V. BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD (CONTINUED)

| Session | Date | Resolutions made at the meeting |
|------------------|-------------------|--|
| The 39th meeting | 15 September 2021 | 1. Considered and approved the resolution in relation to the proposed amendment of the Articles of Association of the Company; 2. Considered and approved the resolution in relation to the amendments to the rules of procedures for general meetings of the Company; 3. Considered and approved the resolution in relation to the change of the Company's registered capital and the amendments of relevant provisions of the Company's Articles of Association; 4. Considered and approved the resolution in relation to the capital increase to CNBM (Hefei) New Energy Company Limited; 5. Considered and approved the resolution in relation to the capital increase to CNBM (Tongcheng) New Energy Materials Company Limited; 6. Considered and approved the resolution in relation to the replacing self-raised funds invested in advance in investment projects with funds raised; 7. Considered and approved the resolution in relation to the cash management with part of idle funds raised; 8. Considered and approved the resolution in relation to the proposed purchase of land use rights by the controlling subsidiary; 9. Considered and approved the resolution in relation to the convening the 2021 fourth extraordinary general meeting of Company. |
| The 40th meeting | 23 September 2021 | Considered and approved the resolution in relation to the Cooperative Intent Agreement entered into between the Company and Taiwan Glass China Holding Ltd. |
| The 41st meeting | 8 October 2021 | 1. Considered and approved the resolution in relation to the establishment of wholly-owned subsidiary; 2. considered and approved the resolution in relation to the investment and construction of the solar photovoltaic cell packaging material project of CNBM (Luoyang) New Energy Co., Ltd.; 3. Considered and approved the resolution in relation to the Cooperation Agreement on Solar Photovoltaic Cell Packaging Materials Project entered into between the Company and People's Government of Raying County. |
| The 42nd meeting | 29 October 2021 | Considered and approved the resolution in relation to the third quarterly report of the Company in 2021. |
| The 43rd meeting | 26 November 2021 | 1. considered and approved the resolution in relation to the transfer of entire equity of the Company's three subsidiaries in information display glass to Triumph Science & Technology Co., Ltd.; 2. considered and approved the resolution in relation to the construction of the solar photovoltaic cell packaging material project of Qinhuangdao North Glass Co., Ltd.; 3. Considered and approved the resolution in relation to the Company's application for bank credit and related authorization. |
| The 44th meeting | 23 December 2021 | 1. Considered and approved the resolution in relation to the implementation plan of the Company's internal control self-evaluation in 2021; 2. Considered and approved the resolution in relation to the renewal of liability insurance for Directors, Supervisors and Senior Management; 3. considered and approved the resolution in relation to the supporting construction of a 110 KV power transmission and transformation project for solar photovoltaic cell packaging material project of CNBM (Hefei) New Energy Company Limited; 4. considered and approved the resolution in relation to the investment and construction of 3.2MW distributed photovoltaic power generation project of CNBM (Yixing) New Energy Company Limited; 5. Considered and approved the resolution in relation to the technical transformation project for the deep processing production line of CNBM (Yixing) New Energy Company Limited. |



Section IV Corporate Governance

VI. 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 | | | | Absence | Any failure in attending in person for two consecutive meetings | Attendance at General meetings Attendance at general meetings (times) |
|------------------|-----------------------------|--|------------------------------|------------------------------------|---------------------|---|---------|---|---|
| | | | Attendance in person | Attendance by way of communication | Attendance by proxy | | | | |
| Zhang Chong | No | 21 | 21 | 13 | 0 | 0 | No | 6 | |
| Xie Jun | No | 21 | 21 | 13 | 0 | 0 | No | 4 | |
| Ma Yan | No | 21 | 21 | 13 | 0 | 0 | No | 6 | |
| Wang Guoqiang | No | 21 | 21 | 13 | 0 | 0 | No | 6 | |
| Zhang Rong | No | 21 | 21 | 13 | 0 | 0 | No | 4 | |
| Chen Yong | No | 21 | 21 | 19 | 0 | 0 | No | 1 | |
| Ren Hongcan | No | 21 | 21 | 13 | 0 | 0 | No | 5 | |
| Jin Zhanping | Yes | 21 | 21 | 16 | 0 | 0 | No | 4 | |
| Ye Shuhua | Yes | 21 | 21 | 16 | 0 | 0 | No | 2 | |
| He Baofeng | Yes | 21 | 21 | 16 | 0 | 0 | No | 5 | |
| Zhang Yajuan | Yes | 21 | 21 | 16 | 0 | 0 | No | 5 | |

Explanation of failure in attending in person for two consecutive meetings

| | |
|---|----|
| Number of Board meetings held in the year | 21 |
| Including: Number of on-site meetings | 2 |
| Number of meetings held by way of communication | 13 |
| Number of meetings held on-site with attendance by way of communication | 6 |



Section IV Corporate Governance

VII. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

(1) The Members of special committees under the Board of Directors

| Category of special committee | Name of the members |
|-----------------------------------|---|
| Audit Committee | He Baofeng, Ye Shuhua, Zhang Yajuan |
| Nomination Committee | Jin Zhanping, Zhang Chong, He Baofeng |
| Remuneration and Review Committee | Ye Shuhua, Zhang Chong, Zhang Yajuan |
| Strategic Committee | Zhang Chong, Xie Jun, Chen Yong, Ma Yan, Jin Zhanping |
| Compliance Committee | Zhang Yajuan, Xie Jun, Wu Zhixing |

(2) Audit Committee held 8 meetings during the reporting period

| Date | Contents of meetings | Important comments and suggestions | Other performance of duties |
|-----------------|--|--|---|
| 20 January 2021 | Considered the related party transactions involved in non-public issuance | After careful review, it is believed that the related party transactions involved in non-public issuance by the Company is in line with the Company's future development and strategic development needs. Relevant contracts of related party transaction are concluded on normal commercial terms, and the price of related party transaction is just and fair. | Paid attention to the content of non-public issuance plan of the Company and subsequent matters. |
| 26 January 2021 | Considered and approved the resolution in relation to the issuance of profit warning announcement of the Company in 2020 | Conducted preliminary communication with the Company's auditors on relevant issues in the audit, and agreed to the performance forecast of the Company. | |
| 1 March 2021 | Considered and approved the resolution in relation to the Natural Gas Purchase Framework Agreement entered into between a wholly-owned subsidiary and Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. and the approval of annual caps of transaction amounts | It is believed that the related party transactions comply with the relevant laws and regulations, and follow the principles of openness, fairness and impartiality. Selecting the centralized procurement method is conducive to reducing the cost of natural gas procurement, and the resulting related party transactions are necessary and legal economic behaviors. | |
| 29 March 2021 | 1. Considered and approved the resolution in relation to the Company's 2021 annual report and its summary; 2. Considered and approved the resolution in relation to the provision for asset impairment of the Company for 2020; 3. Considered and approved the resolution in relation to the evaluation report on internal control of the Company for 2020; 4. Considered and approved the resolution in relation to the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2021. | 1. Recognized the truthfulness, completeness and accuracy of 2020 annual report and final financial report of the Company. 2. After full communication with the management, fully understood the basic information of WUYIGE Certified Public Accountants, relevant certification documents of practicing qualifications, business scale, personnel information, professional competence, investor protection ability, independence and integrity status, etc., considered that WUYIGE Certified Public Accountants has the relevant business audit qualifications and can meet the needs of the Company's audit work. | Listened to and discussed the 2020 annual report and the report on audit work of the Company and accounting firm, as well as the concerns and communications on key issues. |



Section IV Corporate Governance

VII. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS (CONTINUED)

(2) Audit Committee held 8 meetings during the reporting period (Continued)

| Date | Contents of meetings | Important comments and suggestions | Other performance of duties |
|------------------|--|--|--|
| 27 April 2021 | 1. Considered and approved the 2021 first quarterly report of the Company; 2. considered and approved the resolution in relation to the acquisition of part of the equity of Qinhuangdao North Glass Co., Ltd. | 1. Carefully reviewed the first quarterly report of the Company and recognized the truthfulness, completeness and accuracy of the first quarterly report. | |
| 13 August 2021 | Considered and approved the interim report and summary of the Company for the year 2021 | Carefully reviewed the interim report of the Company and recognized the truthfulness, completeness and accuracy of the interim report. | Listened to interim report of the Company in 2021, and understood and communicated on key issues |
| 27 October 2021 | Considered and approved the third quarterly report of the Company in 2021 | Carefully reviewed the third quarterly report of the Company and recognized the truthfulness, completeness and accuracy of the third quarterly report. | |
| 24 November 2021 | Considered and approved the resolution in relation to the transfer of entire equity of the Company's three subsidiaries in information display glass to Triumph Science & Technology Co., Ltd. | Reviewed the relevant reports, it is believed that the related party transactions comply with the relevant laws and regulations, and follow the principles of openness, fairness and impartiality. | Paid attention to the impact of this transaction on the Company |

(3) The Nomination Committee held 0 meeting during the reporting period

There were no personnel changes in the Company's Directors and Senior Management in 2021.

(4) The Remuneration Committee held 1 meeting during the reporting period

| Date | Contents of meetings | Important comments and suggestions | Other performance of duties |
|---------------|--|---|-----------------------------|
| 25 March 2021 | Contents of the remuneration of Directors, Supervisors and Senior Management to be disclosed in 2020 annual report | The remuneration paid by the Company to Directors, Supervisors and Senior Management complies with the regulations of remuneration system, and the remuneration data disclosed are true, reasonable and accurate. | |



Section IV Corporate Governance

VII. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS (CONTINUED)

(5) The Strategic Committee held 1 meeting during the reporting period

| Date | Content of meetings | Important comments and suggestions | Other performance of duties |
|-------------------|--|---|-----------------------------|
| 30 September 2021 | Considered and approved the resolution in relation to the investment and construction of the solar photovoltaic cell packaging material project of CNBM (Luoyang) New Energy Co., Ltd. | It is believed that the establishment of a wholly-owned subsidiary by the Company and using it as the main body to invest in the construction of a solar photovoltaic cell packaging material project are in line with the Company's development strategy and are conducive to enhancing the overall strength and market competitiveness of the Company's photovoltaic glass business | |

(6) The Compliance Committee held 2 meetings during the reporting period

| Date | Contents of meetings | Important comments and suggestions | Other performance of duties |
|-------------------|--|---|-----------------------------|
| 18 June 2021 | The resolution in relation to the amendment and establishment of five management systems of the Company. | It is believed that the amendment content complies with the provisions of current laws and regulations in China | |
| 13 September 2021 | 1. The resolution in relation to the amendment of the Articles of Association of the Company; 2. The resolution in relation to the amendments to the rules of procedures for general meetings of the Company; 3. The resolution in relation to the capital increase to wholly owned subsidiaries with funds raised; 4. The resolution in relation to the replacing self-raised funds invested in advance in investment projects with funds raised; 5. the cash management with part of idle funds raised | It is believed that the amendments to the Articles of Association and the rules of procedure of the general meeting are in compliance with the current laws and regulations in China; the use of funds raised is no harm to the interests of the Company and shareholders, and is in line with relevant laws and regulations as well as normative documents | |

VIII. RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee has no objection to the supervision matters during the reporting period.



Section IV Corporate Governance

IX. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD

(I) Employees

| | |
|---|-------|
| Number of in-service employees of the Parent Company | 73 |
| Number of in-service employees of the major subsidiaries | 3,784 |
| Total number of in-service employees | 3,857 |
| The number of retired employees whose expenses are borne by the Parent Company and its major subsidiaries | 1,881 |

Composition of professions

| Type of profession | Number of staff in the profession |
|----------------------|-----------------------------------|
| Production staff | 3,048 |
| Sales staff | 56 |
| Technical staff | 378 |
| Finance staff | 58 |
| Administrative staff | 317 |
| Total | 3,857 |

Education level

| Type of education level | Number of persons (headcount) |
|--|-------------------------------|
| University graduates or above | 386 |
| College graduates | 754 |
| Specialised secondary school graduates | 697 |
| High school graduates | 907 |
| Junior high school or below | 1,113 |
| Total | 3,857 |

(II) Remuneration policy

An annual remuneration system is adopted for the management of the Company and its subsidiaries while a position plus performance 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 IV Corporate Governance

X. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE SCHEME AND THEIR EFFECTS

(I) Appraisal mechanism for senior executives as well as the establishment and execution of the incentive mechanism during the reporting period

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.

XI. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Please refer to the 2021 Internal Control Evaluation Report disclosed by the Company on 29 March 2022.

XII. 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: Unqualified opinion with explanatory paragraphs

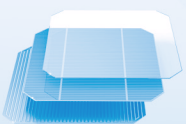
XIII. SELF-EXAMINATION AND RECTIFICATION OF SPECIAL ACTION FOR GOVERNANCE OF LISTED COMPANY

1. The Company's system of soliciting votes does not comply with the latest laws and regulations

The Company has revised the relevant provisions of the Articles of Association and the Rules of Procedures of General Meetings on the public solicitation of shareholders' voting rights, which has been considered and approved at the 4th extraordinary general meeting for 2021 held on 18 October 2021. The related issues have been rectified.

2. The current independent director has served for more than 6 consecutive years

During the reporting period, the Company has an independent non-executive director with a term of more than 6 years. As the term of the ninth board of directors of the Company will expire, it is necessary to re-appoint members of the tenth board of directors, which involves the re-election of several independent directors. The Company and its shareholders are actively looking for candidates for new independent non-executive directors to complete the re-election of the board of directors as soon as possible. At that time, the related issues will be resolved.



Section IV Corporate Governance

XIV. 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.

- (2) Meeting attendance by Directors

During the reporting period, the Company convened 21 Board meetings and 6 general meeting. Please refer to Part V of this chapter for attendance at Board meetings and general meetings by the Directors in details.

Please refer to Part VI 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.



XIV. OTHERS (CONTINUED)

(III) Directors and the Board (Continued)

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.

(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 this section IV 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.

(VI) Auditors' remuneration

Please refer to Part III of Chapter VI of this report for details about the auditors' remuneration for 2021.



Section IV Corporate Governance

XIV. OTHERS (CONTINUED)

(VII) Directors' responsibility for the financial statements

The 2021 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 2021, 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 2021, 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.

(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. The Company held the 2020 Annual Results Presentation of Luoyang Glass Company Limited at Panorama.com Shanghai Station on 22 April 2021, and participated in the Listed Company's Collective Results Briefing of China National Building Materials Group Co., Ltd. at Road show platform of SSE on 25 May 2021 and the 2021 Online Collective Reception Day for Investors of Listed Companies in Henan Jurisdiction in Zhengzhou City on 8 June 2021. At the same time, the Company 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 forth extraordinary general meeting convened on 18 October 2021. For the main amendments, please refer to the relevant announcement disclosed by the Company on 15 September 2021.

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 V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT

(I) 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, six 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, Bengbu CNBM Information Display and Puyang CNBM Photovoltaic Materials, 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, the 2021 Directory of Major Pollution Discharge Units of Bengbu City and the 2021 Directory of Major Pollution Discharge Units of Puyang City, respectively.

North Glass, a controlled subsidiary was listed under the 2021 Directory of Major Pollution Discharge Units of Qinhuangdao City.

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

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 | Atmospheric particulate matters≤ 50 mg/m ³ SO ₂ ≤400 mg/m ³ 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≤50 mg/m ³ SO ₂ ≤400 mg/m ³ NO _x ≤700 mg/m ³ |
| | 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》)(DB41/1066-2020) | | Atmospheric particulate matters≤10 mg/m ³ SO ₂ ≤100 mg/m ³ NO _x ≤300 mg/m ³ |
| | Emission Standard of Air Pollutants for Plate Glass Industry in Hebei Province (河北省《平板玻璃工業大氣污染物超低排放標準》)(DB13/2168-2020) | | Atmospheric particulate matters≤8mg/m ³ SO ₂ ≤40 mg/m ³ NO _x ≤150 mg/m ³ NO ₂ ≤300 mg/m ³ SO ₂ ≤40 mg/m ³ NO _x ≤150 mg/m ³ |
| Wastewater | Integrated Wastewater Discharge Standard (《污水綜合排放標準》)(GB 8978-1996) Class III | pH COD SS BOD ₅ NH ₃ -N Animal and vegetable oils | pH : 6~9, COD≤500mg/L, SS≤240mg/L, BOD ₅ ≤140mg/L, NH ₃ -N≤40mg/L, Animal and vegetable oils≤100mg/L |



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(I) 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 |
|------------------------------------|-------------------|--|--|--|
| 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 vents 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 desulfuration 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 high 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 |
| Puyang CNBM Photovoltaic Materials | Exhaust | Atmospheric particulate matters, SO ₂ , NO _x | Emission by 90-meter-high chimney stack after being treated with horizontal boiler, dry desulfurization, cyclone dust removal, catalytic fiber ceramic filter tube dust nitrate sulfur integrated system, the secondary SCR, and low temperature boiler. | 1 chimney, the discharge vent is located in the south side of the glass melting furnace in the plant |
| | Wastewater | PH, COD, BOD ₅ , NH ₃ -N, SS | 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 plant |
| Bengbu CNBM Information Display | Exhaust | Atmospheric particulate matters, SO ₂ , NO _x | Emission by high 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 |
| North Glass | Exhaust | Atmospheric particulate matters, SO ₂ , NO _x | Emission by the high chimney stack after being treated through the process of dry desulfurization, the electrostatic precipitator, the SCR denitration system, and the RSDA semi-dry desulfurization system. | 2 chimneys (one of the production lines was ceased production due to cold repair), and the discharge port is located in front of the glass melting furnace in the factory area |
| | 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 treatment. | 1 sewage outlet, located in the plant |



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(I) 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 | |
|------------------------------------|--------------------------|-------------------|--|--|---------------------|--|
| Longhai Glass | 91410300776503385G001V | Exhaust | SO ₂ | 16.586 | 2.4 | Discharge up to standard |
| | | | NO _x | 71.431 | 3.3 | |
| | | | Atmospheric particulate matters | 7.650 | 2.6 | |
| | | Wastewater | COD | 2.4981 | 2.352 | |
| Tongcheng New Energy | 91340881567507232G001P | Exhaust | SO ₂ | 174.5 | 9.95 | Discharge up to standard |
| | | | NO _x | 305 | 64.85 | |
| | | | Atmospheric particulate matters | 21.8 | 3.473 | |
| | | Hefei New Energy | 91340100570418775Y001P | Exhaust | SO ₂ | |
| NO _x | 169.5 | | | | 103.9 | |
| Puyang CNBM Photovoltaic Materials | 9141030308685759XG001P | Exhaust | SO ₂ | 34.99 | 2.16 | Imposed one administrative penalty during the reporting period |
| | | | NO _x | 233.9 | 2.66 | |
| | | | Atmospheric particulate matters | 24.72 | 0.68 | |
| | | Wastewater | COD | 0.9983 | 0.7556 | |
| Bengbu CNBM Information Display | 9134030007873918XR001L | Exhaust | SO ₂ | / | 0.447 | Discharge up to standard |
| | | | NO _x | / | 37.835 | |
| | | | Atmospheric particulate matters | / | 5.12 | |
| | | Wastewater | COD | / | 7.874 | |
| North Glass | 9113030023599471671001P | Exhaust | SO ₂ | 60.861 | 7.54 | Discharge up to standard |
| | | | NO _x | 228.229 | 38.61 | |
| | | Wastewater | Atmospheric particulate matters | / | 3.65 | |
| | | | COD | / | 0.275 | |
| | | | NH ₃ -N | / | 0.035 | |



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(I) 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 and find problems and take timely measures to rectify them.

3. Environmental effect assessment of construction projects and other environment protection administrative permits

All subsidiaries of the Company have carried out environmental effect assessment for projects in production lines during the construction period and obtained the approval from the local environmental protection authorities, of which:

Tongcheng New Energy obtained the approval for the Environmental Impact Report for the project of photovoltaic cell encapsulating material for solar equipment-Phase I from Anqing Ecological Environment Bureau (Yi Tong Huan Jian Han [2021] No. 041) on 9 March 2021.

Hefei New Energy obtained the approval for the Environmental Impact Report for the project of photovoltaic cell encapsulating material for solar equipment from the Hefei Ecological Environment Bureau (Huan Jian Shen [2021] No. 10014) on 6 March 2021.

Yixing New Energy obtained the approval for the Environmental Impact Report for the project of photovoltaic glass deep processing from Wuxi Municipal Administrative Examination and Approval Bureau on 19 March 2021.

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.



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(I) 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)

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, NO_x, particulate matters, etc. Such subsidiaries as Tongcheng New Energy, Longhai Glass and Puyang CNBM Photovoltaic Materials also put on LED display at the gateway to published regular monitoring data concerning the discharge of exhausts and fumes to the public.

6. *Administrative penalties imposed for environmental problems during the reporting period*

During the reporting period, Puyang CNBM Photovoltaic Materials, a wholly-owned subsidiary of the Company, was subject to one administrative penalty. Details are as follows:

On 14 October 2021, the Bureau of Ecology and Environment in Puyang issued an administrative penalty decision (Pu Huan Fa Jue Zi [2021] No. 04003). On 28 May 2021, as the air pressure of pressure gauge of 6 pulse bag dust collectors of Puyang CNBM Photovoltaic Materials was 0, the backflushing system could not be used normally after observing for a long time, as well as the air pipe and air bag of the dust collector numbered DQ-22 fell off, such dust collector and other dust collectors cannot be used normally. An administrative fine of 70,400 was imposed.

Rectification: Puyang CNBM Photovoltaic Materials has completed the maintenance of 6 pulse bag dust collectors, and replaced the corresponding accessories in time to ensure the normal operation of the dust collectors. At the same time, it has carried out a comprehensive inspection of all environmental protection facilities within the Company, and strengthened job training and inspection.



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(II) Description of the environmental protection situation of companies other than key pollutant discharging units

1. Administrative penalties imposed for environmental problems

N/A

2. Disclosure of other environmental information with reference to major pollution discharge units

During the reporting period, the total discharge of major pollutants by production-related subsidiaries of the Company are set out as below:

| Subsidiary | Type of pollutant and total discharge of major pollutants in the year | | | | | |
|---------------------------------------|---|-------------------------|-----------------------------|-----------------------------|---|-----------------|
| | Exhaust (0'000 standard cubic meters) | Waste water (tonnes) | SO ₂ (tonnes) | NO _x (tonnes) | Atmospheric particular matters (tonnes) | COD (tonnes) |
| Longhai Glass | 50736 | 26364 | 2.4 | 3.3 | 2.6 | 2.352 |
| Bengbu CNBM Information Display | 35952.37 | 58325.80 | 0.447 | 37.835 | 5.312 | 7.874 |
| Hefei New Energy | 28401 | 452897 | 34.3 | 103.9 | 8.2 | 17.300 |
| Tongcheng New Energy | 25498 | 526304 | 9.95 | 64.85 | 3.473 | 0.1086 |
| Yixing New Energy | 49946 | 123883 | 7.291 | - | 2.541 | 5.944 |
| Puyang CNBM Photovoltaic Materials | 55722.48 | 137062 | 2.16 | 2.66 | 0.68 | 0.0061 |
| North Glass | 91908.36 | 2826.1 | 7.54 | 38.61 | 3.65 | 0.275 |
| Zigong New Energy | 44934.66 | 129660 | 7.767 | 55.942 | 4.872 | 2.07456 |
| Total | 383098.87 | 1457321.9 | 71.855 | 307.097 | 31.328 | 35.93426 |

Note: The production of Longmen Glass, a wholly-owned subsidiary of the Company, was suspended during the reporting period.



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(III) Relevant information conducive to protecting ecology, preventing pollution, and fulfilling environmental responsibilities

The Company earnestly implemented the national, provincial and municipal environmental protection policies and regulations. 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, recycling and less emissions. The Company aims to promote its environmental protection capacity and achieve the Company's sustainable development through strict management, continuous improvement, and management innovation.

The Company's Environmental Protection Committee and the Ecological Environmental Protection Supervision Leading Group are responsible for performing the Company's environmental protection management duties, organizing the formulation of the Company's environmental protection development strategies, rules and regulations and work plans, and supervising, inspecting and evaluating the Company's environmental protection work. At the same time, Environmental Protection Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護管理制度》), 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 Ecological Environmental Protection Supervision and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司能源節約與生態環境保護監督管理制度》), Conservation and Ecological Environmental Protection Assessment Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司能源節約與生態環境保護考核管理制度》), 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 rules and systems were prepared and published, and key environmental protection work for environmental protection were continuously strengthened.

(IV) Measures taken to reduce carbon emissions during the reporting period and the effects thereof

During the reporting period, the Company and its subsidiaries entered into the 2021 Responsibility Letter for Contracting Ecological and Environmental Protection Targets, formulated and issued the key points of the Group's ecological and environmental protection work in 2021, and specified the work objectives and ten key tasks for 2021.

The Company actively responded to the national policy of "Carbon Emission Peak and Carbon Neutrality", improved the level of green and low-carbon development, and took the lead in promoting carbon emission reduction in the industry. The Company has invested in the construction of a carbon dioxide capture, collection and purification green emission reduction demonstration project with an annual output of 50,000 tons in the production line of Hefei New Energy, which has accumulated experience in technology, construction and operation management for exploring low-carbon green development in the industry, so as to gradually realize the capture, recycling, utilization and recycling of carbon dioxide, and make positive contributions to the realization of the pre-determined goal of carbon emission peak and the vision of carbon neutrality of our country.



Section V Environmental And Social Responsibility

I. INFORMATION ON ENVIRONMENT (CONTINUED)

(IV) Measures taken to reduce carbon emissions during the reporting period and the effects thereof (Continued)

Implementing and promoting the application of building integrated photovoltaics. Zigong New Energy applies building integrated photovoltaics for the simultaneous design and construction at the initial stage of project construction, integrating the solar power generation system with the curtain walls on the east, south and west sides and the roof of the production line plant, and building a glass curtain wall photovoltaic power generation system and a rooftop distributed photovoltaic power station, with an average annual power generation capacity of 15,000,000 kWh after grid connection. Compared with the thermal power generation with the same power generation, it is equivalent to saving 4,950 tons of standard coal per year, and correspondingly reducing the emission of various air pollutants per year, including approximately 14,955 tons of carbon dioxide (CO₂), approximately 450 tons of sulfur dioxide (SO₂), approximately 105 tons of dust, and approximately 60 tons of nitrogen oxides (NO_x).

The Company comprehensively improved the application capabilities of clean energy such as distributed photovoltaic power generation and furnace high-temperature flue gas residual heat power generation system, and actively promoted circular economy and energy conservation. The Company invested a total of RMB18,502,000 in energy conservation throughout the year. Among them, Longhai Glass, Tongcheng New Energy, Hefei New Energy and other subsidiaries of the Company have completed the construction of photovoltaic power plants on the roofs of the plants, and the average annual photovoltaic power generation is approximately 12,368,100 kWh in total; Each of Hefei New Energy and North Glass has built a new waste heat boiler, with an average annual waste heat power generation of approximately 14,836,400 kWh and 19,086,300 kWh, respectively.

The Company continued to increase investment in and technical support for environmental protection, further reduced energy consumption and pollutant emission level by improving production process, and achieved clean production. During the reporting period, the Company invested a total of RMB43,507,900. Among them, Hefei New Energy has added a catalytic combustion treatment facility, which can greatly reduce the emission of organic waste gas; North Glass replaced and reconstructed desulfurization and denitrification reactors, bag filters and other facilities; Yixing New Energy purchased and installed online sewage monitoring equipment.

II. PERFORMANCE OF SOCIAL RESPONSIBILITIES

For details, see the 2021 Social Responsibility Report of Luoyang Glass Company Limited disclosed on 29 March 2022 by the Company



Section VI Significant Events

I. 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

Commitments on major asset restructuring

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 CNBM Information Display: 1) being joint owners of aforesaid 16 patent rights, Bengbu Institute and International Engineering would not use these patents in any form within the valid period of the aforesaid 16 patent rights. Without the approval of Bengbu CNBM Information Display, 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 CNBM Information Display has the right to independently exercise the jointly-owned patent rights, and all incomes incurred therefrom should be solely owned by Bengbu CNBM Information Display. 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*

CLFG and CNBM 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 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 to be held by Luoyang Glass as a result of Luoyang Glass' issuance of bonus shares and conversion to share capital are also subject to the above arrangement.

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



Section VI Significant Events

I. 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 Technology 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 VI Significant Events

I. 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 or 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.

Commitments on 2020 non-public issuance of A shares

1. Commitment on the dilution of current returns and taking remedial measures with respect to the non-public issuance of A shares

CNBM, Triumph Technology Group and CLFG's commitments on the dilution of current returns and taking remedial measures with respect to the non-public issuance of A shares by Luoyang Glass Company Limited: 1) not to interfere with the operation and management activities of Luoyang Glass beyond our company's authority, and not to encroach on the interests of Luoyang Glass. 2) If CNBM, Triumph Technology Group and CLFG violate or refuse to fulfill the above commitments and cause losses to Luoyang Glass or its shareholders, CNBM, Triumph Technology Group and CLFG agree to bear corresponding legal liabilities according to laws, regulations and relevant provisions of the security regulatory authorities.

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

2. Commitment on restricting share transfer

Triumph Technology Group undertakes that: 1) It will not transfer any shares of Luoyang Glass obtained through the non-public issuance in any way within 36 months from the completion of the non-public issuance. 2) It will not dispose of in any way the shares of Luoyang Glass held by it prior to this non-public offering, nor does it have any plan to dispose of the shares of Luoyang Glass, within 18 months from the date of the completion of this non-public issuance. 3) From the completion date of the non-public issuance until the expiry date of the lock-up period, the shares derived and obtained due to the distribution of dividend and conversion of capital reserves to share capital by virtue of the holding of the shares of Luoyang Glass shall also comply with the above arrangement. 4) For any inconsistency between the undertaking letter in relation to the above lock-up period arrangement and the latest regulatory opinions from securities regulatory authorities, it agrees to adjust its undertaking based on the regulatory opinions from relevant securities regulatory authorities. 5) Upon the expiry of the aforesaid lock-up period, the transfer and trading of the aforesaid shares shall be carried out in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange and shall comply with the undertakings set out in this undertaking letter and the relevant requirements of the PRC laws and regulations in relation to short term trading, insider trading and information disclosure. 6) If Luoyang Glass and other shareholders suffer losses as a result of any breach of the undertakings as set out in this undertaking letter by Triumph Technology Group, it is willing to undertake relevant responsibilities of repayment in accordance with the law.

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

3. Commitment on reducing shares

Triumph Technology Group undertakes that there is no reduction or reduction plan from six months prior the pricing benchmark date for this non-public issuance to six months upon the date of completion of this issuance.

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



Section VI Significant Events

II. 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

(I) Analysis and explanation of the Company on reasons for and effects of changes of accounting policies and accounting estimates

According to Questions and Answers on the Implementation of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 2 November 2021, all transportation costs incurred during the course of the performance of sales contract and before the transfer of the control over the goods to the customers shall be reclassified from selling expenses to operating costs.

In 2020, transportation costs of RMB66,691,159.85 was adjusted from selling expenses to the costs of principal operation.

The aforesaid changes will affect “operating costs” and “selling expenses” in the income statement of the Company, but will not affect “operating revenue” and “operating profit” of the Company. The presentation of the transportation costs incurred during the course of the performance of sales contract under the item of “operating costs” will have influence on the “gross profit margin” and other financial indicators of the Company, but will have no significant impact on financial conditions and operating results of the Company.

III. 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 | | 148 |
| Term of the audit services provided by domestic accounting firm | | 14 |

| | | Name | Remuneration |
|---|--|---|--------------|
| An accounting firm engaged for internal control audit | | WUYIGE Certified Public Accountants LLP | 28 |

Explanation on appointment or dismissal of accounting firms

At the 2020 annual general meeting of the Company held on 28 June 2021, the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2021 was considered and approved.

IV. MATERIAL LITIGATION AND ARBITRATION MATTERS

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



Section VI Significant Events

V. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relating to daily operations

1. Events which have been disclosed in the temporary announcement with no further development or change in subsequent implementation

| Overview of Events | Search Index |
|--|--|
| <p>On 28 May 2019, Yixing New Energy and Far East Opto- Electronics signed Agreement on Settlement of Utility Fees, Lease Contract and Contract in Relation to Lease of Substation between 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> |
| <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, 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 Caps thereof. The Company and its subsidiaries will continue to conduct transactions with the related parties under the above agreements within the annual transaction cap from 2021 to 2023.</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> |
| <p>On 20 January 2021, as considered and approved at the 10th meeting of the ninth session of the Board of the Company, the Company and Triumph Technology Group entered into the Financial Service Framework Agreement, pursuant to which, Triumph Technology Group provided the Company with financial assistances including financing guarantee and payment on behalf of the Group in 2021. In particular, the cumulative principal amount of financing guarantee and payment on behalf of the Group shall be not more than RMB2,000 million and RMB1,200 million, respectively, with the term of validity ending on 31 December 2021.</p> | <p>Announcement Lin No. 2021-007 on 20 January 2021 at http://www.sse.com.cn and http://www.hkexnews.hk</p> |
| <p>On 3 March 2021, Bengbu CNBM Information Display and Huaguang Group entered into the Purchase of Natural Gas Framework Agreement to participate in Huaguang Group's natural gas centralized purchase business. The total annual cumulative transaction amount is expected to be not more than RMB40 million, with the term of validity ending on 31 December 2021.</p> | <p>Announcement Lin No. 2021-015 on 20 January 2021 at http://www.sse.com.cn and http://www.hkexnews.hk</p> |



Section VI Significant Events

V. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions due to acquisition or disposal of assets or equities

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 |
|--|---|
| On 21 July 2021, upon the consideration and approval at the third extraordinary general meeting 2021 of the Company, the Company acquired 60% equity interest in North Glass, a wholly-owned subsidiary of China Yaohua Glass Group Corporation Co., Ltd. which was a related party, in cash and the transfer price was RMB182,275,920. North Glass has completed the industrial and commercial registration of changes on 4 August 2021. | Announcement Lin No. 2021-031, Announcement Lin No. 2021-049 and Announcement Lin No. 2021-051 at http://www.sse.com.cn and http://www.hkexnews.hk |
| On 26 November 2021, the Company entered into the Share Transfer Agreement with Triumph Technology Group, and the Company intended to transfer its 100% equity interest held in Longhai Glass, Longmen Glass and Bengbu CNBM Information Display, the wholly-owned subsidiaries of the Company at a transaction price of RMB536,116,000. On 28 January 2022, all the three companies completed the industrial and commercial registration of changes upon the consideration and approval at the first extraordinary general meeting 2022 on 25 January 2022. | Announcement Lin No. 2021-074 and Announcement Lin No. 2022-004 at http://www.sse.com.cn and http://www.hkexnews.hk |

(III) Financial businesses between the Company and related financial companies, financial companies held by the Company and related parties

1. Deposit business

Unit: Yuan Currency: RMB

| Related party | Related relationship | Daily maximum deposit limit | Deposit interest rate range | Opening balance | Amount for the current period | | |
|--|---------------------------------|-----------------------------|-----------------------------|-----------------|-------------------------------|---|---|
| | | | | | Closing balance | Amount of deposits in total in the current period | Amount of withdrawal in total in the current period |
| China National Building Material Group Finance Co., Ltd. | Same ultimate controlling party | 500,000,000.00 | 0.55%-2.10% | 0.00 | 987,705,884.93 | 901,257,549.08 | 86,448,335.85 |
| Total | / | / | / | 0.00 | 987,705,884.93 | 901,257,549.08 | 86,448,335.85 |



Section VI Significant Events

V. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Financial businesses between the Company and related financial companies, financial companies held by the Company and related parties (Continued)

2. Loan business

Unit: Yuan Currency: RMB

| Related party | Related relationship | Loan limit | Loan interest rate range | Opening balance | Amount for the current period | | Closing balance |
|--|---------------------------------|----------------|--------------------------|-----------------|--|--|-----------------|
| | | | | | Amount of loans in total in the current period | Amount of repayment in total in the current period | |
| China National Building Material Group Finance Co., Ltd. | Same ultimate controlling party | 550,000,000.00 | 3.80% | 0.00 | 100,000,000.00 | 0.00 | 100,000,000.00 |
| Total | / | / | / | 0.00 | 100,000,000.00 | 0.00 | 100,000,000.00 |

3. Credit business or other financial business

Unit: Yuan Currency: RMB

| Related party | Related relationship | Business type | Total | Actual amount |
|--|---------------------------------|--------------------------|---------------|---------------|
| China National Building Material Group Finance Co., Ltd. | Same ultimate controlling party | Other financial services | 10,000,000.00 | 0.00 |



Section VI Significant Events

VI. 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 | Amount 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 million | 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 both parties through negotiation | Increase the income of other businesses in this period by RMB754,700 | No | Nil |
| Zigong Jinma Industrial Investment Co., Ltd.* (自貢市金馬產業投資有限公司) | The Company | The overall production, operation and management of Kaisheng (Zigong) New Energy Co., Ltd.* (凱盛(自貢)新能源有限公司) | 200 million | 9 April 2021 | 31 August 2021 | The custody fee is charged at RMB100,000 per month. If less than one full month, it is calculated by the actual number of calendar days lapsed. | According to the principle of marketization, determined by both parties through negotiation | Increase the income of other businesses in this period by RMB446,500 | No | Nil |

2. Leasing

Unit: Yuan Currency: RMB

| Name of lessor | Name of lessee | Leased assets | Amount of leased assets | Date of commencement of lease | Expiry date of lease | Gain on lease | Basis of determination of gain on lease | Effect of gain on lease on the Company | Is it a connected transaction | Connected relationship |
|---------------------------------|---------------------------------------|---------------|-------------------------|-------------------------------|----------------------|---------------|--|--|-------------------------------|------------------------|
| Jiangsu Huayuan Cable Co., Ltd. | CNBM (Yixing) Energy Company Limited* | New Plant | 15,000,000.00 | 1 October 2020 | 30 September 2025 | -502,010.81 | The Company shall calculate the interest expense of lease liabilities over the lease term at the fixed periodic interest rate, and include it into financial expenses. | The interest expense of lease liabilities of the Company for the period was RMB 502,010.81 | No | |

Explanation on leasing:

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.



Section VI Significant Events

VI. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(II) Guarantees

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding those provided for subsidiaries)

| | |
|---|---|
| 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 | 1,022,000,000.00 |
| Total amount of guarantees provided for subsidiaries outstanding at the end of the reporting period (B) | 686,940,100.00 |

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

| | |
|--|----------------|
| Total amount of guarantees (A+B) | 686,940,100.00 |
| Proportion of the total amount of guarantees to the Company's net assets (%) | 17.87 |
| Including: | |
| Guarantee provided to shareholders, the actual controller and its related party (C) | 0 |
| The amount of direct or indirect debt guarantee provided for guarantees with over 70% gearing ratio (D) | 0 |
| The amount of guarantee that exceeds 50% of the net assets (E) | 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 VII 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 2021 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 2021 | Trade amount actually incurred for 2021 |
|--------|--------------------------|----------------------|--|--|---|---|
| 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. | 71,000 | 39,758 |
| 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. | 56,100 | 3,235 |
| 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. | 4,600 | 3,543 |
| 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. | 230,000 | 200,117 |
| 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. | 3,800 | 2,250 |



Section VII Related Party Transactions

| Number | Party | Related relationship | Content of transactions | Principle of trade pricing | Expected Cap | Trade |
|--------|--|--|---|--|--------------|--------------|
| | | | | | amount for | amount |
| | | | | | for trade | actually |
| | | | | | amount for | incurred for |
| | | | | | 2021 | 2021 |
| 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. | 60,100 | 42,147 |
| 7 | China National Building Material Group Finance Co., Ltd. | A subsidiary controlled by de facto controller | China National Building Material Group Finance Co., Ltd.* provided the Company with deposit service | The interest rates for the deposits shall not be lower than (1) the benchmark interest rate specified by the PBOC for the deposit of the same category during the same period; (2) the interest rate paid by the provider for deposits of the same type placed by the members of the CNBMG (other than the Company) during the same period under the same conditions; and (3) the interest rate for deposits of the same type offered by the PRC general commercial banks and the PRC joint-stock commercial banks to the Company during the same period under the same conditions | 50,000 | 10,000 |
| | | | China National Building Material Group Finance Co., Ltd.* provided the Company with loan service | The interest rates for the loans shall not be higher than (1) the benchmark interest rate specified by the PBOC for the deposit of the same category during the same period; (2) the interest rate for similar loans charged by the Company to the members of CNBMG (other than the Group) during the same period under the same conditions; and (3) the interest rate charged by the PRC general commercial banks and the PRC joint-stock commercial banks to the Group for similar loans during the same period under the same conditions. | 55,000 | 10,000 |
| | | | China National Building Material Group Finance Co., Ltd.* provided the Company with other financial service | Such service fees shall not be higher than (i) the fees charged by the provider to members of CNBMG (other than the Company) for providing financial services of the same type during the same period under the same conditions; and (ii) the fees charged to the Company by the PRC general commercial banks and the PRC joint-stock commercial banks for financial services of the same type during the same period under the same conditions. | 1,000 | 0.00 |

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 2021, 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 2021 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 VII Related Party Transactions

II. CONNECTED TRANSACTIONS CONSIDERED AND APPROVED AT THE GENERAL MEETING DURING THE REPORTING PERIOD

1. On 29 April 2021, the Company and China Yaohua Glass Group Co., Ltd. (中國耀華玻璃集團有限公司) (“Yaohua Group”) entered into the Share Transfer Agreement, pursuant to which the Company purchased 60% equity interest in North Glass, a wholly-owned subsidiary of Yaohua Group, at a consideration of RMB182,275,920 in cash. On 21 July 2021, the 2021 first extraordinary general meeting of the Company considered and approved the resolution in relation to the Company’s acquisition of 60% equity interest in Qinhuangdao North Glass Co., Ltd.* (秦皇島北方玻璃有限公司) and the transactions contemplated thereunder.

III. DAILY CONNECTED TRANSACTIONS AND CONNECTED 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 RMB6,332,700.

During the reporting period, the cumulative amount of leasing with related parties actually incurred was RMB292,800.



Section VII Related Party Transactions

III. DAILY CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS CONSIDERED AND APPROVED BY THE BOARD DURING THE REPORTING PERIOD (CONTINUED)

2. On 20 January 2021, 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 2021 not more than RMB2,000 million and RMB1,200 million, respectively, with the term of validity ended on 31 December 2021.

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 RMB1,708.99 million and RMB1,142.1729 million respectively.

3. On 3 March 2021, Bengbu CNBM Information Display, a wholly-owned subsidiary of the Company, entered into the Natural Gas Purchase Framework Agreement with Huaguang Group to participate in Huaguang Group's natural gas centralized purchase business. The total annual cumulative transaction amount is expected to be not more than RMB40 million, with the term of validity ending on 31 December 2021.

During the reporting period, the actual amount of transactions under the Natural Gas Purchase Framework Agreement for the year amounted to RMB26,744,500.

4. On 26 November 2021, the Company entered into the Share Transfer Agreement with Triumph Technology Group, pursuant to which the Company transferred its 100% equity interest in Longhai Glass, 100% equity interest in Longmen Glass and 100% equity interest in Bengbu CNBM Information Display, the subsidiaries of the Company, to Triumph Technology Group at the transaction price of RMB536,116,000. On 25 January 2022, the 2022 first extraordinary general meeting of the Company considered and approved the resolution on the transfer of shares.



Section VIII Changes in Shareholding of Shares and Information of Shareholders

I. CHANGE IN SHARE CAPITAL

(I) Changes in shares

1. Changes in shares

Unit: share

| | Before the change | | Increase/decrease (+, -) | | | | After the change | | |
|--|--------------------|----------------|--------------------------|--------------|---------------------------------------|-------------|--------------------|--------------------|----------------|
| | Number | Percentage (%) | New shares | Bonus shares | Capital reserve transferred to shares | Others | Subtotal | Number | Percentage (%) |
| I. Shares subject to trading moratorium | 19,920,257 | 3.63 | +97,134,531 | | | -19,920,257 | +77,214,274 | 97,134,531 | 15.04 |
| 1. Shares held by the state | | | | | | | | | |
| 2. Shares held by state-owned legal person | 18,658,419 | 3.40 | +21,874,696 | | | -18,658,419 | +3,216,277 | 21,874,696 | 3.39 |
| 3. Shares held by other domestic shareholders | 1,261,838 | 0.23 | +70,500,243 | | | -1,261,838 | +69,238,405 | 70,500,243 | 10.92 |
| Including: Shares held by domestic non-state-owned legal persons | 1,261,838 | 0.23 | +70,500,243 | | | -1,261,838 | +69,238,405 | 70,500,243 | 10.92 |
| Shares held by domestic natural persons | | | | | | | | | |
| 4. Shares held by overseas shareholders | | | +4,759,592 | | | | +4,759,592 | +4,759,592 | 0.73 |
| Including: Shares held by overseas legal persons | | | +4,759,592 | | | | +4,759,592 | +4,759,592 | 0.73 |
| Shares held by overseas natural persons | | | | | | | | | |
| II. Shares not subject to trading moratorium | 528,620,175 | 96.37 | | | | +19,920,257 | +19,920,257 | 548,540,432 | 84.96 |
| 1. Renminbi ordinary shares | 278,620,175 | 50.79 | | | | +19,920,257 | +19,920,257 | 298,540,432 | 46.24 |
| 2. Domestic listed foreign shares | | | | | | | | | |
| 3. Overseas listed foreign shares | 250,000,000 | 45.58 | | | | | | 250,000,000 | 38.72 |
| 4. Others | | | | | | | | | |
| III. Total ordinary shares | 548,540,432 | 100.00 | +97,134,531 | | | 0 | +97,134,531 | 645,674,963 | 100 |



Section VIII Changes in Shareholding of Shares and Information of Shareholders

I. CHANGE IN SHARE CAPITAL (CONTINUED)

(I) Changes in shares (Continued)

2. *Explanation on changes in ordinary shares*

On 19 April 2021, the Company completed the listing and trading of 2,418,142 restricted shares, the number of restricted circulating shares of the Company decreased to 17,502,115, and the number of non-restricted circulating shares increased to 531,038,317.

On 18 August 2021, after the Company completed the non-public issuance of 97,134,531 shares, the total share capital of the Company increased from 548,540,432 shares to 645,674,963 shares.

On 13 October 2021, the Company completed the listing and trading of 17,502,115 restricted shares, the number of restricted circulating shares of the Company decreased to 97,134,531, and the number of non-restricted circulating shares increased to 548,540,432.

3. *Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period (if any)*

During the Reporting Period, the registered capital was increased by RMB97,134,531 due to the non-public issuance of 97,134,531 RMB ordinary shares (par value of RMB1 each). Upon completion of the non-public issuance, the total share capital of the Company increased from 548,540,432.00 shares to 645,674,963 shares. The above changes in share capital diluted the Company's financial indicators such as earnings per share for the latest year and the latest period, and the proceeds raised improved the Company's net assets, net assets per share and other indicators.



Section VIII Changes in Shareholding of Shares and Information of Shareholders

I. CHANGE IN SHARE CAPITAL (CONTINUED)

(II) Changes in shares subject to trading moratorium

Unit: share

| Shareholder's name | Number of restricted shares at the beginning of the year | Number of shares released from restriction during the reporting year | Increase in restricted shares during the reporting year | Number of restricted shares at the end of the year | Reason for restriction | Date of shares released from restriction |
|--|--|--|---|--|-------------------------------|--|
| Yixing Environmental Technology Innovation Venture Investment Co., Ltd.* | 1,542,674 | 1,542,674 | 0 | 0 | Non-public issuance of shares | 19 April 2021 |
| GCL System Integration Technology Co., Ltd. | 875,468 | 875,468 | 0 | 0 | Non-public issuance of shares | 19 April 2021 |
| China Luoyang Float Glass Group Co., Ltd. | 6,177,670 | 6,177,670 | 0 | 0 | Non-public issuance of shares | 18 October 2021 |
| Triumph Technology Group Co., Ltd. | 6,170,699 | 6,170,699 | 13,229,724 | 13,229,724 | Non-public issuance of shares | 18 October 2021; 18 August 2024 |
| Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. | 3,477,327 | 3,477,327 | 0 | 0 | Non-public issuance of shares | 18 October 2021 |
| CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd. | 1,290,049 | 1,290,049 | 0 | 0 | Non-public issuance of shares | 18 October 2021 |
| China Triumph International Engineering Co., Ltd. | 386,370 | 386,370 | 0 | 0 | Non-public issuance of shares | 18 October 2021 |
| Total | 19,920,257 | 19,920,257 | 13,229,724 | 13,229,724 | / | / |



Section VIII Changes in Shareholding of Shares and Information of Shareholders

II. ISSUE AND LISTING OF SECURITIES

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

On 18 August 2021, after the Company completed the non-public issuance of 97,134,531 shares, the total share capital of the Company increased from 548,540,432 shares to 645,674,963 shares.

Change in share capital structure of the Company before and after the Issuance:

| Type | Before the change (as of 30 June 2021) | | The change Number (share) | After the change (as the completion of the registration of shares) | |
|-----------------------------------|---|-------------------|------------------------------|--|-------------------|
| | Number (share) | Percentage (%) | | Number (share) | Percentage (%) |
| I. Restricted shares | 17,502,115 | 3.19 | 97,134,531 | 114,636,646 | 17.75 |
| Of which: A shares | 17,502,115 | 3.19 | 97,134,531 | 114,636,646 | 17.75 |
| H shares | 0 | 0 | 0 | 0 | 0 |
| II. Unrestricted shares | 531,038,317 | 96.81 | 0 | 531,038,317 | 82.25 |
| Of which: A shares | 281,038,317 | 51.23 | 0 | 281,038,317 | 43.53 |
| H shares | 250,000,000 | 45.58 | 0 | 250,000,000 | 38.72 |
| III. Total ordinary shares | 548,540,432 | 100.00 | 97,134,531 | 645,674,963 | 100.00 |

Upon completion of the non-public issuance of shares, the capital structure of the Company became more reasonable, and the gearing ratio of the Company was as follows:

| Project | 31 December 2021 | 31 December 2020 |
|---------------|------------------|------------------|
| Gearing ratio | 53.03% | 68.13% |

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) 20,476

Total number of ordinary shareholders at the end of the previous month before the date of disclosure of annual report (shareholder) 28,915



Section VIII Changes in Shareholding of 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

| Name of shareholder (Full name) | Increase/ decrease during the reporting period | Shareholdings of top 10 shareholders | | | Pledged or frozen Status | Nature of shareholder |
|--|--|---|-------------------|---|-----------------------------|--|
| | | Number of shares at the end of reporting period | Proportion (%) | Number of shares held subject to trading moratorium | | |
| HKSCC NOMINEES LIMITED | 1,384,090 | 249,138,789 | 38.59 | 0 | Unknown | Overseas legal person |
| China Luoyang Float Glass (Group) Co., Ltd. | 0 | 111,195,912 | 17.22 | 0 | Pledged | 55,597,956 State-owned legal person |
| CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd. | 0 | 70,290,049 | 10.89 | 0 | Nil | State-owned legal person |
| Hongtu Equity Investment Management (Shenzhen) Co., Ltd of Shenzhen Capital Group Co., Ltd.- New Materials Fund of Shenzhen Capital Group for Transformation and Upgrading for Manufacturing Sector (Limited Partnership)(深創投紅土股權投資管理(深圳)有限公司-深創投製造業轉型升級新材料基金(有限合夥)) | 38,853,812 | 38,853,812 | 6.02 | 38,853,812 | Nil | Domestic Non-state-owned legal person |
| Triumph Technology Group Co., Ltd. | 13,229,724 | 19,400,423 | 3.00 | 13,229,724 | Nil | 國有法人 |
| Agricultural Bank of China Limited-BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund | 7,844,986 | 11,880,671 | 1.84 | 0 | Nil | Domestic Non-state-owned legal person |
| China Merchants Bank Co., Ltd.-BOCOM Schroder Balanced Growth 1-year Holding Period Hybrid Securities Investment Fund (招商銀行股份有限公司-交銀施羅德均衡成長一年持有期混合型證券投資基金) | 11,522,639 | 11,522,639 | 1.78 | 0 | Nil | Domestic Non-state-owned legal person |
| UBS AG | 7,575,572 | 7,575,572 | 1.17 | 4,759,592 | Nil | Overseas legal person |
| Guogai Shuangbai Development Fund Management Co., Ltd. - Kegai Ceyuan (Chongqing) Private Equity Investment Fund Partnership (國改雙百發展基金管理有限公司-科改策源(重慶)私募股權投資基金合夥企業) | 7,285,089 | 7,285,089 | 1.13 | 7,285,089 | Nil | Domestic Non-state-owned legal person |
| China Construction Bank Corporation - BOCOM Schroder Qiming Hybrid Securities Investment Fund(中國建設銀行股份有限公司-交銀施羅德啟明混合型證券投資基金) | 6,771,603 | 6,771,603 | 1.05 | 0 | Nil | Domestic Non-state-owned legal person |



Section VIII Changes in Shareholding of 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)

| Name of shareholder | Shareholdings of top 10 shareholders not subject to trading moratorium Number of circulating shares not subject to trading moratorium | Type and number of shares | |
|---|--|------------------------------------|-------------|
| | | Type | Number |
| HKSCC NOMINEES LIMITED | 249,138,789 | Overseas listed foreign shares | 249,138,789 |
| China Luoyang Float Glass (Group) Company Limited | 111,195,912 | Ordinary shares denominated in RMB | 111,195,912 |
| CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd. | 70,290,049 | Ordinary shares denominated in RMB | 70,290,049 |
| Agricultural Bank of China Limited-BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund | 11,880,671 | Ordinary shares denominated in RMB | 11,880,671 |
| China Merchants Bank Co., Ltd.- BOCOM Schroder Balanced Growth 1-year Holding Period Hybrid Securities Investment Fund(招商銀行 股份有限公司—交銀施羅德均衡成長一年持有期混合型證券投資基金) | 11,522,639 | Ordinary shares denominated in RMB | 11,522,639 |
| China Construction Bank Corporation - Bank of Communications Schroder Qiming Hybrid Securities Investment Fund(中國建設銀行股份有限公司—交銀施羅德啟明混合型證券投資基金) | 6,771,603 | Ordinary shares denominated in RMB | 6,771,603 |
| Triumph Technology Group Co., Ltd. | 6,170,699 | Ordinary shares denominated in RMB | 6,170,699 |
| Robeco Fund Management Co., Ltd – Robeco Capital Growth Fund (荷寶基金管理公司—荷寶資本成長基金) | 4,418,000 | Ordinary shares denominated in RMB | 4,418,000 |
| Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. | 3,477,327 | Ordinary shares denominated in RMB | 3,477,327 |
| UBS AG | 2,815,980 | Ordinary shares denominated in RMB | 2,815,980 |
| Explanation on the repurchase accounts among the top ten shareholders | Nil | | |
| Explanation on voting rights, entrusted by or to or waived by the aforesaid shareholders | Nil | | |
| 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: 1. Shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers.



Section VIII Changes in Shareholding of 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 | Time available for listing and trading | Shares subject to trading moratorium available for listing and trading | Trading moratorium |
|-----|---|---|--|--|--|
| | | | | Number of additional shares available for listing and trading | |
| 1 | New Materials Fund of Shenzhen Capital Group for Transformation and Upgrading for Manufacturing Sector (Limited Partnership)* (深創投製造業轉型升級新材料基金(有限合夥)) | 38,853,812 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 2 | Triumph Technology Group Co., Ltd. | 13,229,724 | 18 August 2024 | 0 | Non-transferable within 36 months from the completion date of the issuance |
| 3 | Kegai Ceyuan (Chongqing) Private Equity Investment Fund Partnership (科改策源(重慶)私募股權投資基金合夥企業) | 7,285,089 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 4 | Jinan Jiangshan Investment Partnership (Limited Partnership) | 6,313,744 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 5 | China Galaxy Securities Co., Ltd. | 5,730,937 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 6 | High Quality Development Fund for Manufacturing Sector in Luoyang (Limited Partnership)(洛陽製造業高品質發展基金(有限合夥)) | 4,856,726 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 7 | UBS AG | 4,759,592 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 8 | Ping An Life Insurance Company of China, Ltd.– Investment Link – Personal insurance investment link | 2,914,035 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 9 | Ping An Asset – Industrial and Commercial Bank – Xinxiang No. 3 asset management product | 2,914,035 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |
| 10 | Guotai Junan Securities Co., Ltd. | 2,914,035 | 18 February 2022 | 0 | Non-transferable within 6 months from the completion date of the issuance |

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

None



Section VIII Changes in Shareholding of Shares and Information of Shareholders

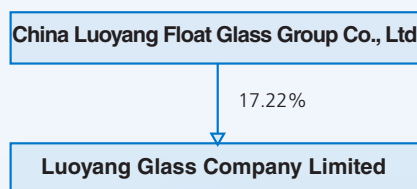
IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(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 | 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 VIII Changes in Shareholding of 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 2021, 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 31.71% equity interest in Luoyang Glass (600876, HK1108), 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), 48.78%, 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), 87.70% 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), 22.75% 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), 0.56% equity interest in Lanzhou LS Heavy Equipment Co., Ltd. (603169), 1.06% equity interest in China West Construction Group Co., Ltd. (002302), 0.044% 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), 0.0026% equity interest in Lutianhua (000912); and directly held 0.014% equity interest in Henan City Development Environment Co., Ltd. (000885). |
| Other situations | None |

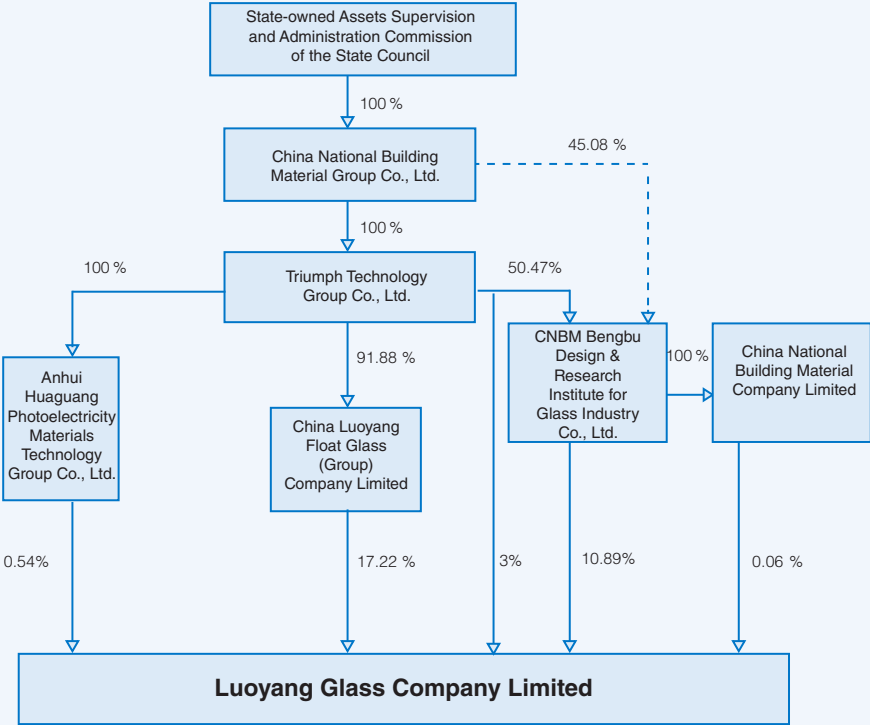


Section VIII Changes in Shareholding of Shares and Information of Shareholders

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 VIII Changes in Shareholding of Shares and Information of Shareholders

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(III) 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 relevant class of issued shares (%) | Percentage in total issues share capital of the Company (%) | Class of shares |
|---------------------------------------|---|------------------------------------|---|---|-----------------|
| CNBM ² | Interest in controlled corporation | 204,750,081 (L) | 51.75 | 31.71 | A shares |
| Triumph Technology Group ³ | Beneficial owner/Interest in controlled corporation | 204,750,081 (L) | 51.75 | 31.71 | A shares |
| CLFG | Beneficial owner | 111,195,912 (L) | 28.10 | 17.22 | A shares |
| Bengbu Institute | Beneficial owner | 70,290,049 (L) | 17.76 | 10.89 | A shares |
| Huaguang Group | Beneficial owner | 3,477,327(L) | 0.88 | 0.54 | A shares |
| International Engineering | Beneficial owner | 386,370(L) | 0.10 | 0.06 | 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 is a non-wholly-owned subsidiary of Triumph Technology Group, International Engineering is a wholly-owned subsidiary of Triumph Technology Group and Huaguang Group is wholly-owned subsidiaries of Triumph Technology Group; and Triumph Technology Group directly holds 19,400,423 A shares of the Company. Therefore, Triumph Technology Group is deemed to be interested in the shares held by CLFG, Bengbu Institute, International Engineering and Huaguang Group by virtue of Part XV of the SFO.

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 | 3,715,904,078.01 | 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



I. AUDIT REPORT

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 2021, 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 2021, 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 2021, and the consolidated and the Parent Company’s operating results and cash flows for 2021.

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.

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 and other functional glass. In 2021, the amount of operating revenue shown in the Company’s consolidated financial statements was RMB3,605,601,992.64, of which the revenue from new energy glass business was RMB2,741,774,527.87, accounting for 76.04% 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 IX Financial Report

I. AUDIT REPORT (CONTINUED)

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.



I. AUDIT REPORT (CONTINUED)

Key Audit Matters (Continued)

(II) Impairment of receivables

1. Description of the matter

Please refer to relevant disclosures in note VII.2 and note VII.3 in the Company's financial statements. As at 31 December 2021, the original value of the notes receivable and accounts receivable of the Company was RMB761,833,498.16, the impairment provision was RMB118,329,266.06, and the net book value was RMB643,504,232.10, accounting for 20.31% 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 IX Financial Report

I. AUDIT REPORT (CONTINUED)

Other Information

The Management of the Company is responsible for other information. Other information includes the information included in the Company's 2021 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.

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.

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 IX Financial Report

I. AUDIT REPORT (CONTINUED)

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: Xu Xiaolu

Beijing • the PRC
29 March 2022



Consolidated Balance Sheet

31 December 2021
Prepared by: Luoyang Glass Company Limited
Unit: Yuan Currency: RMB

II. FINANCIAL STATEMENTS

| Item | Note | 31 December 2021 | 31 December 2020 |
|---|--------|-------------------------|------------------|
| Current assets: | | | |
| Monetary funds | VII.1 | 1,116,571,580.99 | 338,338,105.37 |
| Notes receivable | VII.2 | 204,999,510.62 | 102,441,393.68 |
| Accounts receivable | VII.3 | 438,504,721.48 | 641,954,362.17 |
| Accounts receivable financing | VII.4 | 369,857,635.69 | 448,697,313.21 |
| Prepayments | VII.5 | 127,452,119.00 | 158,034,372.78 |
| Other receivables | VII.6 | 35,054,042.55 | 553,839,445.64 |
| Inventories | VII.7 | 686,161,229.71 | 307,898,221.12 |
| Other current assets | VII.8 | 190,034,599.15 | 60,748,621.82 |
| Total current assets | | 3,168,635,439.19 | 2,611,951,835.79 |
| Non-current assets: | | | |
| Long-term receivables | VII.9 | 55,000,000.00 | 55,000,000.00 |
| Fixed assets | VII.10 | 3,752,537,037.23 | 3,245,484,257.44 |
| Construction in progress | VII.11 | 1,420,340,092.86 | 83,910,682.05 |
| Right-of-use assets | VII.12 | 9,679,048.81 | 12,259,657.09 |
| Intangible assets | VII.13 | 644,275,347.55 | 453,958,149.23 |
| Development expenditures | VII.14 | 12,951,857.34 | 14,096,615.36 |
| Long-term deferred expenses | VII.15 | 1,416,666.79 | 5,278,764.89 |
| Deferred income tax assets | VII.16 | 16,986,021.11 | 10,466,272.12 |
| Other non-current assets | VII.17 | 185,935,267.61 | 33,523,206.41 |
| Total non-current assets | | 6,099,121,339.30 | 3,913,977,604.59 |
| Total assets | | 9,267,756,778.49 | 6,525,929,440.38 |
| Current liabilities: | | | |
| Short-term borrowings | VII.18 | 1,326,709,864.27 | 1,278,414,071.56 |
| Notes payable | VII.19 | 650,930,930.94 | 508,983,722.37 |
| Accounts payable | VII.20 | 645,516,087.58 | 473,725,797.02 |
| Contract liabilities | VII.21 | 46,718,841.37 | 59,497,488.00 |
| Employee compensation payable | VII.22 | 60,667,607.28 | 44,039,082.77 |
| Taxes payable | VII.23 | 13,688,263.71 | 116,499,806.65 |
| Other payables | VII.24 | 701,248,471.31 | 815,548,721.38 |
| Non-current liabilities due within one year | VII.25 | 258,656,910.02 | 351,263,247.43 |
| Other current liabilities | VII.26 | 20,064,405.18 | 7,654,980.24 |
| Total current liabilities | | 3,724,201,381.66 | 3,655,626,917.42 |



Consolidated Balance Sheet

| Item | Note | 31 December 2021 | 31 December 2020 |
|--|--------|-------------------------|------------------|
| Non-current liabilities: | | | |
| Long-term borrowings | VII.27 | 1,032,800,000.00 | 640,530,047.96 |
| Lease liabilities | VII.28 | 6,771,924.40 | 9,238,598.97 |
| Deferred income | VII.29 | 132,719,249.92 | 125,129,638.70 |
| Deferred income tax liabilities | VII.16 | 18,547,379.56 | 15,448,548.99 |
| Total non-current liabilities | | 1,190,838,553.88 | 790,346,834.62 |
| Total Liabilities | | 4,915,039,935.54 | 4,445,973,752.04 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (or share capital) | VII.30 | 645,674,963.00 | 548,540,432.00 |
| Capital reserve | VII.31 | 3,792,235,992.58 | 2,077,843,375.03 |
| Surplus reserve | VII.32 | 51,365,509.04 | 51,365,509.04 |
| Undistributed profit | VII.33 | -645,627,731.05 | -910,222,873.83 |
| Total equity attributable to owners of the parent company (or shareholders' equity) | | 3,843,648,733.57 | 1,767,526,442.24 |
| Minority interests | | 509,068,109.38 | 312,429,246.10 |
| Total owners' equity (or shareholders' equity) | | 4,352,716,842.95 | 2,079,955,688.34 |
| Total liabilities and owners' equity (or shareholders' equity) | | 9,267,756,778.49 | 6,525,929,440.38 |

Person in charge of the Company:
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 2021
Prepared by: Luoyang Glass Company Limited
Unit: Yuan Currency: RMB

| Item | Note | 31 December 2021 | 31 December 2020 |
|---|-------|-------------------------|-------------------------|
| Current assets: | | | |
| Monetary funds | | 276,223,398.45 | 125,309,146.98 |
| Notes receivable | | | 25,000,000.00 |
| Accounts receivable | XVI.1 | 220,389,403.91 | 172,104,965.11 |
| Accounts receivable financing | | 81,302,010.11 | 11,328,409.13 |
| Prepayments | | 23,957.69 | 23,779.73 |
| Other receivables | XVI.2 | 431,793,556.37 | 489,264,423.62 |
| Including: Interest receivable | | | |
| Dividend receivable | | 50,000,000.00 | |
| Inventories | | 8,430.00 | 3,100,908.52 |
| Other current assets | | 12,127,726.81 | |
| Total current assets | | 1,021,868,483.34 | 826,131,633.09 |
| Non-current assets: | | | |
| Long-term receivables | | 55,000,000.00 | 55,000,000.00 |
| Long-term equity investment | XVI.3 | 3,857,645,290.12 | 1,886,146,638.35 |
| Fixed assets | | 1,932,791.36 | 2,174,833.48 |
| Intangible assets | | 47,750,491.37 | 5,511,212.08 |
| Other non-current assets | | 49,500.00 | |
| Total non-current assets | | 3,962,378,072.85 | 1,948,832,683.91 |
| Total assets | | 4,984,246,556.19 | 2,774,964,317.00 |
| Current liabilities: | | | |
| Short-term borrowings | | 589,666,075.73 | 394,007,666.58 |
| Notes payable | | 30,000,000.00 | 45,877,926.40 |
| Accounts payable | | 96,682,422.72 | 49,075,335.55 |
| Contract liabilities | | 28,120.27 | 12,260,748.25 |
| Employee compensation payable | | 9,547,144.65 | 8,074,804.47 |
| Taxes payable | | 306,238.93 | 2,253,865.09 |
| Other payables | | 608,713,927.17 | 791,861,472.98 |
| Non-current liabilities due within one year | | 45,543,566.66 | 42,422,967.95 |
| Other current liabilities | | 3,655.64 | 1,593,897.27 |
| Total current liabilities | | 1,380,491,151.77 | 1,347,428,684.54 |



Balance Sheet of the Parent Company

| Item | Note | 31 December 2021 | 31 December 2020 |
|---|------|--------------------------------|--------------------------|
| Non-current liabilities: | | | |
| Long-term borrowings | | 192,800,000.00 | 228,000,000.00 |
| Total non-current liabilities | | <u>192,800,000.00</u> | <u>228,000,000.00</u> |
| Total Liabilities | | <u>1,573,291,151.77</u> | <u>1,575,428,684.54</u> |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (or share capital) | | 645,674,963.00 | 548,540,432.00 |
| Capital reserve | | 3,857,589,394.08 | 1,961,847,553.30 |
| Surplus reserve | | 51,365,509.04 | 51,365,509.04 |
| Undistributed profit | | <u>-1,143,674,461.70</u> | <u>-1,362,217,861.88</u> |
| Total owners' equity (or shareholders' equity) | | <u>3,410,955,404.42</u> | <u>1,199,535,632.46</u> |
| Total liabilities and owners' equity (or shareholders' equity) | | <u>4,984,246,556.19</u> | <u>2,774,964,317.00</u> |

Person in charge of the Company:

Zhang Chong

Person in charge of accounting:

Ma Yan

Person in charge of accounting department:

Chen Jing



Consolidated Income Statement

January–December 2021
Unit: Yuan Currency: RMB

| Item | Note | 2021 | 2020 |
|---|--------|-------------------------|------------------|
| I. Total operating revenue | | 3,605,601,992.64 | 3,381,105,357.02 |
| Including: Operating revenue | VII.34 | 3,605,601,992.64 | 3,381,105,357.02 |
| II. Total operating costs | | 3,253,692,768.82 | 2,887,696,600.22 |
| Including: Operating costs | VII.34 | 2,737,305,132.64 | 2,434,391,750.29 |
| Taxes and surcharges | VII.35 | 42,783,319.97 | 38,292,641.71 |
| Selling expenses | VII.36 | 19,304,831.08 | 23,612,460.65 |
| Administration expenses | VII.37 | 174,899,951.49 | 136,974,104.36 |
| R&D expenses | VII.38 | 154,331,928.64 | 120,749,370.37 |
| Finance expenses | VII.39 | 125,067,605.00 | 133,676,272.84 |
| Including: Interest expenses | | 128,767,137.08 | 125,865,964.01 |
| Interest income | | 8,788,027.25 | 5,920,698.40 |
| Add: Other income | VII.40 | 36,921,816.28 | 55,492,355.91 |
| Investment income (losses are represented by "-") | VII.41 | -11,556,042.87 | -9,674,971.70 |
| Impairment losses on credit (losses are represented by "-") | VII.42 | -3,402,075.93 | -4,686,523.09 |
| Impairment losses on assets (losses are represented by "-") | VII.43 | -10,919,597.80 | 3,671,240.15 |
| Gains on disposal of assets (losses are represented by "-") | VII.44 | -347,984.19 | -259,318.91 |
| III. Operating profit (loss is represented by "-") | | 362,605,339.31 | 537,951,539.16 |
| Add: Non-operating income | VII.45 | 4,698,890.28 | 8,316,068.49 |
| Less: Non-operating expenses | VII.46 | 1,502,393.35 | 3,832,215.97 |
| IV. Total profit (total loss is represented by "-") | | 365,801,836.24 | 542,435,391.68 |
| Less: Income tax expenses | VII.47 | 20,635,909.99 | 70,184,963.12 |
| V. Net profit (net loss is represented by "-") | | 345,165,926.25 | 472,250,428.56 |
| (I) Classified on a going concern basis | | | |
| 1. Net profit from continued operation (Net loss is represented by "-") | | 345,165,926.25 | 472,250,428.56 |
| 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 "-") | | 264,595,142.78 | 372,861,545.19 |
| 2. Minority interests (net loss is represented by "-") | | 80,570,783.47 | 99,388,883.37 |



Consolidated Income Statement

| Item | Note | 2021 | 2020 |
|--|------|-----------------------|----------------|
| 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 | | | |
| (I) Total comprehensive income attributable to owners of the parent company | | 345,165,926.25 | 472,250,428.56 |
| (II) Total comprehensive income attributable to minority interests | | 264,595,142.78 | 372,861,545.19 |
| | | 80,570,783.47 | 99,388,883.37 |
| VIII. Earnings per share: | | | |
| (I) Basic earnings per share (RMB/share) | | 0.46 | 0.68 |
| (II) Diluted earnings per share (RMB/share) | | 0.46 | 0.68 |

For business combination under common control in the current period, the net profit realized by the combined party before the combination was RMB71,103,489.62, and the net profit realized by the combined party in the previous period was RMB80,076,886.13.

Person in charge of the Company:

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 2021
Unit: Yuan Currency: RMB

| Item | Note | 2021 | 2020 |
|---|-------|-----------------------|----------------|
| I. Operating revenue | XVI.4 | 569,073,441.80 | 392,184,482.30 |
| Less: Operating costs | XVI.4 | 566,472,737.48 | 390,489,098.15 |
| Taxes and surcharges | | 1,946,757.95 | 859,968.33 |
| Selling expenses | | 971,218.63 | 767,777.29 |
| Administration expenses | | 24,285,318.19 | 18,343,764.61 |
| Finance expenses | | 34,715,318.27 | 38,122,849.58 |
| Including: Interest expenses | | 60,571,535.03 | 57,708,251.94 |
| Interest income | | 25,965,311.25 | 21,394,512.28 |
| Add: Other income | | 6,229.23 | 121,524.55 |
| Investment income | | | |
| (loss is represented by “-”) | XVI.5 | 297,827,242.98 | 50,905,540.46 |
| Impairment losses on credit | | | |
| (loss is represented by “-”) | | -19,971,110.25 | 4,400,167.56 |
| Gains on disposal of assets | | | |
| (loss is represented by “-”) | | | 114,447.47 |
| II. Operating profit (loss is represented by “-”) | | 218,544,453.24 | -857,295.62 |
| Add: Non-operating income | | | 1,799,031.51 |
| Less: Non-operating expenses | | 1,053.06 | 151,212.16 |
| III. Total profit (total loss is represented by “-”) | | 218,543,400.18 | 790,523.73 |
| Less: Income tax expenses | | | |
| IV. Net profit (net loss is represented by “-”) | | 218,543,400.18 | 790,523.73 |
| (I) Net profit from continued operation | | | |
| (net loss is represented by “-”) | | 218,543,400.18 | 790,523.73 |
| (II) Net profit from discontinued operation | | | |
| (net loss is represented by “-”) | | | |



Income Statement of the Parent Company

| Item | Note | 2021 | 2020 |
|--|------|-----------------------|------------|
| 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 | | 218,543,400.18 | 790,523.73 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share (RMB/share) | | | |
| (II) Diluted earnings per share (RMB/share) | | | |

Person in charge of the Company:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing



Consolidated Cash Flow Statement

January–December 2021
Unit: Yuan Currency: RMB

| Item | Note | 2021 | 2020 |
|---|--------|--------------------------|------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sale of goods or rendering of services | | 2,644,226,609.82 | 2,165,406,398.79 |
| Tax refunds received | | 70,991,372.55 | 27,799,600.29 |
| Other cash received from activities related to operation | VII.48 | 71,798,067.53 | 120,954,377.98 |
| Sub-total of cash inflow from operating activities | | 2,787,016,049.90 | 2,314,160,377.06 |
| Cash paid for purchase of goods and rendering of services | | 1,816,095,925.07 | 1,321,510,488.68 |
| Cash paid to and on behalf of employees | | 367,557,264.73 | 247,189,905.13 |
| Tax payments | | 268,108,018.51 | 185,907,639.70 |
| Other cash paid for activities related to operation | VII.48 | 198,940,693.44 | 89,000,122.58 |
| Sub-total of cash outflow from operating activities | | 2,650,701,901.75 | 1,843,608,156.09 |
| Net cash flow from operating activities | | 136,314,148.15 | 470,552,220.97 |
| II. Cash flow from investment activities: | | | |
| Collection of cash received from investments | | | 13,144,438.80 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 887,503.60 | 22,000.00 |
| Other cash received from activities related to investment | VII.48 | 6,176,839.68 | 6,761,595.39 |
| Sub-total of cash inflow from investment activities | | 7,064,343.28 | 19,928,034.19 |
| Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets | | 1,688,879,719.28 | 237,865,990.18 |
| Cash paid for investments | | 28,767,920.00 | 35,845,280.00 |
| Sub-total of cash outflow from investment activities | | 1,717,647,639.28 | 273,711,270.18 |
| Net cash flow from investment activities | | -1,710,583,296.00 | -253,783,235.99 |



Consolidated Cash Flow Statement

| Item | Note | 2021 | 2020 |
|---|--------|-------------------------|------------------|
| III. Cash flow from financing activities: | | | |
| Cash received from capital contributions | | 1,983,999,993.34 | |
| Proceeds from loans | | 2,595,990,000.00 | 1,800,868,032.25 |
| Other cash received from activities related to financing | VII.48 | 1,732,290,060.77 | 1,179,910,219.17 |
| Sub-total of cash inflow from financing activities | | 6,312,280,054.11 | 2,980,778,251.42 |
| Cash paid for repayment of loans | | 2,259,873,816.62 | 1,810,662,748.53 |
| Cash payment for distribution of dividends and profits or repayment of interest | | 158,378,487.80 | 130,072,269.64 |
| Including: Dividends and profits paid to minority shareholders by subsidiaries | | 40,189,514.01 | 9,685,787.11 |
| Other cash paid for activities related to financing | VII.48 | 1,509,408,480.82 | 1,258,186,662.41 |
| Sub-total of cash outflow from financing activities | | 3,927,660,785.24 | 3,198,921,680.58 |
| Net cash flow from financing activities | | 2,384,619,268.87 | -218,143,429.16 |
| IV. Effects of changes in exchange rate on cash and cash equivalents | | -807,776.94 | -5,179,949.92 |
| V. Net increase in cash and cash equivalents | | 809,542,344.08 | -6,554,394.10 |
| Add: Opening balance of cash and cash equivalents | | 151,936,892.29 | 158,491,286.39 |
| VI. Closing balance of cash and cash equivalents | | 961,479,236.37 | 151,936,892.29 |

Person in charge of the Company:
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 2021
Unit: Yuan Currency: RMB

| Item | Note | 2021 | 2020 |
|---|------|--------------------------|----------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sale of goods or rendering of services | | 270,294,779.03 | 145,394,531.73 |
| Other cash received from activities related to operation | | 7,897,529.91 | 8,500,206.34 |
| Sub-total of cash inflow from operating activities | | 278,192,308.94 | 153,894,738.07 |
| Cash paid for purchase of goods and rendering of services | | 263,381,848.36 | 102,923,989.82 |
| Cash paid to and on behalf of employees | | 13,422,841.97 | 11,257,941.42 |
| Tax payments | | 11,231,603.40 | 3,251,747.46 |
| Other cash paid for activities related to operation | | 20,009,344.64 | 11,500,715.07 |
| Sub-total of cash outflow from operating activities | | 308,045,638.37 | 128,934,393.77 |
| Net cash flow from operating activities | | -29,853,329.43 | 24,960,344.30 |
| II. Cash flow from investment activities: | | | |
| Cash received from returns on investments | | 243,347,245.76 | 23,701,965.76 |
| Sub-total of cash inflow from investment activities | | 243,347,245.76 | 23,701,965.76 |
| Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets | | 42,936,055.00 | 910,619.50 |
| Cash paid for investment | | 1,962,275,920.00 | |
| Sub-total of cash outflow from investment activities | | 2,005,211,975.00 | 910,619.50 |
| Net cash flow from investment activities | | -1,761,864,729.24 | 22,791,346.26 |



Cash Flow Statement of the Parent Company

| Item | Note | 2021 | 2020 |
|---|------|-------------------------|------------------|
| III. Cash flow from financing activities: | | | |
| Cash received from capital contributions | | 1,983,999,993.34 | |
| Proceeds from loans | | 628,990,000.00 | 513,490,000.00 |
| Other cash received from activities related to financing | | 5,868,130,511.76 | 2,766,323,043.63 |
| Sub-total of cash inflow from financing activities | | 8,481,120,505.10 | 3,279,813,043.63 |
| Cash paid for repayment of loans | | 465,521,271.66 | 456,658,697.84 |
| Cash payment for distribution of dividends and profits or repayment of interest | | 32,420,185.85 | 44,014,859.26 |
| Other cash paid for activities related to financing | | 5,997,121,273.17 | 2,791,512,554.46 |
| Sub-total of cash outflow from financing activities | | 6,495,062,730.68 | 3,292,186,111.56 |
| Net cash flow from financing activities | | 1,986,057,774.42 | -12,373,067.93 |
| IV. Effects of changes in exchange rate on cash and cash equivalents | | | |
| | | -179.19 | -387.29 |
| V. Net increase in cash and cash equivalents | | | |
| Add: Opening balance of cash and cash equivalents | | 81,846,146.98 | 46,467,911.64 |
| VI. Closing balance of cash and cash equivalents | | | |
| | | 276,185,683.54 | 81,846,146.98 |

Person in charge of the Company:

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 2021
Unit: Yuan Currency: RMB

| Item | Equity attributable to shareholders of the Company | | | | | | | | | | Total shareholders' equity | | | | |
|---|--|--------|-------|--------|------------------|----------------|----------------------------|-----------------|-----------------|----------------------|----------------------------|----------|------------------|----------------|-------------------|
| | Share capital | shares | bonds | Others | Capital reserve | Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | | Subtotal | Others | Subtotal | Minority interest |
| I. Balance at the end of last year | 548,540,432.00 | | | | 1,982,394,841.30 | | | | 51,385,590.04 | -955,722,560.53 | 1,626,578,221.81 | | 1,626,578,221.81 | 168,703,404.53 | 1,795,281,626.44 |
| Business combination under common control | | | | | 96,448,533.73 | | | | | 45,499,886.70 | 140,946,220.43 | | 140,946,220.43 | 143,725,841.47 | 284,674,061.90 |
| II. Balance at the beginning of the year | 548,540,432.00 | | | | 2,077,843,375.03 | | | 51,385,590.04 | 51,385,590.04 | -910,222,873.83 | 1,767,526,442.24 | | 1,767,526,442.24 | 312,423,246.10 | 2,079,955,688.34 |
| III. Increase/(decrease) in the period | | | | | 1,714,392,617.55 | | | | | 264,595,142.78 | 2,076,122,291.33 | | 2,076,122,291.33 | 196,638,863.28 | 2,272,761,154.61 |
| (decrease is represented by "-") | | | | | | | | | | 264,595,142.78 | 264,595,142.78 | | 264,595,142.78 | 80,570,783.47 | 345,165,926.25 |
| (I) Total comprehensive income | | | | | | | | | | | | | | | |
| (II) Shareholders' contribution and decrease in capital | | | | | | | | | | | | | | | |
| 1. Ordinary shares contributed by shareholders | 97,134,531.00 | | | | 1,714,392,617.55 | | | | | | | | | | |
| 2. Others | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | | | | | | | | | | | | | | | |
| 2. Distribution to shareholders | | | | | | | | | | | | | | | |
| (IV) In total carry-forward of shareholders' equity | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Balance at the end of the period | 645,674,963.00 | | | | 3,792,235,962.58 | | | 51,385,590.04 | 51,385,590.04 | -645,627,731.05 | 3,843,649,733.57 | | 3,843,649,733.57 | 599,068,108.38 | 4,332,716,841.95 |



Consolidated Statement of Changes in Owners' Equity

| Item | Equity attributable to shareholders of the Company | | | | | | | | | | Total shareholders' equity | | | | |
|---|--|---------------------|-----------------|--------|------------------|----------------|----------------------------|-----------------|-----------------|----------------------|----------------------------|----------------------|------------------|----------------|-------------------|
| | State capital | Preferential shares | Perpetual bonds | Others | Capital reserve | Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | | Undistributed profit | Others | Subtotal | Minority interest |
| I. Balance at the end of last year | 552,386,509.00 | | | | 1,978,538,766.30 | | | | 51,385,509.04 | -1,282,084,419.02 | | | 1,299,216,365.32 | 114,726,151.47 | 1,413,942,516.79 |
| II. Balance at the beginning of the year | 552,386,509.00 | | | | 1,978,538,766.30 | | | | 51,385,509.04 | -1,282,084,419.02 | | | 1,299,216,365.32 | 114,726,151.47 | 1,413,942,516.79 |
| III. Increase/decrease in the period (decrease is represented by "-") | -3,856,077.00 | | | | 99,304,608.73 | | | | | 372,861,545.19 | | | 468,310,076.92 | 197,703,094.63 | 666,013,171.55 |
| (I) Total comprehensive income | | | | | | | | | | | | | | | |
| (II) Shareholders' contribution and decrease in capital | -3,856,077.00 | | | | 99,304,608.73 | | | | | | | | | | |
| 1. Others | -3,856,077.00 | | | | 99,304,608.73 | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | 372,861,545.19 | | | | | |
| 1. Distribution to owners (or shareholders) | | | | | | | | | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Balance at the end of the period | 548,540,432.00 | | | | 2,077,843,375.03 | | | | 51,385,509.04 | -910,222,873.83 | | | 1,767,526,442.24 | 312,423,246.10 | 2,079,955,688.34 |

Person in charge of the Company:
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 2021
Unit: Yuan Currency: RMB

| Item | 2021 | | | | | | | Total shareholders' equity |
|--|----------------|---------------------|-----------------|--------|------------------|----------------------|----------------------------|----------------------------|
| | Share capital | Preferential shares | Perpetual bonds | Others | Capital reserve | Less: Treasury stock | Other comprehensive income | |
| I. Balance at the end of last year | 548,540,432.00 | | | | 1,961,847,553.30 | | | 1,199,535,632.46 |
| II. Balance at the beginning of the year | 548,540,432.00 | | | | 1,961,847,553.30 | | | 1,199,535,632.46 |
| III. In crease/decrease in the period (decrease is represented by "-") | 97,134,531.00 | | | | 1,895,741,840.78 | | | 2,211,419,771.96 |
| (I) Total comprehensive income | | | | | | | | 218,543,400.18 |
| (II) Shareholders' contribution and decrease in capital | 97,134,531.00 | | | | 1,895,741,840.78 | | | 218,543,400.18 |
| 1. Ordinary shares contributed by shareholders | 97,134,531.00 | | | | 1,886,519,109.01 | | | 1,992,876,371.78 |
| 2. Others | | | | | 9,222,731.77 | | | 9,222,731.77 |
| (III) Profit distribution | | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | | |
| (V) Special reserve | | | | | | | | |
| (VI) Others | | | | | | | | |
| IV. Balance at the end of the period | 645,674,963.00 | | | | 3,857,589,394.08 | | | 3,410,955,404.42 |



Statement of Changes in Owners' Equity of the Company

| Item | 2020 | | | | | | | Total shareholders' equity | | | | |
|---|----------------|------------------------|--------------------|--------|--------------------|----------------|----------------------------------|----------------------------------|----------------------------------|--------------------|--------------------|-------------------------|
| | Share capital | Preferential shares | Perpetual bonds | Others | Capital reserve | Treasury stock | Less: comprehensive income | | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit |
| I. Balance at the end of last year | 552,396,509.00 | | | | 1,957,891,478.30 | | | | | 51,365,509.04 | -1,363,008,385.61 | 1,198,745,110.73 |
| II. Balance at the beginning of the year | 552,396,509.00 | | | | 1,957,891,478.30 | | | | | 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) Shareholders' contribution and decrease in capital | -3,856,077.00 | | | | 3,856,075.00 | | | | | | | |
| 1. Others | -3,856,077.00 | | | | 3,856,075.00 | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | |
| 1. Appropriation in the period | | | | | | | | | | | | |
| 2. Utilized in the period | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | |
| IV. Balance at the end of the year | 548,540,432.00 | | | | 1,961,847,553.30 | | | | | 51,365,509.04 | -1,362,217,861.88 | 1,199,535,632.46 |

Person in charge of the Company:
Zhang Chong

Person in charge of accounting:
Ma Yan

Person in charge of accounting department:
Chen Jing



III. COMPANY PROFILE

1. Company Overview

The Company 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 Approval on the Non-public Issuance of Shares of Luoyang Glass Company Limited* (Zheng Jian Xu Ke [2021] No. 2104) (《關於核准洛陽玻璃股份有限公司非公開發行股票的批覆》(證監許可[2021]2104號)) issued by the China Securities Regulatory Commission, the Company issued a total of 97,134,531 ordinary shares, with a par value of RMB1 each, to specific investors namely Ping An Asset Management Co., Ltd. (Investment-linked), Ping An Asset Management Co., Ltd. (Investment-linked), Ping An Asset Management Co., Ltd. (Xin Xiang No. 3), UBS AG, Jinan Jiangshan Investment Partnership (Limited Partnership), Kegai Resource (Chongqing) Private Equity Investment Fund Partnership (Limited Partnership), Guotai Junan Securities Co., Ltd., China Galaxy Securities Co., Ltd., Ningbo Hongyang Investment Management Partnership (Limited Partnership), Luoyang Manufacturing High Quality Development Fund (Limited Partnership), Shanghai Boshen Investment Center (Limited Partnership), Shenzhen Capital Investment Manufacturing Transformation And Upgrading New Material Fund (Limited Partnership), Nuode Fund Management Co., Ltd. and Triumph Technology Group Co., Ltd., and increased registered capital of RMB97,134,531. Following the completion of non-public issuance, the total number of issued ordinary shares of the Company was 645,674,963.

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

2. Scope of Consolidated Financial Statements

Scope of consolidated financial statements for 2021

| 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 |
| 8 | Qinhuangdao North Glass Co., Ltd. | North Glass |
| 9 | Triumph (Zigong) New Energy Resources Co., Ltd. | Zigong New Energy |
| 10 | CNBM (Luoyang) New Energy Co., Ltd.* | Luoyang 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 2021, the business operations of the Company were in normal condition with smooth financing channels and its gearing ratio was 53.03%. Although the current liabilities of the Group exceeded current assets by RMB555,565,942.47, 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 2021, and operating results, cash flows and other relevant information for the year 2021 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

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.

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

I. 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 designated 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)

I. 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)

I. 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)

I. 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)

I. 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.

II. Method of determination of expected credit loss of contract assets and accounting treatment methods

1. 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 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)

II. Method of determination of expected credit loss of contract assets and accounting treatment methods (Continued)

1. 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)

II. Method of determination of expected credit loss of contract assets and accounting treatment methods (Continued)

1. 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)

II. Method of determination of expected credit loss of contract assets and accounting treatment methods (Continued)

1. 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.

2. 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 (packaging materials and low-value consumables), external processing materials, work in progress, self-manufactured semi-finished product, commodity inventories (finished goods) 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.

3. Provision for impairment

On the balance sheet date, provision for value of inventories will be made at the lower of the cost and the net realizable value. 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 for decline in value of inventories may be made based on categories of inventories.



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Inventories (Continued)

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.

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.

If there is an impairment loss on contract assets, the Company will debit "asset impairment loss" and credit "provision for impairment of contract assets" based on amounts to be written down; if there is a reversal on provision for asset impairment which has been provided, the Company makes the opposite accounting record.

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

The provision for impairment of contract assets shall refer to the expected credit loss of financial instruments.

17. Long-term receivables

(1) Determination and accounting treatment of the ECL of long-term receivables

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



V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. 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.

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.



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, productive biological assets, oil and gas assets measured under the cost model, 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.

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

(1) *Accounting policies adopted for revenue recognition and measurement*

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)

(1) Accounting policies adopted for revenue recognition and measurement (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) 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)

(1) *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 straight-line 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)

(1) *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.

36. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

1. Explanation on changes in accounting policies

According to the Q & A on the implementation of the 2021 Fifth Batch of Accounting Standards for Business Enterprises issued by the Accounting Department of the Ministry of Finance on November 1, 2021, the Group regards the transportation costs incurred before the control of goods is transferred to the customer and for the purpose of fulfilling the customer contract, which do not constitute a single performance obligation, as the contract performance costs, and amortizes them into the current profit and loss on the same basis as the recognition of the revenue of goods, and is listed in the income statement under "operating costs".

2. Impact of changes in accounting policies on relevant items in the financial statements

| Items affected in the consolidated balance sheet | Before adjustment | 2020 Adjustment amount | After adjustment |
|--|-------------------|------------------------|------------------|
| Operating cost | 2,367,700,590.44 | 66,691,159.85 | 2,434,391,750.29 |
| Selling expenses | 90,303,620.50 | -66,691,159.85 | 23,612,460.65 |



VI. TAXES**1. 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% |

Companies subject to different income tax rates are disclosed as follows

| 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. | 15% |
| CNBM (Hefei) New Energy Co., Ltd. | 15% |
| CNBM (Tongcheng) New Energy Materials Co., Ltd. | 15% |
| CNBM (Yixing) New Energy Resources Co., Ltd. | 15% |
| Qinhuangdao North Glass Co., Ltd. | 25% |
| Triumph (Zigong) New Energy Resources Co., Ltd. | 25% |
| CNBM (Luoyang) New Energy Co., Ltd.* | 25% |

2. Preferential tax treatment

Longhai Company, a wholly-owned subsidiary of the Company, has been approved as a high-tech enterprise in December 2021 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2021.

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 2021.

Puyang CNBM Photovoltaic Materials, a wholly-owned subsidiary of the Company, has been approved as a high-tech enterprise in December 2021 with a term of 3 years and paid the enterprise income tax at a tax rate of 15% in 2021.

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 2021.

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 2021.

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 2021.



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

In the following notes, unless otherwise specified, the end of the period refers to 31 December 2021, the beginning of the period refers to 1 January 2021, the period refers to the year of 2021 and the previous period refers to the year of 2020.

1. Monetary funds

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|------------------------------------|------------------|------------------|
| Cash on hand | 39,663.87 | 171,311.73 |
| Deposits at banks | 961,439,572.50 | 153,232,580.56 |
| Other monetary funds | 155,092,344.62 | 184,934,213.08 |
| Total | 1,116,571,580.99 | 338,338,105.37 |
| 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 RMB155,092,344.62.

2. Notes receivable

(1) Notes receivable by category

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|-------------------------------|------------------|------------------|
| Banks' acceptance bills | | |
| Commercial acceptances | 209,183,174.11 | 104,532,034.37 |
| Less: provision for bad debts | 4,183,663.49 | 2,090,640.69 |
| Total | 204,999,510.62 | 102,441,393.68 |

The objective of the Company's business model for managing commercial acceptance bills receivable is aimed at the collection of contract cash flow, so it is classified as financial assets measured at amortised cost.



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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

2. Notes receivable (Continued)

(2) 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 |
|-------------------------|--|--|
| Banks' acceptance bills | | |
| Commercial acceptances | | 14,000,000.00 |
| Total | | 14,000,000.00 |

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

Unit: Yuan Currency: RMB

| Category | 31 December 2021 | | | | | 31 December 2020 | | | | |
|--|------------------|-----------|-------------------------|-----------|----------------|------------------|-----------|-------------------------|-----------|----------------|
| | 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 | | | | | | | | | | |
| Bad debt provision on group basis | 209,183,174.11 | 100.00 | 4,183,663.49 | 2.00 | 204,999,510.62 | 104,532,034.37 | 100.00 | 2,090,640.69 | 2.00 | 102,441,393.68 |
| Total | 209,183,174.11 | / | 4,183,663.49 | / | 204,999,510.62 | 104,532,034.37 | / | 2,090,640.69 | / | 102,441,393.68 |



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

2. Notes receivable (Continued)

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

Provision for bad debts on group basis:

Provision on group basis: commercial acceptance bills

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | | |
|-----------------------------|-----------------------|-------------------------|---------------------|
| | Notes receivable | Provision for bad debts | Provision ratio (%) |
| Commercial acceptance bills | 209,183,174.11 | 4,183,663.49 | 2.00 |
| Total | 209,183,174.11 | 4,183,663.49 | 2.00 |

(4) Provision for bad debts

Unit: Yuan Currency: RMB

| Category | 31 December 2020 | Increase/decrease for the period | | | 31 December 2021 |
|-----------------------------|---------------------|----------------------------------|----------------------|---------------------------|---------------------|
| | | Provision | Recovery or reversal | Write-off or cancellation | |
| Commercial acceptance bills | 2,090,640.69 | 2,093,022.8 | | | 4,183,663.49 |
| Total | 2,090,640.69 | 2,093,022.8 | | | 4,183,663.49 |



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 2021 | Ratio (%) | 31 December 2020 | Ratio (%) |
|---------------|------------------|-----------|------------------|-----------|
| Within 1 year | 425,260,917.50 | 76.96 | 637,037,337.11 | 84.22 |
| 1 to 2 years | 33,223,135.32 | 6.01 | 30,063,663.73 | 3.98 |
| 2 to 3 years | 11,291,882.09 | 2.04 | 20,235,637.58 | 2.68 |
| 3 to 4 years | 14,885,060.83 | 2.69 | 10,955,320.15 | 1.45 |
| 4 to 5 years | 10,947,806.15 | 1.98 | 2,767,277.60 | 0.37 |
| Over 5 years | 57,041,522.16 | 10.32 | 55,247,025.64 | 7.30 |
| Total | 552,650,324.05 | | 756,306,261.81 | |



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 2021 | | | | | 31 December 2020 | | | | |
|--|------------------|-----------|-------------------------|-----------|----------------|------------------|-----------|-------------------------|-----------|----------------|
| | Carrying amount | | Provision for bad debts | | Book value | Carrying amount | | Provision for bad debts | | Book value |
| | Amount | Ratio (%) | Amount | ratio (%) | | Amount | Ratio (%) | Amount | ratio (%) | |
| Bad debt provision on individual basis | 37,638,867.61 | 6.81 | 37,638,867.61 | 100.00 | 0.00 | 37,874,061.87 | 5.00 | 37,874,061.87 | 100.00 | 0.00 |
| Bad debt provision on group basis | 515,011,456.44 | 93.19 | 76,506,734.96 | 14.86 | 438,504,721.48 | 718,432,199.94 | 95.00 | 76,477,837.77 | 10.65 | 641,954,362.17 |
| Including: | | | | | | | | | | |
| Group 1: Related party customers | 76,323,227.99 | 13.81 | 1,526,464.56 | 2.00 | 74,796,763.43 | 46,741,778.99 | 6.18 | 934,835.58 | 2.00 | 45,806,943.41 |
| Group 2: General customers | 438,688,228.45 | 79.38 | 74,980,270.40 | 17.09 | 363,707,958.05 | 671,690,420.95 | 88.82 | 75,543,002.19 | 11.25 | 596,147,418.76 |
| Total | 552,650,324.05 | / | 114,145,602.57 | / | 438,504,721.48 | 756,306,261.81 | / | 114,351,899.64 | / | 641,954,362.17 |



VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (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 2021 | | |
|----------------|----------------------|-------------------------|---|---------------------|------------------------------|
| | | | Aging | Provision ratio (%) | Reason for provision |
| Entity 1 | 14,524,097.75 | 14,524,097.75 | 3 to 5 years | 100.00 | Expected to be irrecoverable |
| Entity 2 | 6,597,406.25 | 6,597,406.25 | 2 to 4 years | 100.00 | Expected to be irrecoverable |
| Entity 3 | 6,013,529.96 | 6,013,529.96 | 4 to 5 years | 100.00 | Expected to be irrecoverable |
| Entity 4 | 3,879,480.81 | 3,879,480.81 | 2 to 3 years | 100.00 | Expected to be irrecoverable |
| Entity 5 | 2,003,735.65 | 2,003,735.65 | over 5 years | 100.00 | Expected to be irrecoverable |
| Entity 6 | 1,705,635.40 | 1,705,635.40 | 4 to 5 years | 100.00 | Expected to be irrecoverable |
| Other Entities | 2,914,981.79 | 2,914,981.79 | within 1 to 5 years, over 5 years | 100.00 | Expected to be irrecoverable |
| Total | 37,638,867.61 | 37,638,867.61 | | 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 for bad debts on group basis:

Provision on group basis: Group 1: Receivables from related party customers

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | | | 31 December 2020 | | |
|-------------------------|---------------------|-------------------------|---------------------|---------------------|-------------------------|---------------------|
| | Accounts receivable | Provision for bad debts | Provision ratio (%) | Accounts receivable | Provision for bad debts | Provision ratio (%) |
| Related party customers | 76,323,227.99 | 1,526,464.56 | 2.00 | 46,741,778.99 | 934,835.58 | 2.00 |
| Total | 76,323,227.99 | 1,526,464.56 | 2.00 | 46,741,778.99 | 934,835.58 | 2.00 |

Provision on group basis: Receivables from general customers

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | | | 31 December 2020 | | |
|---------------|---------------------|-------------------------|---------------------|---------------------|-------------------------|---------------------|
| | Accounts receivable | Provision for bad debts | Provision ratio (%) | Accounts receivable | Provision for bad debts | Provision ratio (%) |
| Within 1 year | 354,967,182.52 | 7,099,343.65 | 2.00 | 591,792,203.70 | 11,865,047.64 | 2.00 |
| 1 to 2 years | 27,186,520.12 | 11,539,662.76 | 42.45 | 20,533,666.16 | 5,467,158.20 | 26.63 |
| 2 to 3 years | 1,971,648.82 | 1,778,387.00 | 90.20 | 2,307,405.20 | 1,153,650.46 | 50.00 |
| 3 to 4 years | 683,906.24 | 683,906.24 | 100.00 | 2,235,285.14 | 2,235,285.14 | 100.00 |
| 4 to 5 years | 3,015.74 | 3,015.74 | 100.00 | 201,872.33 | 201,872.33 | 100.00 |
| Over 5 years | 53,875,955.01 | 53,875,955.01 | 100.00 | 54,619,988.42 | 54,619,988.42 | 100.00 |
| Total | 438,688,228.45 | 74,980,270.40 | 17.09 | 671,690,420.95 | 75,543,002.19 | 11.25 |



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 2020 | Provision | Increase/decrease for the period | | | 31 December 2021 |
|-------------------------|---------------------|--------------|----------------------------------|------------------------------|---------------|---------------------|
| | | | Recovery or reversal | Write-off or cancellation | Other changes | |
| Provision for bad debts | 114,351,899.64 | 3,624,120.49 | | 3,830,417.56 | | 114,145,602.57 |
| Total | 114,351,899.64 | 3,624,120.49 | | 3,830,417.56 | | 114,145,602.57 |

(4) Accounts receivable written off during the period

Unit: Yuan Currency: RMB

| Item | Amount written off |
|--|--------------------|
| Accounts receivable actually written off | 3,830,417.56 |

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

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | Proportion in the total amount of accounts receivable at the end of the period (%) | Balance of provision for bad debts at the end of the period |
|--------------|------------------|---|--|
| First place | 58,385,788.85 | 10.56 | 1,167,715.77 |
| Second place | 56,125,352.65 | 10.16 | 1,122,507.05 |
| Third place | 52,572,594.48 | 9.51 | 1,051,451.89 |
| Fourth place | 29,867,905.80 | 5.40 | 597,358.12 |
| Fifth place | 29,856,968.04 | 5.40 | 597,139.36 |
| Total | 226,808,609.82 | 41.03 | 4,536,172.19 |



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

4. Accounts receivable financing

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|------------------|-----------------------|------------------|
| Notes receivable | 369,857,635.69 | 448,697,313.21 |
| Total | 369,857,635.69 | 448,697,313.21 |

- 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 acceptance bills | 119,233,770.63 |
| Total | 119,233,770.63 |

- 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 acceptance bills | 1,191,239,065.64 | |
| Total | 1,191,239,065.64 | |

Note: Since the acceptors of bank acceptance bills 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 bills. Therefore, the Company has derecognised the undue bank acceptance bills which had been discounted or endorsed. If the bank acceptance bills are 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.



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

5. Prepayments

(1) Aging analysis of prepayments

The aging analysis of prepayments based on their recording dates is as follows:

Unit: Yuan Currency: RMB

| Age | 31 December 2021 | | 31 December 2020 | |
|---------------|-----------------------|---------------|-----------------------|---------------|
| | Amount | Ratio (%) | Amount | Ratio (%) |
| Within 1 year | 122,671,594.66 | 96.25 | 157,116,722.63 | 99.42 |
| 1 to 2 years | 4,780,524.34 | 3.75 | 547,221.21 | 0.35 |
| 2 to 3 years | | | 354,994.94 | 0.22 |
| Over 3 years | | | 15,434.00 | 0.01 |
| Total | <u>127,452,119.00</u> | <u>100.00</u> | <u>158,034,372.78</u> | <u>100.00</u> |

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

| Name | 31 December 2021 | Proportion in the total amount of prepayments at the end of the period (%) |
|--------------|----------------------|--|
| First place | 80,313,572.86 | 63.01 |
| Second place | 6,317,973.55 | 4.96 |
| Third place | 4,480,188.18 | 3.52 |
| Fourth place | 4,392,293.69 | 3.45 |
| Fifth place | 3,736,179.75 | 2.93 |
| Total | <u>99,240,208.03</u> | <u>77.87</u> |



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

6. Other receivables

Presentation by category

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|-------------------------------|----------------------|------------------|
| Other receivables | 83,226,559.00 | 604,318,094.49 |
| Less: Provision for bad debts | 48,172,516.45 | 50,478,648.85 |
| Total | 35,054,042.55 | 553,839,445.64 |

Other receivables

(1) Disclosure by aging

The aging analysis of other receivables by date of entry is as follows:

Unit: Yuan Currency: RMB

| Age | 31 December 2021 | Ratio (%) | 31 December 2020 | Ratio (%) |
|---------------|----------------------|---------------|---------------------|--------------|
| Within 1 year | 20,778,480.05 | 24.96 | 201,066,327.14 | 33.27 |
| 1 to 2 years | 7,281,386.09 | 8.75 | 333,953,858.33 | 55.26 |
| 2 to 3 years | 2,479,966.27 | 2.98 | 296,200.06 | 0.05 |
| 3 to 4 years | 295,626.75 | 0.36 | 18,125,057.99 | 3.00 |
| 4 to 5 years | 4,531,864.10 | 5.45 | 98,652.00 | 0.02 |
| Over 5 years | 47,859,235.74 | 57.50 | 50,777,998.97 | 8.40 |
| Total | 83,226,559.00 | 100.00 | 604,318,094.49 | 100.00 |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
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 2021 | 31 December 2020 |
|--------------------------------------|------------------|------------------|
| Photovoltaic subsidies | 10,420,220.69 | 9,882,580.75 |
| Security deposits, deposits, reserve | 19,959,447.74 | 6,072,407.68 |
| Current accounts | 52,846,890.57 | 588,363,106.06 |
| Less: Provision for bad debts | 48,172,516.45 | 50,478,648.85 |
| Total | 35,054,042.55 | 553,839,445.64 |

(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 2021 | 3,992,475.73 | | 46,486,173.12 | 50,478,648.85 |
| Balance as at 1 January 2021 | | | | |
| –Transferred to stage 2 | | | | |
| –Transferred to stage 3 | | | | |
| –Reversed to stage 2 | | | | |
| –Reversed to stage 1 | | | | |
| Provision for the period | -2,324,779.55 | | 9,712.19 | -2,315,067.36 |
| Write-off for the period | | | 20,435.88 | 20,435.88 |
| Other changes | 29,370.84 | | | 29,370.84 |
| Balance as at 31 December 2021 | 1,697,067.02 | | 46,475,449.43 | 48,172,516.45 |



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 | Provision | Increase/decrease for the period | | | 31 December |
|-------------------------|---------------|---------------|----------------------------------|------------------------------|---------------|---------------|
| | 2020 | | Recovery or reversal | Write-off or cancellation | Other changes | 2021 |
| Provision for bad debts | 50,478,648.85 | -2,315,067.36 | | 20,435.88 | 29,370.84 | 48,172,516.45 |
| Total | 50,478,648.85 | -2,315,067.36 | | 20,435.88 | 29,370.84 | 48,172,516.45 |

(5) *Other receivables actually written off in the current period*

Unit: Yuan Currency: RMB

| Item | Amount written off |
|--|--------------------|
| Other receivables actually written off | 20,435.88 |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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

6. Other receivables (Continued)

Other receivables (Continued)

(6) 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 2021 | 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 |
|--------------|---|---------------------|-----------------------------------|--|---|
| First place | Current accounts | 10,808,704.00 | Over 5 years | 12.99 | 10,808,704.00 |
| Second place | Current accounts | 9,761,445.04 | Over 5 years | 11.73 | 9,761,445.04 |
| Third place | Security deposit | 8,024,695.00 | Within 1 year | 9.64 | 160,493.90 |
| Fourth place | Subsidies for electricity charges | 6,712,575.27 | 1 to 3 years | 8.07 | 134,251.51 |
| Fifth place | Security deposit | 4,766,131.00 | Within 1 year and over 5 years | 5.73 | 95,322.62 |
| Total | / | 40,073,550.31 | / | 48.16 | 20,960,217.07 |

(7) Receivables related to government grants

Unit: Yuan Currency: RMB

| Name | Name of government grants | 31 December 2021 | Closing age | Expected time, amount and basis of collection |
|--|---------------------------------|---------------------|--------------|---|
| State Grid Anhui Electric Power Company Hefei Power Supply Company | Photovoltaic subsidies | 6,712,575.27 | 1 to 3 years | Fa Gai Jia Ge [2013] No. 1638 |
| Anhui Provincial Department of Finance | Photovoltaic subsidies | 1,868,814.67 | 1 to 2 years | He Zheng [2016] No. 93 |
| Hefei Finance Bureau | Photovoltaic subsidies | 1,838,830.75 | 1 to 4 years | He Zheng [2016] No. 93 |



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

7. INVENTORIES

(1) Category of inventories

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | | | 31 December 2020 | | |
|--------------------------------|-----------------------|--|-----------------------|-----------------------|--|-----------------------|
| | Carrying amount | Provision for impairment of inventories/ provision for impairment of contract performance costs | Book value | Carrying amount | Provision for impairment of inventories/ provision for impairment of contract performance costs | Book value |
| Raw materials | 279,554,946.97 | | 279,554,946.97 | 186,813,863.20 | | 186,813,863.20 |
| Products in progress | 9,567,002.84 | | 9,567,002.84 | 6,461,536.46 | | 6,461,536.46 |
| Commodity inventories | 427,013,414.06 | 32,613,041.39 | 394,400,372.67 | 142,175,025.59 | 29,040,368.75 | 113,134,656.84 |
| Circulation materials | 2,630,903.80 | | 2,630,903.80 | 1,480,161.19 | | 1,480,161.19 |
| Consigned processing materials | 8,003.43 | | 8,003.43 | 8,003.43 | | 8,003.43 |
| Total | 718,774,271.10 | 32,613,041.39 | 686,161,229.71 | 336,938,589.87 | 29,040,368.75 | 307,898,221.12 |

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

Unit: Yuan Currency: RMB

| Item | 31 December 2020 | Increase for the period | | Decrease for the period | | 31 December 2021 |
|-----------------------|----------------------|-------------------------|--------|-------------------------|--------|----------------------|
| | | Provision | Others | Reversal or write-off | Others | |
| Commodity inventories | 29,040,368.75 | 10,919,597.80 | | 7,346,925.16 | | 32,613,041.39 |
| Total | 29,040,368.75 | 10,919,597.80 | | 7,346,925.16 | | 32,613,041.39 |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
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 2021 | 31 December 2020 |
|----------------------------|------------------|------------------|
| Input tax to be deducted | 175,576,362.80 | 58,892,339.52 |
| Deferred expenses | 6,990,969.41 | 1,707,579.39 |
| Income tax paid in advance | 7,467,266.94 | 148,702.91 |
| Total | 190,034,599.15 | 60,748,621.82 |

9. Long-term receivables

(1) Long-term receivables

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | | | 31 December 2020 | | | Range of discount rate |
|--|------------------|-------------------------|---------------|------------------|-------------------------|---------------|------------------------|
| | 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 | / |

Note: 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).



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

10. Fixed assets

Presentation by category

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|--|-------------------------|------------------|
| Original cost of fixed assets | 4,959,094,834.79 | 4,207,639,213.36 |
| Less: Accumulated depreciation | 1,181,982,260.88 | 937,579,419.24 |
| Provision for impairment of fixed assets | 24,575,536.68 | 24,575,536.68 |
| Fixed assets | 3,752,537,037.23 | 3,245,484,257.44 |
| Total | 3,752,537,037.23 | 3,245,484,257.44 |

Fixed assets

(1) Fixed assets

Unit: Yuan Currency: RMB

| Item | Buildings and structures | Machine and equipment | Transportation tools | Electronic equipment | Others | Total |
|--|--------------------------|-----------------------|----------------------|----------------------|--------------|------------------|
| I. Original book value: | | | | | | |
| 1. 31 December 2020 | 1,233,186,801.07 | 2,950,122,846.12 | 6,697,736.68 | 13,164,543.47 | 4,467,286.02 | 4,207,639,213.36 |
| 2. Increase for the period | 255,137,107.47 | 535,472,362.77 | 2,552,261.13 | 10,199,895.34 | 75,858.01 | 803,437,484.72 |
| (1) Purchase | 5,835,818.45 | 38,193,087.09 | 564,574.78 | 5,489,555.89 | 75,858.01 | 50,158,894.22 |
| (2) Transfer from construction in progress | 249,301,289.02 | 498,706,075.48 | | | | 748,007,364.50 |
| (3) Increase by business combination | | 4,764,406.03 | 277,509.37 | 229,310.60 | | 5,271,226.00 |
| Reclassification of fixed assets | | -6,191,205.83 | 1,710,176.98 | 4,481,028.85 | | |
| 3. Decrease for the period | | 51,391,646.83 | 553,676.46 | 36,540.00 | | 51,981,863.29 |
| (1) Disposal or retirement | | 4,735,087.55 | 553,676.46 | 36,540.00 | | 5,325,304.01 |
| Transfer to construction in progress | | 46,656,559.28 | | | | 46,656,559.28 |
| 4. 31 December 2021 | 1,488,323,908.54 | 3,434,203,562.06 | 8,696,321.35 | 23,327,898.81 | 4,543,144.03 | 4,959,094,834.79 |



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

10. Fixed assets (Continued)

Fixed assets (Continued)(1) *Fixed assets (Continued)*

| Item | Buildings and structures | Machine and equipment | Transportation tools | Electronic equipment | Others | Total |
|--------------------------------------|--------------------------|-----------------------|----------------------|----------------------|--------------|------------------|
| II. Accumulated depreciation | | | | | | |
| 1. 31 December 2020 | 193,879,474.30 | 731,050,670.59 | 3,397,174.70 | 7,669,006.90 | 1,583,092.75 | 937,579,419.24 |
| 2. Increase for the period | 36,473,615.04 | 212,884,406.80 | 552,740.68 | 2,221,005.91 | 302,982.79 | 252,434,751.22 |
| (1) Provision | 36,473,615.04 | 213,307,692.38 | 393,244.39 | 1,957,216.62 | 302,982.79 | 252,434,751.22 |
| Reclassification of fixed assets | | -423,285.58 | 159,496.29 | 263,789.29 | | |
| 3. Decrease for the period | | 7,509,394.05 | 487,802.53 | 34,713.00 | | 8,031,909.58 |
| (1) Disposal or retirement | | 2,820,016.30 | 487,802.53 | 34,713.00 | | 3,342,531.83 |
| Transfer to construction in progress | | 4,689,377.75 | | | | 4,689,377.75 |
| 4. 31 December 2021 | 230,353,089.34 | 936,425,683.34 | 3,462,112.85 | 9,855,299.81 | 1,886,075.54 | 1,181,982,260.88 |
| III. Provision for impairment | | | | | | |
| 1. 31 December 2020 | | 24,575,536.68 | | | | 24,575,536.68 |
| 2. Increase for the period | | | | | | |
| (1) Provision | | | | | | |
| 3. Decrease for the period | | | | | | |
| (1) Disposal or retirement | | | | | | |
| 4. 31 December 2021 | | 24,575,536.68 | | | | 24,575,536.68 |
| IV. Carrying amount | | | | | | |
| 1. 31 December 2021 | 1,257,970,819.20 | 2,473,202,342.04 | 5,234,208.50 | 13,472,599.00 | 2,657,068.49 | 3,752,537,037.23 |
| 2. 31 December 2020 | 1,039,307,326.77 | 2,194,496,638.85 | 3,300,561.98 | 5,495,536.57 | 2,884,193.27 | 3,245,484,257.44 |

(2) *Temporarily idle fixed assets*

Original value of the fixed assets which continued to be used upon full provision for depreciation at the end of the period, was RMB50,084,106.00. Original value and net value of the idle assets due to shut down, were RMB208,687,798.71 and RMB46,895,311.89, respectively.

(3) *Fixed assets with pending certificates of ownership*

At the end of the period, the book value of fixed assets without certificate of title was RMB142,518,798.34, which is currently in the process of application.



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

11. Construction in progress

Presentation by category

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|--|-------------------------|------------------|
| Cost of construction in progress | 1,421,046,507.76 | 84,617,096.95 |
| Less: Provision for impairment of construction in progress | 706,414.90 | 706,414.90 |
| Construction in progress | 1,420,340,092.86 | 83,910,682.05 |
| Construction materials | | |
| Total | 1,420,340,092.86 | 83,910,682.05 |

Construction in progress

(1) Construction in progress

Unit: Yuan Currency: RMB

| Project | 31 December 2021 | | | 31 December 2020 | | |
|--|------------------|--------------------------|----------------|------------------|--------------------------|---------------|
| | Carrying amount | Provision for impairment | Book value | Carrying amount | Provision for impairment | Book value |
| Tongcheng photovoltaic cell packaging material for solar equipment project-Phase I | 640,043,558.34 | | 640,043,558.34 | 773,930.71 | | 773,930.71 |
| Hefei project of photovoltaic cell packaging material for solar equipment | 637,730,980.88 | | 637,730,980.88 | 4,589,832.22 | | 4,589,832.22 |
| Hefei 110 kV Power Transmission and Transformation project | 37,873,889.39 | | 37,873,889.39 | | | |
| North Glass 500T cold repair project | 30,144,311.28 | 706,414.90 | 29,437,896.38 | 30,144,311.28 | 706,414.90 | 29,437,896.38 |
| Triumph (Zigong) New Energy waste heat power generation project | 27,000,057.86 | | 27,000,057.86 | | | |
| Hefei carbon dioxide capture and purification green emission reduction demonstration project | 16,963,389.29 | | 16,963,389.29 | | | |



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

11. Construction in progress (Continued)

Construction in progress (Continued)

(1) Construction in progress (Continued)

| Project | 31 December 2021 | | | 31 December 2020 | | |
|---|-------------------------|--------------------------|-------------------------|----------------------|--------------------------|----------------------|
| | Carrying amount | Provision for impairment | Book value | Carrying amount | Provision for impairment | Book value |
| Yixing project of photovoltaic cell packaging material for solar equipment | 21,428,158.42 | | 21,428,158.42 | 744,828.51 | | 744,828.51 |
| Puyang photoelectric material research and development center project | 2,291,478.65 | | 2,291,478.65 | 2,291,478.65 | | 2,291,478.65 |
| Puyang 400-tons of ultra-white photothermal materials project | | | | 30,188,371.91 | | 30,188,371.91 |
| Hefei production line renovation project -Phase I | | | | 9,627,408.22 | | 9,627,408.22 |
| Yixing processing and double coating renovation-Phase II | | | | 2,088,495.56 | | 2,088,495.56 |
| Longhai ultra-thin substrate for information display project | | | | 1,514,827.37 | | 1,514,827.37 |
| Yixing thin glass production and processing technology renovation project-Phase I | | | | 1,242,747.50 | | 1,242,747.50 |
| Other projects | 7,570,683.65 | | 7,570,683.65 | 1,410,865.02 | | 1,410,865.02 |
| Total | 1,421,046,507.76 | 706,414.90 | 1,420,340,092.86 | 84,617,096.95 | 706,414.90 | 83,910,682.05 |



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

| Name | Budget | 31 December 2020 | Increase for the current period | Transfer to fixed assets for the current period | Other amount of decrease for the period | 31 December 2021 | Proportion of investment accumulated to budget (%) | Progress of engineering | Amount of accumulated capitalized interest | Among which, | Ratio of | Source of fund |
|--|-------------------------|---------------------|--|---|---|-------------------------|--|----------------------------|---|---|--|---|
| | | | | | | | | | | the amount of capitalized interest for the current period | capitalized interest for the current period | |
| Hefei project of photovoltaic cell packaging material for solar equipment | 741,140,000.00 | 4,589,832.22 | 633,141,148.66 | | | 637,730,980.88 | 86.05 | 86.05 | 5,872,081.93 | 5,872,081.93 | 4.35 | Raised funds and Self- raised funds |
| Tongcheng photovoltaic cell packaging material for solar equipment project-Phase I | 989,890,000.00 | 773,930.71 | 639,269,627.63 | | | 640,043,558.34 | 64.66 | 64.66 | | | | Raised funds and Self- raised funds |
| Total | 1,731,030,000.00 | 5,363,762.93 | 1,272,410,776.29 | 0.00 | 0.00 | 1,277,774,539.22 | / | / | 5,872,081.93 | 5,872,081.93 | / | / |

(3) Provision for impairment of construction in progress for the period

Provision for impairment of construction in progress

| Project | 31 December 2020 | Increase for the current period | Decrease for the current period | 31 December 2021 | Reason for provision |
|---|---------------------|---------------------------------------|---------------------------------------|---------------------|-------------------------|
| North Glass 500T Cold Repair Project | 706,414.90 | | | 706,414.90 | |
| Total | 706,414.90 | | | 706,414.90 | |



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 2020 | 12,910,111.79 | 12,910,111.79 |
| 2. Increase for the period | | |
| 3. Decrease in the period | | |
| 4. 31 December 2021 | 12,910,111.79 | 12,910,111.79 |
| II. Accumulated depreciation | | |
| 1. 31 December 2020 | 650,454.70 | 650,454.70 |
| 2. Increase for the period | 2,580,608.28 | 2,580,608.28 |
| (1) Provision | 2,580,608.28 | 2,580,608.28 |
| 3. Decrease for the period | | |
| (1) Disposal | | |
| 4. 31 December 2021 | 3,231,062.98 | 3,231,062.98 |
| III. Provision for impairment | | |
| IV. Carrying amount | | |
| 1. Closing book value | 9,679,048.81 | 9,679,048.81 |
| 2. Opening book value | 12,259,657.09 | 12,259,657.09 |

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 2020 | 478,692,064.35 | 180,907.90 | 50,353,388.26 | 5,494,489.03 | 6,000,000.00 | 540,720,849.54 |
| 2. Increase for the period | 188,540,573.43 | 94,999.98 | 18,530,227.29 | 1,961,111.86 | | 209,126,912.56 |
| (1) Purchase | 154,153,373.43 | 94,999.98 | | 1,839,011.86 | | 156,087,385.27 |
| (2) Internal research and development | | | 18,530,227.29 | | | 18,530,227.29 |
| (3) Increase from business combination | 34,387,200.00 | | | 122,100.00 | | 34,509,300.00 |
| 3. Decrease for the period | | | | | | |
| (1) Disposal | | | | | | |
| 4. 31 December 2021 | 667,232,637.78 | 275,907.88 | 68,883,615.55 | 7,455,600.89 | 6,000,000.00 | 749,847,762.10 |
| II. Accumulated amortization | | | | | | |
| 1. 31 December 2020 | 65,089,253.91 | 53,735.05 | 14,585,298.00 | 1,034,413.35 | 6,000,000.00 | 86,762,700.31 |
| 2. Increase for the period | 12,815,710.10 | 22,325.56 | 5,321,667.56 | 650,011.02 | | 18,809,714.24 |
| (1) Provision | 12,815,710.10 | 22,325.56 | 5,321,667.56 | 650,011.02 | | 18,809,714.24 |
| 3. Decrease for the period | | | | | | |
| (1) Disposal | | | | | | |
| 4. 31 December 2021 | 77,904,964.01 | 76,060.61 | 19,906,965.56 | 1,684,424.37 | 6,000,000.00 | 105,572,414.55 |
| III. Provision for impairment | | | | | | |
| IV. Book value | | | | | | |
| 1. Book value at the end of the period | 589,327,673.77 | 199,847.27 | 48,976,649.99 | 5,771,176.52 | | 644,275,347.55 |
| 2. Book value at the beginning of the period | 413,602,810.44 | 127,172.85 | 35,768,090.26 | 4,460,075.68 | | 453,958,149.23 |

- The proportion of intangible assets formed through internal research and development of the Company to the balance of intangible assets as at the end of the period was 2.47%.
- 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.

(2) Land use rights with pending certificates of ownership

Among the intangible assets of the Company, the land use right certificate with an original value of RMB55,153,380.80 in Puyang County, Puyang City, the land use right certificate with an original value of RMB9,415,764.88 in Luoyang Development Zone and the land use right certificate with an original value of RMB42,892,264.15 in Yibin District, Luoyang City are under application.



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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

14. Development expenditure

Unit: Yuan Currency: RMB

| Project | 31 December 2020 | Increase for the period | | Decrease for the period | | 31 December 2021 |
|---|----------------------|--|--------|---------------------------------------|--|----------------------|
| | | Internal development expenditure | Others | Recognised as intangible assets | Transferred to profit or loss for the period | |
| Research and development of ultra-high power module packaged glass | | 5,286,025.45 | | | | 5,286,025.45 |
| Research and development of ultra-light double-glass module structure | 2,808,359.95 | 4,857,471.94 | | | | 7,665,831.89 |
| The research and development on the screen printing technology | 4,520,978.39 | 3,117,220.37 | | 7,638,198.76 | | |
| Research and development on 2.0mm large-area physical fully tempered anti-PID glass | 6,767,277.02 | 4,124,751.51 | | 10,892,028.53 | | |
| Total | 14,096,615.36 | 17,385,469.27 | | 18,530,227.29 | | 12,951,857.34 |

15. Long-term unamortized expenses

Unit: Yuan Currency: RMB

| Item | 31 December 2020 | Increase for the period | Amortized amount for the period | Other amount of decrease | 31 December 2021 |
|-----------------------------|---------------------|----------------------------|------------------------------------|-----------------------------|---------------------|
| Consultation service charge | 5,114,544.12 | | 3,697,877.33 | | 1,416,666.79 |
| Renovation expenses | 164,220.77 | | 164,220.77 | | |
| Total | 5,278,764.89 | | 3,862,098.10 | | 1,416,666.79 |



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

16. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not being offset

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | | 31 December 2020 | |
|---|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | Deductible temporary differences | Deferred income tax assets | Deductible temporary differences | Deferred income tax assets |
| Provision for impairment of assets | 77,888,151.92 | 11,721,077.77 | 64,544,059.87 | 9,681,688.99 |
| Unrealized profits from internal transactions | 5,966,367.50 | 894,955.13 | | |
| Deductible losses | | | | |
| Deferred income | 26,576,588.08 | 4,369,988.21 | 5,230,554.24 | 784,583.13 |
| Total | 110,431,107.50 | 16,986,021.11 | 69,774,614.11 | 10,466,272.12 |

(2) Deferred income tax liabilities not being offset

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | | 31 December 2020 | |
|--|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | Taxable temporary differences | Deferred income tax liabilities | Taxable temporary differences | Deferred income tax liabilities |
| Assets appraisal appreciation from business combination not under common control | 74,189,518.24 | 18,547,379.56 | 61,794,195.97 | 15,448,548.99 |
| Changes in fair value of other debt investments | | | | |
| Changes in fair value of other equity instrument investments | | | | |
| Total | 74,189,518.24 | 18,547,379.56 | 61,794,195.97 | 15,448,548.99 |



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

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

(3) Breakdown of unrecognized deferred income tax assets

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|----------------------------------|-----------------------|------------------|
| Deductible temporary differences | 146,508,623.56 | 156,699,449.64 |
| Deductible losses | 185,282,972.90 | 346,987,598.68 |
| Total | 331,791,596.46 | 503,687,048.32 |

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

Unit: Yuan Currency: RMB

| Year | Balance at the end of the period | Balance at the beginning of the period | Note |
|-------|----------------------------------|--|------|
| 2021 | | 200,774,637.68 | |
| 2022 | 39,163,731.55 | 47,781,679.25 | |
| 2023 | 15,230,715.68 | 15,230,715.68 | |
| 2024 | 35,165,109.43 | 59,590,827.41 | |
| 2025 | 23,609,738.66 | 23,609,738.66 | |
| 2026 | 72,113,677.58 | | |
| Total | 185,282,972.90 | 346,987,598.68 | / |



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

17. Other non-current assets

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | | | 31 December 2020 | | |
|--|------------------|--------------------------|----------------|------------------|--------------------------|---------------|
| | Carrying amount | Provision for impairment | Book balance | Carrying amount | Provision for impairment | Book balance |
| Prepayments for purchase of long-term assets | 185,935,267.61 | | 185,935,267.61 | 33,523,206.41 | | 33,523,206.41 |
| Total | 185,935,267.61 | | 185,935,267.61 | 33,523,206.41 | | 33,523,206.41 |

18. Short-term loans

(1) Category of short-term loans

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|------------------|------------------|------------------|
| Pledged loan | | |
| Mortgage loan | 60,000,000.00 | 178,100,000.00 |
| Guaranty loan | 1,158,990,000.00 | 1,098,690,000.00 |
| Credit loan | 106,000,000.00 | |
| Interest payable | 1,719,864.27 | 1,624,071.56 |
| Total | 1,326,709,864.27 | 1,278,414,071.56 |

Explanation of the category of short-term loans:

- Note:
- Mortgage loans were secured by the Company's fixed assets with book value of RMB241,981,386.76 and intangible assets with book value of RMB76,851,952.27 on 31 December 2021.
 - Guaranteed loans were as of 31 December 2021. Guaranteed loans are guaranteed by related parties for the Company. For details, please refer to "Note 12 Related party guarantees".
 - As at 31 December 2021, annual interest rate of short-term loans was 3.30%-6.09%.



Notes to the Financial Statements

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Unit: Yuan Currency: RMB

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

19. Bills payable

(1) Notes payable by category

Unit: Yuan Currency: RMB

| Category | 31 December 2021 | 31 December 2020 |
|------------------------|-----------------------|------------------|
| Commercial acceptances | | |
| Bank acceptances | 650,930,930.94 | 508,983,722.37 |
| Total | 650,930,930.94 | 508,983,722.37 |

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

20. Accounts payable

(1) Accounts payable

Ageing analysis of accounts payable by date of entry was as follows:

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|----------------------------------|-----------------------|------------------|
| Within 1 year (including 1 year) | 604,825,767.23 | 381,441,829.92 |
| Over 1 year | 40,690,320.35 | 92,283,967.10 |
| Total | 645,516,087.58 | 473,725,797.02 |

(2) Significant accounts payable aged over 1 year

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | Reason for outstanding or carrying forward |
|--|----------------------|--|
| China Triumph International Engineering Co., Ltd. Jiangsu Branch | 16,206,981.82 | Not yet settled |
| Total | 16,206,981.82 | / |



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

21. Contract liabilities

(1) Contract liabilities

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|----------------------------------|----------------------|------------------|
| Within 1 year (including 1 year) | 43,844,945.37 | 56,961,215.49 |
| Over 1 year | 2,873,896.00 | 2,536,272.51 |
| Total | 46,718,841.37 | 59,497,488.00 |

22. Employee compensation payable

(1) Employee compensation payable is shown as follows

Unit: Yuan Currency: RMB

| Item | 31 December 2020 | Increase for the period | Decrease for the period | 31 December 2021 |
|---|------------------|-------------------------|-------------------------|----------------------|
| 1. Short-term remuneration | 43,986,346.38 | 364,654,390.93 | 348,507,983.35 | 60,132,753.96 |
| 2. After-service welfare-defined provision plan | 52,736.39 | 29,105,024.63 | 28,651,507.70 | 506,253.32 |
| 3. Termination benefits | | 286,673.20 | 258,073.20 | 28,600.00 |
| 4. Other benefits due within one year | | | | |
| Total | 44,039,082.77 | 394,046,088.76 | 377,417,564.25 | 60,667,607.28 |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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 2020 | Increase for the period | Decrease for the period | 31 December 2021 |
|---|----------------------|----------------------------|----------------------------|----------------------|
| I. Salary, bonus, allowance and subsidy | 35,433,845.08 | 306,630,179.21 | 289,919,591.97 | 52,144,432.32 |
| II. Staff's welfare | | 24,290,072.37 | 24,290,072.37 | |
| III. Social insurance premium | 212,699.91 | 14,976,939.37 | 14,720,314.99 | 469,324.29 |
| Including: | | | | |
| Medical insurance | 192,360.21 | 12,877,098.12 | 12,660,710.70 | 408,747.63 |
| Labor injury insurance | | 1,807,267.12 | 1,769,372.06 | 37,895.06 |
| Maternity insurance | 20,339.70 | 292,574.13 | 290,232.23 | 22,681.60 |
| IV. Housing Provident Fund | 248,887.52 | 13,594,759.79 | 13,519,964.79 | 323,682.52 |
| V. Labor union expenses and employee education expenses | 8,090,913.87 | 5,162,440.19 | 6,058,039.23 | 7,195,314.83 |
| VI. Short-term paid leave | | | | |
| VII. Short-term profit sharing plan | | | | |
| Total | 43,986,346.38 | 364,654,390.93 | 348,507,983.35 | 60,132,753.96 |



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 2020 | Increase during the period | Decrease during the period | 31 December 2021 |
|----------------------------|---------------------|----------------------------------|----------------------------------|--------------------------|
| 1. Basic pension insurance | 50,753.82 | 28,035,198.44 | 27,595,263.56 | 490,688.70 |
| 2. Unemployment insurance | 1,982.57 | 991,376.13 | 977,794.08 | 15,564.62 |
| 3. Enterprise annuity | | 78,450.06 | 78,450.06 | |
| Total | <u>52,736.39</u> | <u>29,105,024.63</u> | <u>28,651,507.70</u> | <u>506,253.32</u> |

23. Tax payable

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|--------------------------------------|-----------------------------|-----------------------|
| Value-added tax | 148,395.29 | 41,388,892.60 |
| Enterprise income tax | 5,738,209.06 | 62,653,302.94 |
| Individual income tax | 363,840.44 | 585,981.21 |
| City maintenance and Property tax | 176,221.17 | 2,253,784.08 |
| Land-use tax | 3,160,491.82 | 3,542,947.76 |
| Education surcharges | 2,892,472.06 | 3,478,838.71 |
| Other tax and charges | 90,036.93 | 980,416.02 |
| Total | <u>1,118,596.94</u> | <u>1,615,643.33</u> |
| Total | <u>13,688,263.71</u> | <u>116,499,806.65</u> |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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

24. Other payables

Presentation by category

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|----------------|------------------|------------------|
| Other payables | 701,248,471.31 | 815,548,721.38 |
| Total | 701,248,471.31 | 815,548,721.38 |

Other payables

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

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|-----------------------------------|------------------|------------------|
| Announcement and intermediary fee | 3,395,996.41 | 3,658,205.65 |
| Security deposits | 6,219,493.38 | 2,996,657.77 |
| Current accounts | 691,632,981.52 | 808,893,857.96 |
| Total | 701,248,471.31 | 815,548,721.38 |

(2) Significant other payables aged over one year

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | Reason for outstanding or carrying forward |
|------------------------|------------------|--|
| Luoyang Finance Bureau | 50,000,000.00 | Not yet settled |
| Total | 50,000,000.00 | / |



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

25. Non-current liabilities due within one year

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|---------------------------------------|-----------------------|------------------|
| Long-term loans due within one year | 256,167,486.50 | 348,885,366.40 |
| Lease liabilities due within one year | 2,489,423.52 | 2,377,881.03 |
| Total | 258,656,910.02 | 351,263,247.43 |

26. Other current liabilities

Other current liabilities

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|--|----------------------|------------------|
| Short-term bonds payable | | |
| Refund payable | | |
| tax pending for written off | 6,064,405.18 | 7,654,980.24 |
| Notes receivable endorsed but not derecognised | 14,000,000.00 | |
| Total | 20,064,405.18 | 7,654,980.24 |



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

27. Long-term loans

(1) Category of long-term loans

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|--|-------------------------|------------------|
| Pledged loans | | 33,842.95 |
| Secured borrowings | 132,530,047.96 | 404,582,592.92 |
| Guaranteed loans | 1,152,000,000.00 | 580,000,000.00 |
| Credit loans | | |
| Interest payable | 4,437,438.54 | 4,798,978.49 |
| Less: Long-term borrowings due within one year | 256,167,486.50 | 348,885,366.40 |
| total | 1,032,800,000.00 | 640,530,047.96 |

Other explanations, including interest rate range:

Long-term loans repayable after one year

| Repayment period | 31 December 2021 | 31 December 2020 |
|------------------|-------------------------|------------------|
| 1 to 2 years | 230,600,000.00 | 225,730,047.96 |
| 2 to 5 years | 459,200,000.00 | 344,800,000.00 |
| Over 5 years | 343,000,000.00 | 70,000,000.00 |
| total | 1,032,800,000.00 | 640,530,047.96 |

Notes: 1. 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 2021, the book value of after-sale leaseback fixed assets was RMB101,927,803.47 and the balance of such long-term loan was RMB16,552,312.23, among which, the long-term loan due within one year amounted to RMB16,552,312.23.

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 Ping An International Financial Leasing Co., Ltd. and Junxin Financial Leasing (Shanghai) Co., Ltd. (hereinafter referred to as the "Lessor") for lease terms of three years and two to three years respectively. 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 2021, the book value of after-sale leaseback fixed assets was RMB51,532,111.70, the book value of construction in progress was RMB29,437,896.38 and the balance of such long-term loan was RMB88,273,578.69, among which, the long-term loan due within one year amounted to RMB88,273,578.69.



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

28. Lease liabilities

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|--|---------------------|------------------|
| Lease payment | 9,999,999.96 | 12,857,142.85 |
| Less: Unrecognized financing expenses (stated in negative number) | 738,652.04 | 1,240,662.85 |
| Less: Lease liabilities due within one year (stated in negative number) | 2,489,423.52 | 2,377,881.03 |
| Total | 6,771,924.40 | 9,238,598.97 |

29. Deferred income

Deferred income

Unit: Yuan Currency: RMB

| Item | 31 December 2020 | Increase for the current period | Decrease for the current period | 31 December 2021 | Reasons of formation |
|-------------------|------------------|---------------------------------|---------------------------------|-----------------------|----------------------|
| Government grants | 125,129,638.70 | 19,553,347.50 | 11,963,736.28 | 132,719,249.92 | |
| Total | 125,129,638.70 | 19,553,347.50 | 11,963,736.28 | 132,719,249.92 | / |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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 2020 | 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 2021 | Related to assets/ related to income |
|---|-----------------------|---|---|---|------------------|------------------------------|---|
| | | | | | | | |
| Investment subsidy for ultra-white solar thermal material project | 97,088,666.64 | | | 8,734,000.08 | | 88,354,666.56 | Related to assets |
| Subsidy for flue gas desulfurization, dust removal and denitrification project of glass kiln | 19,389,999.99 | | | 1,846,666.68 | | 17,543,333.31 | Related to assets |
| Special subsidy for the application of new model of smart manufacturing | | 7,122,600.00 | | 238,532.68 | | 6,884,067.32 | Related to assets |
| Subsidy for information display ultra-thin substrate project | | 5,000,000.00 | | 274,718.00 | | 4,725,282.00 | Related to assets |
| Subsidy for "Three Major and One Innovative" Award | | 3,796,500.00 | | 23,009.09 | | 3,773,490.91 | Related to assets |
| Subsidies for land use of double ultra-glass production line project | 2,089,421.58 | | | 53,920.56 | | 2,035,501.02 | Related to assets |
| Subsidy for the application of new model of smart manufacturing of ultra-thin photovoltaic glass substrate materials | 2,089,020.50 | | | 223,351.80 | | 1,865,668.70 | Related to assets |
| Special subsidies for pollution prevention and control by the central government in 2020 | 1,958,932.58 | | | 132,809.00 | | 1,826,123.58 | Related to assets |
| Special subsidies for environmental protection | 1,330,996.27 | | | 261,835.32 | | 1,069,160.95 | Related to assets |
| Other subsidies | 1,182,601.14 | 3,634,247.50 | | 174,893.07 | | 4,641,955.57 | Related to assets |
| 合計 | <u>125,129,638.70</u> | <u>19,553,347.50</u> | | <u>11,963,736.28</u> | | <u>132,719,249.92</u> | |



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

30. Share capital

Unit: Yuan Currency: RMB

| | 31 December 2020 | Changes in this period (+, -) | | | | Sub-total | 31 December 2021 |
|---------------------------|---------------------|-------------------------------|-----------------|---|--------|---------------|---------------------|
| | | New shares | Bonus shares | Capital reserve transferred to share s | Others | | |
| Total number of shares | 548,540,432.00 | 97,134,531.00 | | | | 97,134,531.00 | 645,674,963.00 |

Other explanation:

For details of changes in share capital during the reporting period, please refer to "1. Company Overview" under "III. Basic Information of the Company".

31. Capital reserve

Unit: Yuan Currency: RMB

| Item | 31 December 2020 | Increase for the period | Decrease for the period | 31 December 2021 |
|---|----------------------------------|----------------------------|----------------------------|----------------------------------|
| Capital premium (share capital premium) | 1,823,846,199.14 | 1,886,519,109.01 | 172,126,491.46 | 3,538,238,816.69 |
| Other capital reserves Including: Others | 253,997,175.89 253,997,175.89 | | | 253,997,175.89 253,997,175.89 |
| Total | 2,077,843,375.03 | 1,886,519,109.01 | 172,126,491.46 | 3,792,235,992.58 |

Other explanations (including explanations on increase/decrease in the amount of the current period and the reasons for the changes):

- In August 2021, according to the Approval on the Non-public Issuance of Shares of Luoyang Glass Company Limited* (Zheng Jian Xu Ke [2021] No. 2104) (《關於核准洛陽玻璃股份有限公司非公開發行股票的批覆》(證監許可[2021]2104號)) issued by the China Securities Regulatory Commission, the Company issued 97,134,531 ordinary shares to specific investors by way of non-public issuance at an issue price of RMB20.59 per share. After deducting relevant issuance expenses such as underwriting fees, legal fees and capital verification fees, the Company raised RMB1,983,653,640.01, including an increase in share capital of RMB97,134,531.00 and an increase in capital reserve of RMB1,886,519,109.01;
- In August 2021, the Company acquired 60% equity of North Glass, which constitutes a business combination under common control. The impact of this matter on the capital reserve was RMB-172,126,491.46.



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

32. Surplus reserve

Unit: Yuan Currency: RMB

| Item | 31 December 2020 | Increase for the period | Decrease for the period | 31 December 2021 |
|---------------------------|---------------------|----------------------------|----------------------------|----------------------|
| 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 | 2021 | 2020 |
|---|------------------------|-------------------|
| Undistributed profit at the end of the previous year before adjustment | -955,722,560.53 | -1,283,084,419.02 |
| Total of adjustment of undistributed profit at the beginning of the period (increase expresses with +, and decrease expressed with -) | 45,499,686.70 | |
| Undistributed profit at the beginning of the period after adjustment | -910,222,873.83 | -1,283,084,419.02 |
| Add: Net profit attributable to owners of parent company during the period | 264,595,142.78 | 372,861,545.19 |
| Undistributed profit at the end of the period | -645,627,731.05 | -910,222,873.83 |

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

The Company retrospectively adjusted the undistributed profit at the end of the period by RMB45,499,686.70 due to business combination under common control in the current period.



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 | 2021 | | 2020 | |
|--|--------------------------------|--------------------------------|-------------------------|-------------------------|
| | Revenue | Cost | Revenue | Cost |
| Principal operations | 3,596,697,279.68 | 2,730,642,835.57 | 3,328,564,533.56 | 2,390,678,800.78 |
| Information display glass | 390,317,126.62 | 251,437,621.28 | 397,141,767.24 | 314,399,635.41 |
| New energy glass | 2,741,774,527.87 | 2,185,393,030.11 | 2,558,869,152.90 | 1,778,565,096.05 |
| Other functional glass | 464,605,625.19 | 293,812,184.18 | 372,553,613.42 | 297,714,069.32 |
| Other operations | 8,904,712.96 | 6,662,297.07 | 52,540,823.46 | 43,712,949.51 |
| Raw materials, water, electricity, technical services, etc. | 8,904,712.96 | 6,662,297.07 | 52,540,823.46 | 43,712,949.51 |
| Total | <u>3,605,601,992.64</u> | <u>2,737,305,132.64</u> | <u>3,381,105,357.02</u> | <u>2,434,391,750.29</u> |

(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.

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 | <u>390,317,126.62</u> | <u>2,741,774,527.87</u> | <u>464,605,625.19</u> | <u>8,904,712.96</u> |
| Total | <u>390,317,126.62</u> | <u>2,741,774,527.87</u> | <u>464,605,625.19</u> | <u>8,904,712.96</u> |



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

35. Taxes and surcharges

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|----------------------|----------------------|---------------|
| City maintenance tax | 6,393,099.32 | 9,101,200.02 |
| Education surcharges | 5,088,034.46 | 7,141,954.70 |
| Property tax | 12,286,111.85 | 8,878,273.92 |
| Land-use tax | 12,364,963.69 | 10,193,885.19 |
| Stamp duty | 2,946,212.81 | 1,484,651.58 |
| Others | 3,704,897.84 | 1,492,676.30 |
| Total | 42,783,319.97 | 38,292,641.71 |

36. Selling expenses

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|------------------------------|----------------------|---------------|
| Staff expense | 12,608,045.88 | 20,442,547.71 |
| Depreciation expense | 763,914.43 | 603,574.49 |
| Sample and product depletion | 3,286,187.18 | |
| Travel Expense | 453,947.28 | 380,620.33 |
| Office expenses | 828,891.11 | 1,309,104.75 |
| Other selling expenses | 1,363,845.20 | 876,613.37 |
| Total | 19,304,831.08 | 23,612,460.65 |



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

37. Administrative expenses

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|---|-----------------------|----------------|
| Staff expense | 84,731,180.12 | 67,959,162.67 |
| Depreciation of fixed assets | 15,409,356.52 | 17,231,824.25 |
| Business entertainment expenses | 1,433,087.69 | 1,281,453.81 |
| Travel expenses | 1,560,868.50 | 1,006,336.22 |
| Transportation expenses | 2,056,093.07 | 1,736,357.59 |
| Office expenses | 6,229,962.41 | 5,642,721.92 |
| Intermediary engagement and consulting fees | 10,335,506.41 | 7,540,856.30 |
| Technical service fee | 6,203,757.99 | 416,449.26 |
| Property management fee | 3,117,623.40 | 3,665,269.15 |
| Amortization of intangible assets | 13,903,467.91 | 9,825,693.58 |
| Consulting fees | 3,010,869.57 | 1,750,719.46 |
| Amortisation of right-of-use assets | 2,580,608.28 | 650,454.70 |
| Utilities | 1,292,988.91 | 1,081,859.46 |
| Other expenses | 23,034,580.71 | 17,184,945.99 |
| Total | 174,899,951.49 | 136,974,104.36 |



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

38. Research and development expenses

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|----------------------|-----------------------|----------------|
| Staff expense | 40,573,815.46 | 29,880,819.79 |
| Material expense | 99,589,869.71 | 78,913,135.35 |
| Depreciation expense | 9,721,875.66 | 8,569,420.21 |
| Other expenses | 4,446,367.81 | 3,385,995.02 |
| Total | 154,331,928.64 | 120,749,370.37 |

39. Financial expenses

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|---|-----------------------|----------------|
| Interest expense | 128,767,137.08 | 125,865,964.01 |
| Less: interest income (stated in negative number) | 8,788,027.25 | 5,920,698.40 |
| Exchange losses (less: exchange income) | 1,233,465.12 | 5,466,069.02 |
| Less: exchange income | 84,680.64 | 34,663.61 |
| Other finance expenses | 3,939,710.69 | 8,299,601.82 |
| Total | 125,067,605.00 | 133,676,272.84 |

Other explanation:

The Company's interest expense on lease liabilities for the current period was RMB502,010.81.



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

40. Other income

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 | Related to assets/income |
|--------------------------------------|----------------------|---------------|--------------------------|
| Subsidy for production and operation | 28,738,118.28 | 13,073,614.29 | Related to assets/income |
| Subsidy for photovoltaic R&D subsidy | 4,376,814.68 | 5,520,182.04 | Related to income |
| Subsidy for stabilizing employment | 1,803,918.00 | 4,686,657.10 | Related to assets/income |
| Others | 457,898.46 | 2,241,230.98 | Related to income |
| Debt restructuring | 472,983.00 | 364,529.69 | Related to assets/income |
| Individual income tax refunds | 382,382.96 | 29,519,590.46 | |
| | 689,700.90 | 86,551.35 | |
| Total | 36,921,816.28 | 55,492,355.91 | |

41. Investment income

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|---|-----------------------|----------------|
| Income from disposal of long-term equity investment | | 4,528,260.40 |
| Loss from de-recognition of accounts receivable financing | -11,556,042.87 | -14,203,232.10 |
| Total | -11,556,042.87 | -9,674,971.70 |

42. Impairment losses of credit

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|--|----------------------|----------------|
| Loss on bad debts of notes receivable | -2,093,022.80 | 1,961,465.24 |
| Loss on bad debts of accounts receivable | -3,624,120.49 | -10,349,762.27 |
| Loss on bad debts of other receivables | 2,315,067.36 | 3,701,773.94 |
| Total | -3,402,075.93 | -4,686,523.09 |



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

43. Impairment losses of assets

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|---|-----------------------|--------------|
| I. Bad debt loss | | |
| II. Inventory impairment loss and impairment loss of contract performance costs | -10,919,597.80 | 4,377,655.05 |
| III. Impairment losses of long-term equity investments | | |
| IV. Impairment losses of investment properties | | |
| V. Impairment losses of fixed assets | | -706,414.90 |
| 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 | -10,919,597.80 | 3,671,240.15 |

44. Gains on the disposal of assets

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|--------------------------|--------------------|-------------|
| Disposal of fixed assets | -347,984.19 | -259,318.91 |
| Total | -347,984.19 | -259,318.91 |



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

45. Non-operating income

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 | Amount recognized as non-recurring gain or loss for the period |
|--|---------------------|--------------|---|
| Payables approved but not being payable | 63,215.70 | 4,724,169.66 | 63,215.70 |
| Negative goodwill on acquisition of subsidiaries at consolidation level | 4,530,231.38 | | 4,530,231.38 |
| Others | 105,443.20 | 3,591,898.83 | 105,443.20 |
| Total | 4,698,890.28 | 8,316,068.49 | 4,698,890.28 |

46. Non-operating expenses

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 | Amount recognized as non-recurring gain or loss for the period |
|--|---------------------|--------------|---|
| Loss on retirement and damage of assets | 352,014.38 | 1,458,351.46 | 352,014.38 |
| Penalties and overdue fine | 1,150,378.97 | 470,174.16 | 1,150,378.97 |
| Others | | 1,903,690.35 | |
| Total | 1,502,393.35 | 3,832,215.97 | 1,502,393.35 |



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 | 2021 | 2020 |
|------------------------------------|----------------------|---------------|
| Income tax expenses for the period | 26,688,442.98 | 72,929,664.54 |
| Deferred income tax expenses | -6,052,532.99 | -2,744,701.42 |
| Total | 20,635,909.99 | 70,184,963.12 |

(2) Reconciliation between accounting profit and income tax expenses

Unit: Yuan Currency: RMB

| Item | 2021 |
|--|-----------------------|
| Total profit | 365,801,836.24 |
| Income tax expenses calculated at statutory/applicable tax rates | 91,450,459.06 |
| Effect of different tax rates applicable to subsidiaries | -12,529,964.29 |
| Effect of income tax before adjustments | 1,281,984.21 |
| Effect of non-taxable income | |
| Effect of costs, expenses and losses not deductible for tax purposes | 3,202,777.87 |
| Effect of utilization of deductible losses of unrecognized deferred income tax assets in previous periods | -42,685,160.22 |
| Effect of current deductible temporary differences or deductible loss of unrecognized deferred income tax assets | 18,481,813.77 |
| Deduction of aggregate expense items such as R&D expenses | -38,566,000.41 |
| Income tax expenses | 20,635,909.99 |



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 | 2021 | 2020 |
|--|---------------|----------------|
| Interest income | 8,621,163.51 | 5,920,698.40 |
| Government grants | 40,652,673.38 | 24,889,705.25 |
| Compensation for land purchase and storage | | 50,000,000.00 |
| Financial discount | 2,175,000.00 | |
| Others | 20,349,230.64 | 40,143,974.33 |
| Total | 71,798,067.53 | 120,954,377.98 |

(2) Other cash paid for activities relating to operation

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|--|----------------|---------------|
| Consultation and audit, assessment, legal fees, bulletin fees | 8,931,464.72 | 7,418,409.79 |
| Bill deposits | 119,055,114.47 | 48,968,664.69 |
| Other current accounts and expenses | 70,954,114.25 | 32,613,048.10 |
| Total | 198,940,693.44 | 89,000,122.58 |

(3) Other cash received from activities relating to investment

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|--|--------------|--------------|
| Insurance claim for equipment | | 6,761,595.39 |
| Net cash paid for business combination not being under common control of Zigong | 6,176,839.68 | |
| Total | 6,176,839.68 | 6,761,595.39 |



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 | 2021 | 2020 |
|---|------------------|------------------|
| China Luoyang Float Glass (Group) Company Limited | 1,142,172,948.10 | 731,205,925.80 |
| China Yaohua Glass Group Corporation Co., Ltd. | 418,720,494.31 | 183,168,409.65 |
| China Triumph International Engineering Co., Ltd. | 60,000,000.00 | |
| Bill discount | 69,479,997.22 | 125,032,984.92 |
| Hebei Rongsheng Taihe Trading Co., Ltd. | 22,000,000.00 | |
| Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | 14,628,351.28 | 87,282,000.00 |
| Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | 5,288,269.86 | 53,220,898.80 |
| Total | 1,732,290,060.77 | 1,179,910,219.17 |

(5) Other cash paid for activities relating to financing

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|---|------------------|------------------|
| China Luoyang Float Glass (Group) Company Limited | 1,072,330,851.01 | 355,233,098.63 |
| Acquisition of equity interests in North Glass Triumph Technology Group Company Limited | 182,275,920.00 | |
| China Yaohua Glass Group Corporation Co., Ltd. | 156,998,889.69 | 326,400,000.00 |
| Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | 52,748,143.35 | |
| Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | 24,791,492.58 | 98,366,000.00 |
| Zigong Zhanxin High-end Industry Investment Fund Partnership | 7,866,076.56 | 119,294,940.25 |
| Bills matured | 4,160,876.71 | |
| Interest on discounted bills | 5,970,597.68 | 358,892,621.53 |
| Others | 1,104,333.33 | |
| Repurchase | 1,161,299.91 | 2.00 |
| Total | 1,509,408,480.82 | 1,258,186,662.41 |



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 | 2021 | 2020 |
|---|-----------------|-----------------|
| 1. Net profit adjusted to cash flow of operating activities: | | |
| Net profit | 345,165,926.25 | 472,250,428.56 |
| Add: Provision for impairment of assets | 10,919,597.80 | -3,671,240.15 |
| Impairment losses of credit | 3,402,075.93 | 4,686,523.09 |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | 252,434,751.22 | 194,429,280.57 |
| Amortization of right-of-use assets | 2,580,608.28 | 650,454.70 |
| Amortization of intangible assets | 18,809,714.24 | 13,643,193.92 |
| Amortization of long-term deferred expenses | 3,862,098.10 | 6,496,603.99 |
| Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains) | 347,984.19 | 259,318.91 |
| Losses from scrapping of fixed assets ("-" for gains) | 352,014.38 | 1,458,351.46 |
| Losses from changes in fair value ("-" for gains) | | |
| Finance expenses ("-" for gains) | 128,767,137.08 | 130,563,102.37 |
| Investment losses ("-" for gains) | 11,556,042.87 | 9,674,971.70 |
| Decrease in deferred income tax assets ("-" for increase) | -5,537,406.28 | -2,744,701.42 |
| Increase in deferred income tax liabilities ("-" for decrease) | -515,126.71 | |
| Decrease in inventories ("-" for increase) | -328,601,705.22 | 55,697,810.97 |
| Decrease in operating receivables ("-" for increase) | 10,017,908.87 | -188,728,578.55 |
| Increase in operating payables ("-" for decrease) | -317,247,472.85 | -224,113,299.15 |
| Others | | |
| Net cash flow from operating activities | 136,314,148.15 | 470,552,220.97 |
| 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 | 961,479,236.37 | 151,936,892.29 |
| Less: Opening balance of cash | 151,936,892.29 | 158,491,286.39 |
| Add: Closing balance of cash equivalents | | |
| Less: Opening balance of cash equivalents | | |
| Net increase in cash and cash equivalents | 809,542,344.08 | -6,554,394.10 |



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

49. Supplementary information of cash flow statement (Continued)

(2) Net cash acquired from subsidiaries for the current period

Unit: Yuan Currency: RMB

| | Amount |
|---|-----------------------------|
| Cash or cash equivalents paid for business combination in the current period | |
| Less: Cash and cash equivalents held by subsidiaries on the date of acquisition | 6,176,839.68 |
| Including: Triumph (Zigong) New Energy Resources Co., Ltd. | 6,176,839.68 |
| Add: Cash or cash equivalents paid in the current period for business combinations occurred in previous periods | |
| Net cash paid for acquisition of subsidiaries | <u><u>-6,176,839.68</u></u> |

(3) Constitution of cash and cash equivalents

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|---|-----------------------|----------------|
| I. Cash | 961,479,236.37 | 151,936,892.29 |
| Including: Cash on hand | 39,663.87 | 171,311.73 |
| Bank deposit available for payment at any time | 961,439,572.50 | 151,765,580.56 |
| Other monetary funds available for payment at any time | | |
| Deposits in central bank available for payment | | |
| Deposits with banks | | |
| Placements with banks | | |
| II. Cash equivalents | | |
| Including: Bond investments due within three months | | |
| III. Closing balance of cash and cash equivalents | 961,479,236.37 | 151,936,892.29 |
| Including: Restricted cash and cash equivalents used by the Parent Company or within the group's subsidiaries | | |



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

50. Assets under restricted ownership or use right

Unit: Yuan Currency: RMB

| Item | Book value as at 31 December 2021 | Reasons for restriction |
|-------------------------------|---|----------------------------|
| Monetary funds | 155,092,344.62 | Security deposit |
| Fixed assets | 395,441,301.93 | Mortgage |
| Intangible assets | 76,851,952.27 | Mortgage |
| Accounts receivable financing | 119,233,770.63 | Bill Pledge |
| Construction in progress | 29,437,896.38 | Pledge |
| Total | 776,057,265.83 | / |

51. Monetary item in foreign currency

(1) Monetary item in foreign currency

Unit: Yuan

| Item | Balance of foreign currency as at 31 December 2021 | Exchange rate | Balance of RMB converted as at 31 December 2021 |
|---------------------|--|---------------|--|
| Monetary funds | | | 16,890,553.61 |
| Including: USD | 2,648,288.54 | 6.3757 | 16,884,693.24 |
| HKD | 7,167.77 | 0.8176 | 5,860.37 |
| Accounts receivable | | | 22,984,121.07 |
| Including: USD | 3,604,956.49 | 6.3757 | 22,984,121.07 |
| Other payables | | | 1,557,291.83 |
| Including: HKD | 1,904,711.14 | 0.8176 | 1,557,291.83 |
| | | | |



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

52. Government grants

(1) Basic information on government grants

Unit: Yuan Currency: RMB

| Items | 2021 | Presentation | The amount recognized in the profit and loss |
|---|---------------|------------------------------|--|
| Subsidy for production and operation | 25,234,431.43 | Other income/deferred income | 18,837,005.57 |
| Subsidy for photovoltaic | 4,376,814.68 | Other income | 4,376,814.68 |
| Subsidy for R&D/technology reform | 5,392,200.00 | Other income/deferred income | 666,918.00 |
| Subsidy for stabilizing employment/employment | 640,598.46 | Other income | 640,598.46 |
| Financial discount | 2,175,000.00 | Finance expenses | 2,175,000.00 |



VIII. CHANGE IN THE SCOPE OF CONSOLIDATION

1. Combination of Business not under Common Control

(1) Combination of business not under common control in the current period

Unit: Yuan Currency: RMB

| Name of acquiree | Acquisition date | Cost of equity acquisition | Percentage of equity acquired (%) | Method of equity acquisition | Date of acquisition | Basis for determining the acquisition date | Income of the acquiree from the acquisition date to the end of the period | Net profit of the acquiree from the acquisition date to the end of the period |
|---|------------------|----------------------------|-----------------------------------|------------------------------|---------------------|--|---|---|
| Triumph (Zigong) New Energy Resources Co., Ltd. | 31 August 2021 | 300,000,000.00 | 60.00 | Capital Increase | 31 August 2021 | Equity delivery | 179,198,221.28 | 3,137,797.15 |

(2) Cost of combination and goodwill

Unit: Yuan Currency: RMB

| Cost of combination | Triumph (Zigong) New Energy Resources Co., Ltd. |
|--|---|
| -Cash | 300,000,000.00 |
| Total cost of combination | 300,000,000.00 |
| Less: share of fair value of identifiable net assets acquired | 304,530,231.38 |
| Goodwill/combination cost less than the fair value of the identifiable net assets acquired | -4,530,231.38 |

The Company acquired 60% equity interest in the acquiree by capital increase of RMB300 million in cash. The fair value of the identifiable net assets of the acquiree on the acquisition date was RMB207,550,385.64. Upon completion of the capital increase, the fair value of the identifiable net assets was RMB507,550,385.64, the fair value of the identifiable net assets attributable to the Company was RMB304,530,231.38, and the difference between the consideration of RMB300 million paid was negative goodwill of RMB4,530,231.38.



VIII. CHANGE IN THE SCOPE OF CONSOLIDATION (Continued)

1. Combination of Business not under Common Control (Continued)

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: Yuan Currency: RMB

| | Triumph (Zigong) New Energy Resources Co., Ltd. | |
|---------------------------------|--|---|
| | Fair value on acquisition date | Book value on acquisition date |
| Assets: | 800,957,987.25 | 789,427,158.11 |
| Monetary funds | 6,176,839.68 | 6,176,839.68 |
| Accounts receivable | 2,609,457.07 | 2,609,457.07 |
| Inventories | 45,235,494.74 | 45,887,050.85 |
| Fixed assets | 5,271,226.00 | 5,337,454.12 |
| Intangible assets | 34,509,300.00 | 34,279,491.22 |
| Notes receivable | 8,700,000.00 | 8,700,000.00 |
| Prepayments | 2,645,378.86 | 2,645,378.86 |
| Other receivables | 1,439,171.16 | 1,439,171.16 |
| Other current assets | 28,176,722.19 | 28,176,722.19 |
| Construction in progress | 664,938,286.84 | 652,919,482.25 |
| Deferred income tax assets | 982,342.71 | 982,342.71 |
| Other non-current assets | 273,768.00 | 273,768.00 |
| Liabilities: | 593,407,601.61 | 592,718,644.32 |
| Borrowings | | |
| Accounts payable | 579,027,796.01 | 579,027,796.01 |
| Deferred income tax liabilities | 3,613,957.29 | |
| Employee remuneration payable | 819,557.59 | 819,557.59 |
| Tax payable | 155,798.78 | 155,798.78 |
| Other payables | 8,815,491.94 | 8,815,491.94 |
| Deferred income | 975,000.00 | 3,900,000.00 |
| Net assets | 207,550,385.64 | 196,708,513.79 |
| Amount of capital increase | 300,000,000.00 | |
| Less: minority interests | 203,020,154.26 | |
| Net assets acquired | 304,530,231.38 | |

Method for determining the fair value of identifiable assets and liabilities: Assessment



VIII. CHANGE IN THE SCOPE OF CONSOLIDATION (Continued)

2. Business combination under common control

(1) Business combination under common control in the current period

Unit: Yuan Currency: RMB

| Name of the combined party | The proportion of equity acquired in business combination | Basis of constituting business combination under common control | Combination date | Determination basis of combination date | Revenue of the combined party from beginning of combination period to combination date | Net profit of the combined party from beginning of combination period to combination date | Revenue of the combined party in the comparison period | Net profits of the combined party in the comparison period |
|-----------------------------------|---|---|------------------|---|--|---|--|--|
| Qinhuangdao North Glass Co., Ltd. | 60.00% | Controlled by CNBMG, a controlling shareholder of the Company | 31 July 2021 | Equity delivery | 271,594,082.10 | 71,103,489.62 | 335,490,443.34 | 80,076,886.13 |

(2) Cost of combination

Unit: Yuan Currency: RMB

| Cost of combination | Qinhuangdao North Glass Co., Ltd. |
|---|-----------------------------------|
| –Cash | 182,275,920.00 |
| –Book value of non-cash assets | |
| –Book value of debt issued or assumed | |
| –Book value of equity securities issued | |
| –Contingent consideration | |



VIII. CHANGE IN THE SCOPE OF CONSOLIDATION (Continued)

2. Business combination under common control (Continued)

(3) Book value of assets and liabilities of the combined party on the combination date

Unit: Yuan Currency: RMB

| | Qinhuangdao North Glass Co., Ltd. | |
|---|--|---------------------------|
| | Combination date | End of last period |
| Assets: | 597,674,078.18 | 921,353,629.21 |
| Monetary funds | 89,142,989.03 | 37,389,761.81 |
| receivables | 6,381,296.27 | 4,043,199.88 |
| Inventories | 35,042,137.75 | 50,299,600.44 |
| Fixed assets | 169,826,703.90 | 177,267,523.11 |
| Intangible assets | 170,575,540.80 | 61,033,138.72 |
| Receivables financing | 1,844,162.40 | |
| Prepayments | 14,705,695.59 | 15,774,849.67 |
| Other receivables | 6,330,422.13 | 536,815,589.86 |
| Other current assets | | 5,608,735.88 |
| Construction in progress | 31,421,043.23 | 29,437,896.38 |
| Long-term prepaid expenses | 2,166,666.83 | 3,683,333.46 |
| Other non-current assets | 70,237,420.25 | |
| Liabilities: | 278,509,658.56 | 636,679,567.31 |
| Borrowings | | |
| Accounts payable | 17,611,975.92 | 44,969,759.56 |
| Short-term borrowings | 22,000,000.00 | 101,100,000.00 |
| Bills payable | 17,440,000.00 | 43,250,000.00 |
| Contract liabilities | 16,421,653.90 | 21,282,755.73 |
| Employee remuneration payable | 3,154,116.94 | 5,060,263.04 |
| Tax payable | 5,389,574.17 | 144,734.95 |
| Other payables | 14,704,811.76 | 55,003,502.62 |
| Non-current liabilities due within one year | 137,430,018.40 | 95,266,123.96 |
| Other current liabilities | 2,134,815.01 | 2,766,758.24 |
| Long-term borrowings | 7,616,530.99 | 231,666,123.96 |
| Deferred income | 19,491,036.76 | 20,720,996.26 |
| Deferred income tax liabilities | 15,115,124.71 | 15,448,548.99 |
| Net assets | 319,164,419.62 | 284,674,061.90 |
| Less: minority interests | 127,665,767.85 | 143,725,841.47 |
| Net assets acquired | 191,498,651.77 | 140,948,220.43 |



VIII. CHANGE IN THE SCOPE OF CONSOLIDATION (Continued)

3. Changes in consolidation scope due to other reasons

Changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

As approved at the 41th meeting of the ninth session of the Board, the Company invested in the establishment of CNBM (Luoyang) New Energy Co., Ltd. in cash in the Industrial Cluster Zone of Ruyang County, Henan Province, and invested in the construction of solar photovoltaic cell packaging materials project as the main body. On 18 November 2021, Luoyang New Energy completed the industrial and commercial registration and became a wholly-owned subsidiary of the Company, which was included in the scope of consolidation in 2021.

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 | Place of Registration | Registered capital (RMB'000) | Nature of business | Shareholding ratio (%) | | |
|------------------------------------|---------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|------------------------|----------|---|
| | | | | | | Direct | Indirect | Obtained by |
| Longmen Glass | Limited liability company | Luoyang City | Luoyang City | 7,000 | Producing and selling | 100 | | Investment |
| Longhai Glass | Limited liability company | Yanshi City | Yanshi City | 10,000 | Producing and selling | 100 | | Investment |
| Puyang CNBM Photovoltaic Materials | Limited liability company | Puyang City | Puyang City | 24,000 | Producing and selling | 100 | | Investment |
| Bengbu CNBM Information Display | Limited liability company | Bengbu City | Bengbu City | 63,276.43 | Producing and selling | 100 | | Business combination under common control |
| Hefei New Energy | Limited liability company | Hefei City | Hefei City | 86,800 | Producing and selling | 100 | | Business combination under common control |
| Tongcheng New Energy | Limited liability company | Tongcheng City | Tongcheng City | 93,338.898 | Producing and selling | 100 | | Business combination under common control |
| Yixing New Energy | Limited liability company | Yixing City | Yixing City | 31,370 | Producing and selling | 70.99 | | Business combination under common control |
| North Glass | Limited liability company | Qinhuangdao City | Qinhuangdao City | 64,390.37 | Production and sales | 60 | | Business combination under common control |
| Zigong New Energy | Limited liability company | Zigong City | Zigong City | 50,000 | Production and sales | 60 | | Business combination not under common control |
| Luoyang New Energy | Limited liability company | Luoyang City | Luoyang City | 80,000 | Production and sales | 100 | | Investments |

(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% | 27,276,864.06 | 40,189,514.01 | 155,790,754.68 |
| North Glass | 40.00% | 52,038,800.55 | | 149,002,081.58 |
| Zigong New Energy | 40.00% | 1,255,118.86 | | 204,275,273.12 |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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 2021 | | | | | | 31 December 2020 | | | | | |
|--------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
| | 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 | 607,661,558.62 | 823,224,936.49 | 1,430,886,495.11 | 876,367,217.22 | 17,494,959.81 | 893,862,177.03 | 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 |
| North Glass | 177,457,151.64 | 440,434,227.54 | 617,891,379.18 | 211,896,716.45 | 33,489,458.77 | 245,386,175.22 | 649,931,737.54 | 271,421,891.67 | 921,353,629.21 | 368,843,898.10 | 267,835,669.21 | 636,679,567.31 |
| Zigong New Energy | 219,907,174.29 | 740,582,669.38 | 960,489,843.67 | 445,156,245.81 | 4,645,415.05 | 449,801,660.86 | | | | | | |

| Name of Subsidiary | 2021 | | | | 2020 | | | |
|--------------------|------------------|----------------|----------------------------|------------------------------------|------------------|----------------|----------------------------|------------------------------------|
| | 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 | 1,026,883,528.89 | 94,025,729.27 | 94,025,729.27 | 134,172,927.89 | 1,145,678,197.81 | 219,452,051.94 | 219,452,051.94 | 138,432,225.15 |
| North Glass | 465,912,433.35 | 124,444,273.96 | 124,444,273.96 | 245,807,033.78 | 335,490,443.34 | 80,076,886.13 | 80,076,886.13 | 116,471,423.19 |
| Zigong New Energy | 179,198,221.28 | 3,137,797.15 | 3,137,797.15 | -82,765,080.14 | | | | |



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

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exchange rate risk mainly arises from foreign currency monetary items such as bank deposits, borrowings and accounts receivable. There have been little foreign exchange transactions in 2021 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.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from interest-bearing debts such as bank borrowings. Financial liabilities at floating rates expose the Company to cash flow interest rate risk, and financial liabilities at fixed rates expose the Company to fair value interest rate risk. The Company manage interest expenses by maintaining a proper portfolio of loans at fixed interest rates and those at variable rates.



X. RISKS RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Risks relating to financial instruments (Continued)

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

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 41.03% 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

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with settlements by delivering cash or other financial assets.

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 | 1,335,224,955.72 | | | 1,335,224,955.72 |
| Bills payable | 650,930,930.94 | | | 650,930,930.94 |
| Accounts payable | 645,516,087.56 | | | 645,516,087.56 |
| Other payables | 701,248,471.31 | | | 701,248,471.31 |
| Lease liabilities | 3,000,000.00 | 7,500,000.00 | | 10,500,000.00 |
| Long-term loans (including long-term loans due within one year) | 439,285,278.13 | 730,014,233.27 | 289,791,650.68 | 1,459,091,162.09 |
| Total financial liability | 3,775,205,723.66 | 737,514,233.27 | 289,791,650.68 | 4,802,511,607.62 |

(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 2021 | 31 December 2020 |
|---------------|------------------|------------------|
| Gearing ratio | 53.03% | 68.13% |



XI. DISCLOSURE OF FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

Unit: Yuan Currency: RMB

| Items | Fair value as at 31 December 2021 | | | 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 | | | 369,857,635.69 | 369,857,635.69 |
| Total assets measured at fair value on a recurring basis | | | 369,857,635.69 | 369,857,635.69 |
| 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.



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 | 17.22 | 17.22 |

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 |
| China National Building Material Group Finance Co., Ltd. | Common ultimate controller |
| CNBN Research Institute for Intelligent Automation Co., Ltd. | Common ultimate controller |
| CNBN Xinyun Zhilian Technology Co., Ltd. | Common ultimate controller |
| CNBM New Energy Engineering Co., Ltd. | Common ultimate controller |
| CNBM Triumph Robotics (Shanghai) Co., Ltd. | Common ultimate controller |
| CNBM Junxin Technology Co., Ltd. | Common ultimate controller |
| CNBM Jiaxing Glass (Heilongjiang) Co., Ltd. | Common ultimate controller |
| CTIEC Environmental Protection Research Institute (Jiangsu) Co., Ltd. | Common ultimate controller |
| CNBM International Trading Company Limited | Common ultimate controller |
| CNBM Bengbu Design & Research Institute for Glass Industry | Common ultimate controller |
| CNBM (Bengbu) Photoelectric Materials Co., Ltd. | Common ultimate controller |
| China Yaohua Glass Group Ltd. | Common ultimate controller |
| China Building Material Test & Certification Group Qinhuangdao Co., Ltd. | Common ultimate controller |
| China Building Material Test & Certification Group Co., Ltd. | Common ultimate controller |
| China Building Material International Engineering Co., Ltd. Shenzhen Branch | Common ultimate controller |
| China Building Material International Engineering Co., Ltd. Jiangsu Branch | Common ultimate controller |
| China Building Material International Engineering Co., Ltd. Hainan Branch | Common ultimate controller |
| China Building Material International Engineering Co., Ltd. Bengbu Branch | Common ultimate controller |
| China Building Material International Engineering Co., Ltd. | Common ultimate controller |
| Shenzhen Triumph Technology Engineering Co., Ltd. Bengbu Branch | Common ultimate controller |
| Shenzhen Triumph Technology Engineering Co., Ltd. | Common ultimate controller |
| Shanghai Triumph Langkun Information Technology Co., Ltd. | Common ultimate controller |
| Shanghai Triumph Energy Saving Engineering Technology Co., Ltd. | Common ultimate controller |



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

3. Other related parties (Continued)

| Name of other related parties | Relationship with the Company |
|--|-------------------------------|
| Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | Common ultimate controller |
| Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | Common ultimate controller |
| Triumph Heavy Industry Co., Ltd. | Common ultimate controller |
| Triumph Information Display Material (Luoyang) Co., Ltd. | Common ultimate controller |
| Triumph Information Display Materials (Chizhou) Co., Ltd. | Common ultimate controller |
| Triumph Quartz Material (Taihu) Co., Ltd. | Common ultimate controller |
| Triumph Quartz Material (Huangshan) Co., Ltd. | Common ultimate controller |
| Triumph Quartz Material (Hainan) Co., Ltd. | Common ultimate controller |
| Triumph Technology Company Limited Bengbu Huayi Branch | Common ultimate controller |
| Triumph Photovoltaic Materials Co., Ltd. | Common ultimate controller |
| Bengbu Photoelectric Technology Co., Ltd. | Common ultimate controller |
| Bengbu Triumph Engineering Technology Company Limited | Common ultimate controller |
| Bengbu Chemical Machinery Manufacturing Company Limited | Common ultimate controller |
| Anhui Tianzhu Green Energy Sources Technology Co., Ltd. | Common ultimate controller |
| Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. Bengbu Photoelectricity Glass Branch | Common ultimate controller |
| Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. | Common ultimate controller |
| Anhui Fangxing Photoelectric New Material Technology Co., Ltd. | Common ultimate controller |
| Qinhuangdao Honghua Special Glass Co., Ltd. | Common ultimate controller |
| Qinhuangdao Yaohua Trading Co., Ltd. | Common ultimate controller |
| Henan Zhonglian Glass Co., Ltd. | Common ultimate controller |
| Bengbu Xingke Glass Co., Ltd. | Common ultimate controller |
| Jiangsu Suhuada New Materials Co., Ltd. | Others |
| Henan Haichuan Electronic Glass Co., Ltd. | Others |
| Triumph Huge Harvest (Dezhou) Smart Agriculture Co., Ltd. | Others |
| Suqian CNG Electronic Glass Company Limited | Others |
| Far East Optoelectronics 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 | 2021 | 2020 |
|--|---------------------------------------|----------------|---------------|
| CNBN Research Institute for Intelligent Automation Co., Ltd. | Engineering services | 3,008,849.28 | |
| CNBN Research Institute for Intelligent Automation Co., Ltd. | Fixed assets | 427,896.46 | |
| CNBN Research Institute for Intelligent Automation Co., Ltd. | Purchase of spare parts | 13,362.82 | 5,566,157.89 |
| CNBN Xinyun Zhilian Technology Co., Ltd | Fixed assets | 43,545.13 | |
| CNBM Triumph Robotics (Shanghai) Co., Ltd. | Purchase of spare parts | 20,088.50 | 607,391.54 |
| CNBM Triumph Robotics (Shanghai) Co., Ltd. | Maintenance services | 72,580.86 | |
| CNBM Triumph Robotics (Shanghai) Co., Ltd. | Fixed assets | 381,183.74 | |
| CNBM Triumph Robotics (Shanghai) Co., Ltd. | Engineering services | 927,675.18 | |
| CNBM Jiaxing Glass (Heilongjiang) Co., Ltd. | Purchase of materials | 9,599.81 | |
| CNBM Environmental Protection Research Institute (Jiangsu) Co., Ltd. | Engineering services | 1,211,431.71 | |
| CNBM Bengbu Design & Research Institute for Glass Industry | Project supervision | 2,623,923.56 | |
| CNBM Bengbu Design & Research Institute for Glass Industry | Engineering design | 264,150.95 | |
| CNBM Bengbu Design & Research Institute for Glass Industry | Engineering design | 501,658.71 | |
| CNBM Bengbu Design & Research Institute for Glass Industry | Purchase of electricity | 503,095.09 | 541,348.89 |
| CNBM Bengbu Design & Research Institute for Glass Industry | Purchase of materials | 156,795.61 | |
| CNBM Bengbu Design & Research Institute for Glass Industry | Report Preparation | 844,339.64 | 1,932,123.03 |
| CNBM Bengbu Design & Research Institute for Glass Industry | Service fees | 57,735.86 | |
| CNBM Bengbu Design & Research Institute for Glass Industry | Purchase of revolving materials | 8,131.13 | |
| CNBM (Bengbu) Photoelectric Materials Co., Ltd. | Technical service fee | 5,471,698.24 | |
| China Luoyang Float Glass (Group) Company | Interest expense | 283,958.33 | 15,001,229.77 |
| China Building Material Test & Certification Group Qinhuangdao Co., Ltd. | Technical services | 8,018.87 | |
| China Building Material Test & Certification Group Co., Ltd. | Technical services | 93,787.73 | 22,641.51 |
| China Triumph International Engineering Co., Ltd. Shenzhen Branch | Engineering services | 94,094,456.80 | |
| China Triumph International Engineering Co., Ltd. Jiangsu Branch | Fixed assets | 15,309,591.10 | |
| China Triumph International Engineering Co., Ltd. Jiangsu Branch | Engineering services | 71,628,603.66 | |
| China Triumph International Engineering Co., Ltd. Bengbu Branch | Engineering services | 589,161,476.35 | |



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)

Unit: Yuan Currency: RMB

| Related party | Content of related party transactions | 2021 | 2020 |
|---|---------------------------------------|-----------------------|---------------|
| China Triumph International Engineering Co., Ltd. | Engineering design | 2,252,830.18 | |
| China Triumph International Engineering Co., Ltd. | Engineering services | 369,268,060.63 | |
| Far East Optoelectronics Co., Ltd. | Lease payments | 42,568.88 | 10,454.82 |
| Suqian CNG Electronic Glass Company Limited | Purchase of raw glass | 838,135.81 | |
| Shenzhen Triumph Technology Engineering Co., Ltd. Bengbu Branch | Fixed assets | 30,088.50 | |
| Shenzhen Triumph Technology Engineering Co., Ltd. | Fixed assets | 865,795.24 | |
| Shenzhen Triumph Technology Engineering Co., Ltd. | Engineering services | 22,029,812.45 | |
| Shanghai Triumph Langkun Information Technology Co., Ltd. | Service fees | 540,094.34 | 4,203,150.33 |
| Shanghai Triumph Langkun Information Technology Co., Ltd. | Fixed assets | 1,809,895.33 | |
| Shanghai Triumph Langkun Information Technology Co., Ltd. | Purchase of software | 636,880.95 | |
| Shanghai Triumph Energy Saving Engineering Technology Co., Ltd. | Engineering services | 43,981,171.90 | |
| Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | Purchase of materials | 2,662,944.82 | |
| Triumph Quartz Material (Taihu) Co., Ltd. | Purchase of materials | 21,660,713.35 | 24,052,204.96 |
| Triumph Quartz Material (Hainan) Co., Ltd. | Purchase of materials | 310,900.35 | |
| Triumph Quartz Material (Hainan) Co., Ltd. | Purchase of spare parts | 1,677,301.87 | |
| Triumph Technology Group Company Limited | Exhibition fee | 75,000.00 | |
| Jiangsu Suhuada New Materials Co., Ltd. | Purchase of photovoltaic glass | 57,303.21 | |
| Bengbu Triumph Engineering Technology Company Limited | Purchase of spare parts | 1,531,557.55 | 5,109,189.53 |
| Bengbu Triumph Engineering Technology Company Limited | Engineering services | 3,663,362.84 | |
| Bengbu Triumph Engineering Technology Company Limited | Maintenance services | 353,982.30 | |
| Bengbu Triumph Engineering Technology Company Limited | Fixed assets | 729,911.51 | |
| Bengbu Triumph Engineering Technology Company Limited | Engineering services | 419,469.03 | |
| Bengbu Triumph Engineering Technology Company Limited | Maintenance services | 19,469.03 | |
| Bengbu Chemical Machinery Manufacturing Company Limited | Purchase of spare parts | 1,516,004.41 | |



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)

Unit: Yuan Currency: RMB

| Related party | Content of related party transactions | 2021 | 2020 |
|---|---------------------------------------|-----------------------|----------------|
| Bengbu Chemical Machinery Manufacturing Company Limited | Maintenance services | 39,823.01 | |
| Bengbu Chemical Machinery Manufacturing Company Limited | Fixed assets | 2,729,911.47 | |
| Bengbu Chemical Machinery Manufacturing Company Limited | Maintenance services | 555,292.03 | |
| Bengbu Chemical Machinery Manufacturing Company Limited | Purchase of packaging materials | 11,282,977.06 | 15,367,355.64 |
| Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. Bengbu Photoelectric Glass Branch | Purchase of raw glass | 3,117,209.03 | 7,904,318.67 |
| Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. | Purchase of materials | 410,535,445.07 | 165,266,674.13 |
| Triumph Technology Group Company Limited | Interest expense | 4,355,419.18 | 5,529,009.48 |
| Triumph Technology Group Company Limited | Guarantee fee | 2,033,500.00 | |
| Triumph Quartz Material (Huangshan) Co., Ltd. | Purchase of materials | | 1,084,999.99 |
| China Triumph International Engineering Co., Ltd. Hainan Branch | Purchase of materials | | 1,252,865.68 |
| China Triumph International Engineering Co., Ltd. Bengbu Branch | Technical service fee | | 103,773.59 |
| China Triumph International Engineering Co., Ltd. | Design fee | | 127,358.49 |
| CNBM Bengbu Design & Research Institute for Glass Industry | Purchase of materials | | 63,452.48 |
| CNBM Bengbu Design & Research Institute for Glass Industry | Guarantee fee | | 201,375.00 |
| Henan Haichuan Electronic Glass Co., Ltd. | Processing fee | | 16,743,362.79 |
| Triumph Heavy Industry Co., Ltd. | Purchase of equipment | | 261,946.90 |
| Suqian CNG Electronic Glass Company Limited | Purchase of raw glass | | 11,401,624.34 |
| CNBM International Trading Company Limited | Purchase of spare parts | | 23,008.85 |
| China Luoyang Float Glass (Group) Company | Capital occupation fee | 15,143,486.91 | |
| China National Building Material Group Finance Co., Ltd. | Capital occupation fee | 2,195,555.56 | |
| CNBN Xinyun Zhilian Technology Co., Ltd | Fixed assets | | 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 | 2021 | 2020 |
|--|---------------------------------------|----------------|----------------|
| CNBM Junxin Technology Co., Ltd. | Sales of photovoltaic glass | 255,344,451.21 | 130,161,720.17 |
| China Triumph International Engineering Co., Ltd. | Sales of greenhouse glass | 15,376,402.66 | |
| Far East Optoelectronics Co., Ltd. | House rental | 295,181.77 | 6,134,006.72 |
| Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | Sales of electricity | 1,848,882.12 | |
| Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | Sales of shattered glass | 983,979.36 | |
| Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | Sales of cobalt oxide | 757,964.60 | |
| Triumph Information Display Material (Luoyang) Co., Ltd. | Sales of display glass | 3,005,425.42 | 3,770,593.86 |
| Triumph Information Display Materials (Chizhou) Co., Ltd. | Sales of display glass | 1,778,080.82 | |
| Bengbu Huayi Branch of Triumph Technology Company Limited | Sales of display glass | 44,298,628.07 | 48,117,292.36 |
| Triumph Photovoltaic Materials Co., Ltd. | Sales of photovoltaic glass | 3,746,047.79 | 8,055,649.99 |
| Bengbu Photoelectric Technology Co., Ltd. | Sales of electricity | 180,227.66 | |
| Bengbu Chemical Machinery Manufacturing Company Limited | Disposal of fixed assets | 631,657.35 | |
| Jiangsu Suhuada New Materials Co., Ltd. | Sales of raw glass | 45,306.30 | |
| Anhui Fangxing Photoelectric New Material Technology Co., Ltd. | Sales of display glass | 10,345.57 | |
| China National Building Material Group Finance Co., Ltd. | Interest on deposits | 423,891.41 | |
| CLFG Longhao Glass Co. Ltd. | Sales of materials | | 310,224.42 |

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.



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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 2021 | Leasing income recognized in 2020 |
|-------------------------------------|---------------|-----------------------------------|-----------------------------------|
| Far East Opto-Electronics Co., Ltd. | Fixed assets | 268,605.86 | 428,316.51 |

(3) Related party guarantees

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 Company Limited | 300,000,000.00 | 2018/12/7 | 2026/4/30 | No |
| Triumph Technology Group Company Limited | 99,990,000.00 | 2021/3/24 | 2022/3/24 | No |
| Triumph Technology Group Company Limited | 49,000,000.00 | 2021/3/16 | 2023/3/15 | No |
| Triumph Technology Group Company Limited | 200,000,000.00 | 2021/3/23 | 2022/2/5 | No |
| Triumph Technology Group Company Limited | 120,000,000.00 | 2021/3/26 | 2022/3/26 | No |
| Triumph Technology Group Company Limited | 55,000,000.00 | 2020/12/18 | 2023/12/18 | No |
| Triumph Technology Group Company Limited | 110,000,000.00 | 2020/2/28 | 2023/2/28 | No |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2021/3/31 | 2022/3/25 | No |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2021/11/24 | 2022/12/13 | No |
| Triumph Technology Group Company Limited | 99,990,000.00 | 2020/2/20 | 2021/2/28 | Yes |
| Triumph Technology Group Company Limited | 70,000,000.00 | 2020/3/27 | 2021/5/11 | Yes |
| Triumph Technology Group Company Limited | 49,000,000.00 | 2019/3/26 | 2021/3/25 | Yes |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2021/4/30 | 2021/12/28 | Yes |
| Triumph Technology Group Company Limited | 40,000,000.00 | 2019/7/23 | 2022/7/22 | No |
| Triumph Technology Group Co., Ltd., Far East OptoElectronics Co., Ltd. | 50,000,000.00 | 2020/3/20 | 2023/3/20 | No |
| Triumph Technology Group Company Limited | 200,000,000.00 | 2020/6/16 | 2026/6/16 | No |
| Triumph Technology Group Company Limited | 80,000,000.00 | 2021/6/21 | 2022/6/20 | No |



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(3) Related party guarantees (Continued)

The Company as the guaranteed party (Continued)

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 Company Limited | 50,000,000.00 | 2021/8/6 | 2022/2/6 | No |
| Far East Optoelectronics Co., Ltd. | 100,000,000.00 | 2019/7/22 | 2022/7/22 | No |
| Triumph Technology Group Co., Ltd., Far East OptoElectronics Co., Ltd. | 30,000,000.00 | 2017/4/12 | 2022/6/30 | Yes |
| Triumph Technology Group Co., Ltd., Far East OptoElectronics Co., Ltd. | 90,000,000.00 | 2017/4/12 | 2022/6/30 | Yes |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2020/5/25 | 2025/5/25 | Yes |
| Triumph Technology Group Company Limited | 80,000,000.00 | 2020/6/30 | 2021/6/29 | Yes |
| Triumph Technology Group Company Limited | 50,000,000.00 | 2019/5/20 | 2022/5/20 | Yes |
| Triumph Technology Group Company Limited | 150,000,000.00 | 2020/8/12 | 2021/6/18 | Yes |
| Triumph Technology Group Company Limited | 50,000,000.00 | 2020/12/2 | 2021/12/1 | Yes |
| Triumph Technology Group Company Limited | 80,000,000.00 | 2020/12/1 | 2023/11/30 | No |
| Triumph Technology Group Company Limited | 300,000,000.00 | 2021/6/24 | 2023/6/24 | No |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2021/5/6 | 2022/11/9 | No |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2021/5/31 | 2022/4/29 | No |
| Triumph Technology Group Company Limited | 22,000,000.00 | 2020/12/25 | 2021/12/24 | Yes |
| Bengbu Design & Research Institute for Glass Industry | 290,000,000.00 | 2015/3/26 | 2023/12/14 | Yes |
| Triumph Technology Group Company Limited | 134,790,000.00 | 2020/12/15 | 2021/12/15 | Yes |
| Triumph Technology Group Company Limited | 70,000,000.00 | 2021/4/16 | 2022/4/16 | No |
| Triumph Technology Group Company Limited | 200,000,000.00 | 2021/8/20 | 2028/8/19 | No |
| Triumph Technology Group Company Limited | 50,000,000.00 | 2019/2/21 | 2022/2/21 | Yes |
| Triumph Technology Group Company Limited | 20,000,000.00 | 2020/12/15 | 2021/12/15 | Yes |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2017/4/11 | 2022/4/11 | No |
| Triumph Technology Group Company Limited | 50,000,000.00 | 2017/11/8 | 2022/11/8 | No |
| Triumph Technology Group Company Limited | 50,000,000.00 | 2020/11/24 | 2021/10/3 | Yes |
| Triumph Technology Group Company Limited | 300,000,000.00 | 2019/7/15 | 2027/1/15 | No |
| Triumph Technology Group Company Limited | 30,000,000.00 | 2021/2/18 | 2022/2/18 | No |
| Triumph Technology Group Company Limited | 100,000,000.00 | 2019/5/31 | 2022/5/31 | No |
| Triumph Technology Group Company Limited | 76,000,000.00 | 2019/12/23 | 2022/2/9 | No |
| Triumph Technology Group Company Limited | 91,400,000.00 | 2019/12/20 | 2022/12/20 | No |
| Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | 10,000,000.00 | 2021/7/15 | 2022/7/14 | No |



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related party transactions (Continued)

(4) Borrowings/loans with related parties

From January to December 2021, Triumph Group and its subsidiaries provided financial assistance to the Company with an accumulated amount of RMB1,142,172,948.10, and the Company repaid an accumulated amount of RMB1,230,734,859.43.

Deposits and loans from related parties

(1) Deposits from related parties

| Name of related party | Deposit balance | Deposit interest rate |
|--|-----------------|-----------------------|
| China National Building Material Group Finance Co., Ltd. | 86,448,335.85 | 0.55%–2.10% |

(2) Loans to related parties

| Name of related party | Loan balance | Loan interest rate |
|--|----------------|--------------------|
| China National Building Material Group Finance Co., Ltd. | 100,000,000.00 | 3.80% |

(5) Remuneration of key management personnel

Unit: Yuan Currency: RMB

| Item | 2021 | 2020 |
|--|---------------------|--------------|
| Remuneration of key management personnel | 6,152,890.25 | 5,574,175.08 |

(6) Other related party transactions

In January 2021, the Company endorsed RMB60 million bank acceptance bills to China Triumph International Engineering Co., Ltd. and received RMB60 million bank deposits from China Triumph International Engineering Co., Ltd..



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 2021 | | 31 December 2020 | |
|--------------------------|--|-----------------------|-------------------------|-----------------------|-------------------------|
| | | Carrying amount | Provision for bad debts | Carrying amount | Provision for bad debts |
| Accounts receivable | Bengbu Chemical Machinery Manufacturing Company Limited | 213,772.80 | 4,275.46 | | |
| Accounts receivable | Bengbu China Photoelectric Technology Co., Ltd. | 103,457.00 | 2,069.14 | | |
| Accounts receivable | Triumph Photovoltaic Materials Co., Ltd. | 10,269,649.20 | 205,392.98 | 6,336,615.20 | 126,732.30 |
| Accounts receivable | Far East Optoelectronics Co., Ltd. | 11,099,743.64 | 1,885,869.29 | 8,375,142.15 | 306,578.04 |
| Accounts receivable | China Triumph International Engineering Co., Ltd. | 9,610,996.34 | 192,219.93 | 1,496,645.58 | 29,932.91 |
| Accounts receivable | CNBM Junxin Technology Co., Ltd. | 56,125,352.65 | 1,122,507.05 | 38,908,518.21 | 778,170.36 |
| Prepayments | Bengbu Triumph Engineering Technology Company Limited | 219,604.93 | | 112,230.97 | |
| Prepayments | Jiangsu Suhuada New Materials Co., Ltd. | 5.85 | | | |
| Prepayments | China Triumph International Engineering Co., Ltd. Bengbu Branch | 60,000.00 | | | |
| Prepayments | CNBM Bengbu Design & Research Institute for Glass Industry | 85,859.16 | | 220,038.20 | |
| Prepayments | CNBM Triumph Robotics (Shanghai) Co., Ltd. | | | 204,040.00 | |
| Prepayments | China Triumph International Engineering Co., Ltd. Jiangsu Branch | | | 84,738.11 | |
| Prepayments | Suqian CNG Electronic Glass Company Limited | | | 126,545.89 | |
| Prepayments | China Yaohua Glass Group Ltd. | | | 126,706.73 | |
| Other receivables | Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | | | 430,066,727.16 | |
| Other receivables | China Yaohua Glass Group Ltd. | | | 93,196,288.64 | |
| Other receivables | Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | | | 6,603,773.58 | |
| Other receivables | Henan Zhonglian Glass Co., Ltd. | | | 3,000,000.00 | |
| Other receivables | Qinhuangdao Honghua Special Glass Co., Ltd. | | | 996,344.53 | |
| Other receivables | Qinhuangdao Yaohua Trading Co., Ltd. | | | 10.00 | |
| Other non-current assets | CNBM Bengbu Design & Research Institute for Glass Industry | 900,000.00 | | | |
| Other non-current assets | Bengbu Chemical Machinery Manufacturing Company Limited | 4,611,178.93 | | 325,222.90 | |
| Other non-current assets | Bengbu Triumph Engineering Technology Company Limited | 4,150,220.00 | | | |
| Other non-current assets | Shanghai Triumph Energy Saving Engineering Technology Co., Ltd. | 8,991,429.12 | | | |
| Other non-current assets | China Triumph International Engineering Co., Ltd. | 70,000,000.00 | | | |
| 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 | CNBM Environmental Protection Research Institute (Jiangsu) Co., Ltd. | | | 1,060,000.00 | |
| Total | | 190,519,609.63 | 3,567,541.18 | 621,877,231.85 | 1,241,413.61 |



Notes to the Financial Statements

31 December 2021
Prepared by: Luoyang Glass Company Limited*
Unit: Yuan Currency: RMB

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 2021 | 31 December 2020 |
|----------------|---|------------------|------------------|
| Trade payables | Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. | 100,394,190.39 | 35,857,362.82 |
| Trade payables | Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd. Bengbu Photoelectric Glass Branch | 25,043.63 | |
| Trade payables | Anhui Tianzhu Green Energy Sources Technology Co., Ltd. | 294,000.00 | 3,920,000.00 |
| Trade payables | Bengbu Chemical Machinery Manufacturing Company Limited | 2,298,620.41 | 3,679,719.13 |
| Trade payables | Bengbu Triumph Engineering Technology Company Limited | 1,140,601.56 | 222,419.52 |
| Trade payables | Jiangsu Suhuada New Materials Co., Ltd. | 58,781.44 | 165,123.15 |
| Trade payables | Triumph Technology Group Company Limited | 292,947.15 | |
| Trade payables | Triumph Quartz Material (Hainan) Co., Ltd. | 2,076,849.62 | |
| Trade payables | Triumph Quartz Material (Taihu) Co., Ltd. | 1,103,277.17 | 7,007,920.36 |
| Trade payables | Triumph Heavy Industry Co., Ltd. | 29,600.00 | 29,600.00 |
| Trade payables | Shanghai Triumph Langkun Information Technology Co., Ltd. | 2,468,550.00 | 2,115,850.00 |
| Trade payables | Shenzhen Triumph Technology Engineering Co., Ltd. | 10,068,449.54 | 13,523,835.02 |
| Trade payables | Shenzhen Triumph Technology Engineering Co., Ltd. Bengbu Branch | 4,549,288.31 | |
| Trade payables | Yinan Huasheng Mineral Enterprise Company Limited | 2,714.60 | 2,714.60 |
| Trade payables | China Triumph International Engineering Co., Ltd. | 18,740,213.63 | 47,470,560.74 |
| Trade payables | China Triumph International Engineering Co., Ltd. Bengbu Branch | 38,360,319.82 | |
| Trade payables | China Triumph International Engineering Co., Ltd. Hainan Branch | 438,848.77 | |
| Trade payables | China Triumph International Engineering Co., Ltd. Jiangsu Branch | 24,413,342.88 | 61,386,289.16 |
| Trade payables | China Triumph International Engineering Co., Ltd. Shenzhen Branch | 148,078,000.67 | |
| Trade payables | CNBM Bengbu Design & Research Institute for Glass Industry | 2,441,598.16 | 1,007,342.70 |
| Trade payables | CNBM Environmental Protection Research Institute (Jiangsu) Co., Ltd. | 950,000.00 | 2,907,908.66 |



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Receivables and payables of related parties (Continued)

(2) Payables (Continued)

Unit: Yuan Currency: RMB

| Item | Related party | 31 December 2021 | 31 December 2020 |
|----------------|---|------------------|------------------|
| Trade payables | CNBM Triumph Robotics (Shanghai) Co., Ltd. | 329,732.99 | 248,176.99 |
| Trade payables | CNBN Research Institute for Intelligent Automation Co., Ltd. | 1,533,000.00 | 1,818,502.22 |
| Trade payables | Suqian CNG Electronic Glass Company Limited | | 1,175,795.79 |
| Trade payables | CNBM New Energy Engineering Co., Ltd. | | 2,559,086.26 |
| Trade payables | Far East Optoelectronics Co., Ltd. | 45,876.13 | |
| Other payables | Bengbu Huayi Branch of Triumph Technology Company Limited | 477,198.71 | 347,185.00 |
| Other payables | Anhui Tianzhu Green Energy Sources Technology Co., Ltd. | 100,000.00 | |
| Other payables | Triumph Technology Group Company Limited | 1,386,336.97 | 154,029,807.48 |
| Other payables | Qinhuangdao Hongyao Energy Saving Glass Co., Ltd. | 100,000.00 | |
| Other payables | Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | 301,853.25 | |
| Other payables | China Triumph International Engineering Co., Ltd. Bengbu Branch | 140,000.00 | 140,000.00 |
| Other payables | China Luoyang Float Glass (Group) Company | 602,957,377.77 | 517,733,836.35 |
| Other payables | China Yaohua Glass Group Ltd. | 2,262,657.97 | |
| Other payables | CNBM Bengbu Design & Research Institute for Glass Industry | 3,429,134.60 | 4,001,398.44 |
| Other payables | CNBM Triumph Robotics (Shanghai) Co., Ltd. | 20,000.00 | |
| Other payables | CNBN Research Institute for Intelligent Automation Co., Ltd. | 5,000.00 | |
| Other payables | Bengbu Xingke Glass Co., Ltd. | 11,624.94 | |
| Other payables | Shenzhen Triumph Technology Engineering Co., Ltd. | | 20,000.00 |
| Other payables | China Triumph International Engineering Co., Ltd. | | 13,000,000.00 |
| Other payables | CNBM New Energy Engineering Co., Ltd. | | 10,000.00 |
| Other payables | CNBM Triumph Robotics (Shanghai) Co., Ltd. | | 20,000.00 |
| Other payables | CNBN Xinyun Zhilian Technology Co., Ltd | | 49,645.00 |
| Total | | 971,325,031.08 | 874,450,079.39 |



XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Receivables and payables of related parties (Continued)

(2) Payables (Continued)

Contract assets and contract liabilities of related parties

1. Contract liabilities

| Related parties | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| Jiangsu Suhuada New Materials Co., Ltd. | 28,364.49 | |
| Triumph Huge Harvest (Dezhou) Smart Agriculture Co., Ltd. | 27,935.44 | |
| Bengbu Huayi Branch of Triumph Technology Company Limited | 225,958.85 | 1,240,788.99 |
| Triumph Information Display Materials (Chizhou) Co., Ltd. | 94,807.42 | |
| Triumph Information Display Material (Luoyang) Co., Ltd. | 511.67 | 0.28 |

XIII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Significant external commitments, nature and amount thereof as at the balance sheet date

Commitments

At 31 December 2021, the Company had the following significant capital commitments:

| Item | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Contracted but not provided for –Construction project | 811,601,814.61 | 406,154,832.69 |
| Total | 811,601,814.61 | 406,154,832.69 |



XIV. SUBSEQUENT EVENTS AFTER THE DATE OF BALANCE SHEET

Other subsequent events after the date of balance sheet

On 25 January 2022, it was considered and approved at the 2022 first extraordinary general meeting of the Company that the Company would transfer 100% equity interest in CLFG Luoyang Longhai Electronic Glass Company Limited* (洛玻集團洛陽龍海電子玻璃有限公司), CLFG Longmen Glass Co. Ltd.* (洛玻集團龍門玻璃有限公司) and Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司) to Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司). On 28 January 2022, the above three companies completed the industrial and commercial changes.

XV. OTHER SIGNIFICANT EVENTS

1. Segment Information

(1) Determination basis and accounting policies of reporting segments

1. Determination basis and account policies of segment report

The Company determines operating segments on the basis of the internal organizational structure, management requirements and internal report system, and determines reporting segments on the basis of operation segments, and discloses information of the segments. For management purposes, the Company has three 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) Its operating results are regularly evaluated by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;
- (3) Its accounting information on financial position, operating results and cash flows and others 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, new energy glass segment and other functional 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 policies 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 according to the assets used or liabilities assumed that are attributable to the operating segment in their daily operating activities.



Notes to the Financial Statements

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Unit: Yuan Currency: RMB

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment Information (Continued)

(2) Financial information of reporting segments

Unit: Yuan Currency: RMB

| Item | Information display glass | New energy glass | Other functional glass | Unallocated items | Elimination | Inter-segment offset | Total |
|---|---------------------------|------------------|------------------------|-------------------|-------------------|----------------------|------------------|
| I. Operating revenue | 421,093,671.53 | 2,747,373,695.67 | 465,912,433.35 | 569,073,441.80 | -597,851,249.71 | | 3,605,601,992.64 |
| Including: Revenue from external principal operations | 386,877,018.25 | 2,745,371,116.44 | 461,009,036.62 | 207,174,889.43 | -203,734,781.06 | | 3,596,697,279.68 |
| Revenue from other external operations | 34,216,653.28 | 2,002,579.23 | 4,903,396.73 | 361,898,552.37 | -394,116,468.65 | | 8,904,712.96 |
| II. Operating costs | 252,076,752.31 | 2,188,882,352.42 | 295,311,689.49 | 566,472,737.48 | -565,438,399.06 | | 2,737,305,132.64 |
| III. Impairment losses of credit | 1,785,170.38 | -8,058,491.17 | 3,222,422.93 | -19,971,110.25 | 19,619,932.18 | | -3,402,075.93 |
| IV. Impairment losses of assets | -964,690.64 | -9,954,907.16 | | | | | -10,919,597.80 |
| V. Depreciation expenses and amortization expenses | 67,987,120.59 | 187,433,547.53 | 17,945,528.73 | 935,083.18 | -476,206.29 | | 273,825,073.74 |
| VI. Total profit | 54,128,594.56 | 242,480,201.29 | 123,872,689.48 | 218,543,400.18 | -273,223,049.27 | | 365,801,836.24 |
| VII. Income tax expenses | -649,311.65 | 22,751,761.25 | -571,584.48 | | -894,955.13 | | 20,635,909.99 |
| VIII. Net profit | 54,777,906.21 | 219,728,440.04 | 124,444,273.96 | 218,543,400.18 | -272,328,094.14 | | 345,165,926.25 |
| IX. Total assets | 1,123,788,853.45 | 7,465,415,867.99 | 617,891,379.18 | 4,984,246,556.19 | -4,923,585,878.32 | | 9,267,756,778.49 |
| X. Total liabilities | 661,337,893.71 | 4,103,214,251.20 | 245,386,175.22 | 1,573,291,151.77 | -1,668,189,536.36 | | 4,915,039,935.54 |

(3) Others

1. Operating revenue by customer's geographical location

| Geographical location | 2021 | 2020 |
|---|-------------------------|------------------|
| China (excluding Hong Kong, Macau and Taiwan) | 3,398,007,710.78 | 3,216,940,739.16 |
| Other countries and regions | 207,594,281.86 | 164,164,617.86 |
| Total | 3,605,601,992.64 | 3,381,105,357.02 |



XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment Information (Continued)

(3) Others (Continued)

2. Non-current assets by its geographical location

| Geographical location | 31 December 2021 | 31 December 2020 |
|---|-------------------------|------------------|
| China (excluding Hong Kong, Macau and Taiwan) | 6,027,135,318.19 | 3,848,511,332.47 |
| Total | 6,027,135,318.19 | 3,848,511,332.47 |

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. Reliance on major customers

In 2021, the transaction of two 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 RMB686,642,310.66 and RMB454,369,364.14, respectively.

4. Auditor remuneration

| Auditor remuneration | 2021 | 2020 |
|----------------------|---------------------|--------------|
| Total | 1,480,000.00 | 1,280,000.00 |



XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment Information (Continued)

(3) Others (Continued)

5. Remuneration of directors, supervisors and staff

(1) Remuneration of directors and supervisors

The remuneration of each director and supervisor in 2021 is as follows:

| Name | Fees | Bonus | Salary, allowance and benefit in kind | Defined contribution plan contribution | Total | Note |
|-------------------------------|------------|-------|---------------------------------------|--|--------------|------|
| Executive directors: | | | | | | |
| Ma Yan | | | 850,000.00 | 103,527.22 | 953,527.22 | |
| Wang Guoqiang | | | 800,000.00 | 70,860.41 | 870,860.41 | |
| Zhang Rong | | | 612,275.95 | 137,724.05 | 750,000.00 | |
| 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 | | | 500,000.00 | 69,817.91 | 569,817.91 | |
| Qiu Mingwei | 30,000.00 | | | | 30,000.00 | |
| Yan Mei | 30,000.00 | | | | 30,000.00 | |
| Employee supervisors: | | | | | | |
| Wang Jian | | | 320,000.00 | 69,652.91 | 389,652.91 | |
| Ma Jiankang | | | 220,000.00 | 61,698.86 | 281,698.86 | |
| Total | 240,000.00 | | 3,302,275.95 | 513,281.36 | 4,055,557.31 | |



XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment Information (Continued)

(3) Others (Continued)

5. Remuneration of directors, supervisors and staff (Continued)

(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 Rong | | | 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 | |



XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment Information (Continued)

(3) Others (Continued)

5. Remuneration of directors, supervisors and staff (Continued)

(2) The five individuals whose remunerations are the highest

The five individuals whose remuneration were the highest during 2021, included three directors (2020: three directors), whose remuneration was set out as above. The total remunerations paid to the other two persons (2020: two) during the year are set out as below:

| Item | 2021 | 2020 |
|---|---------------------|--------------|
| Salary, allowance and benefit in kind | 1,350,000.00 | 1,200,000.00 |
| Defined contribution, plan contribution | 117,136.91 | 84,095.27 |
| Total | 1,467,136.91 | 1,284,095.27 |

The remuneration paid to each of the abovementioned two persons during the year was within RMB1,000,000.00.



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Disclosure by aging

The aging of accounts receivable based on their recording dates is analysed as below:

Unit: Yuan Currency: RMB

| Aging | 31 December 2021 | Ratio (%) | 31 December 2020 | Ratio (%) |
|---------------|------------------|-----------|------------------|-----------|
| Within 1 year | 107,743,512.38 | 26.50 | 61,776,109.47 | 17.44 |
| 1 to 2 years | 10,714,242.70 | 2.63 | 20,584,557.50 | 5.81 |
| 2 to 3 years | 16,230,417.90 | 3.99 | 3,772,284.75 | 1.06 |
| 3 to 4 years | 3,772,284.75 | 0.93 | | |
| 4 to 5 years | | | 60,623,358.83 | 17.11 |
| Over 5 years | 268,221,614.45 | 65.95 | 207,598,255.62 | 58.58 |
| Total | 406,682,072.18 | | 354,354,566.17 | |



Notes to the Financial Statements

31 December 2021
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

Unit: Yuan Currency: RMB

| Category | 31 December 2021 | | | | | 31 December 2020 | | | | |
|--|------------------|-----------|-------------------------|---------------------|----------------|------------------|-----------|-------------------------|---------------------|----------------|
| | Carrying amount | | Provision for bad debts | | | Carrying amount | | Provision for bad debts | | |
| | Amount | Ratio (%) | Amount | Provision ratio (%) | Book value | Amount | Ratio (%) | Amount | Provision Ratio (%) | Book value |
| Bad debt provision on individual basis | 234,474,749.76 | 57.66 | 135,406,067.54 | 57.75 | 99,068,682.22 | 234,474,749.76 | 66.17 | 131,361,980.30 | 56.02 | 103,112,769.46 |
| Including: | | | | | | | | | | |
| Bad debt provision on group basis | 172,207,322.42 | 42.34 | 50,886,600.73 | 29.55 | 121,320,721.69 | 119,879,816.41 | 33.83 | 50,887,620.76 | 42.45 | 68,992,195.65 |
| Including: | | | | | | | | | | |
| Group 1: general customers | 50,886,600.73 | 12.51 | 50,886,600.73 | 100.00 | 0.00 | 50,937,602.47 | 14.37 | 50,887,620.76 | 99.90 | 49,981.71 |
| Group 2: related parties | 121,320,721.69 | 29.83 | | | 121,320,721.69 | 68,942,213.94 | 19.46 | | | 68,942,213.94 |
| Total | 406,682,072.18 | / | 186,292,668.27 | / | 220,389,403.91 | 354,354,566.17 | / | 182,249,601.06 | / | 172,104,965.11 |

Bad debt provision on individual basis:

Unit: Yuan Currency: RMB

| Name | Carrying amount | Provision for bad debts | 31 December 2021 | | Reason for making provision |
|------------------------------|-----------------|-------------------------|----------------------------|---------------------|--------------------------------|
| | | | Aging | Provision Ratio (%) | |
| CLFG Longmen Glass Co., Ltd. | 234,474,749.76 | 135,406,067.54 | 2 to 4 years, over 5 years | 57.75 | Unable to be recovered in full |
| Total | 234,474,749.76 | 135,406,067.54 | | 57.75 | / |



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: Receivables from general customers

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | | | 31 December 2020 | | |
|---------------|---------------------|-------------------------|---------------------|---------------------|-------------------------|---------------------|
| | Accounts receivable | Provision for bad debts | Provision ratio (%) | Accounts receivable | Provision for bad debts | Provision ratio (%) |
| Within 1 year | | | | 51,001.74 | 1,020.03 | 2.00 |
| Over 5 years | 50,886,600.73 | 50,886,600.73 | 100.00 | 50,886,600.73 | 50,886,600.73 | 100.00 |
| Total | 50,886,600.73 | 50,886,600.73 | 100.00 | 50,937,602.47 | 50,887,620.76 | 99.90 |

Recognition standard and description of provision for bad debts made on a group basis:

Items for which provision is assessed on a group basis: Receivables from related party customers

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | | | 31 December 2020 | | |
|---------------|---------------------|-------------------------|---------------------|---------------------|-------------------------|---------------------|
| | Accounts receivable | Provision for bad debts | Provision ratio (%) | Accounts receivable | Provision for bad debts | Provision ratio (%) |
| Within 1 year | 107,743,512.38 | | | 61,725,107.73 | | |
| 1 to 2 years | 10,714,242.70 | | | 7,217,106.21 | | |
| 2 to 3 years | 2,862,966.61 | | | | | |
| Total | 121,320,721.69 | | | 68,942,213.94 | | |



Notes to the Financial Statements

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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)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

| Category | 31 December 2020 | Provision | Increase/decrease for the period | | | 31 December 2021 |
|-------------------------|---------------------|--------------|----------------------------------|------------------------------|---------------|---------------------|
| | | | Recovery or reversal | Write-off or cancellation | Other changes | |
| Provision for bad debts | 182,249,601.06 | 4,043,067.21 | | | | 186,292,668.27 |
| Total | 182,249,601.06 | 4,043,067.21 | | | | 186,292,668.27 |

(4) Top five largest accounts receivable at the end of the period by the balance collected regarding the party in default

Unit: Yuan Currency: RMB

| Name | 31 December 2021 | Proportion in the total amount of closing balance of accounts receivable (%) | Closing balance of provision for bad debts |
|----------|---------------------|--|---|
| Rank 1st | 234,474,749.76 | 57.66 | 135,406,067.54 |
| Rank 2nd | 28,446,130.49 | 6.99 | |
| Rank 3rd | 25,572,755.65 | 6.29 | |
| Rank 4th | 21,938,394.03 | 5.39 | |
| Rank 5th | 20,305,584.68 | 4.99 | |
| Total | 330,737,614.61 | 81.32 | 135,406,067.54 |



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables

Items are shown as below

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | 31 December 2020 |
|-------------------------------|-------------------------|------------------|
| Dividends receivable | 50,000,000.00 | |
| Other receivables | 720,139,537.16 | 811,682,361.37 |
| Less: provision for bad debts | 338,345,980.79 | 322,417,937.75 |
| Total | 431,793,556.37 | 489,264,423.62 |

Dividends receivable

(1) *Dividends receivable*

Unit: Yuan Currency: RMB

| Item (or investee) | 31 December 2021 | 31 December 2020 |
|-------------------------------|-------------------------|------------------|
| Dividends receivable | 50,000,000.00 | |
| Less: provision for bad debts | | |
| Total | 50,000,000.00 | |



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

(1) Disclosure by aging

The aging of other receivables based on their recording dates is analysed as below:

Unit: Yuan Currency: RMB

| Aging | 31 December 2021 | Ratio (%) | 31 December 2020 | Ratio (%) |
|-------------------------------|---------------------|--------------|---------------------|--------------|
| Within 1 year | 686,957,607.68 | 95.39 | 779,700,561.44 | 96.06 |
| 1 to 2 years | 1,200,129.55 | 0.17 | | |
| 2 to 3 years | | | | |
| 3 to 4 years | | | | |
| 4 to 5 years | | | | |
| Over 5 years | 31,981,799.93 | 4.44 | 31,981,799.93 | 3.94 |
| Less: provision for bad debts | 338,345,980.79 | | 322,417,937.75 | |
| Total | 381,793,556.37 | | 489,264,423.62 | |



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

(2) Category of other receivables by nature of amount

Unit: Yuan Currency: RMB

| Nature of amount | 31 December 2021 | 31 December 2020 |
|-------------------------------|------------------|------------------|
| Amounts due from subsidiaries | 686,107,131.01 | 778,458,046.46 |
| Current accounts | 34,032,406.15 | 33,224,314.91 |
| Total | 720,139,537.16 | 811,682,361.37 |



Notes to the Financial Statements

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Unit: Yuan Currency: RMB

XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

Items are shown as below (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

| Provision for bad debts | First stage Next 12 months ECL | Second stage Lifetime ECL (not credit- impairment) | Third stage Lifetime ECL (credit- impairment) | Total |
|---|--------------------------------------|---|--|-----------------------|
| Balance as at 1 January 2021 | 24,850.30 | | 322,393,087.45 | 322,417,937.75 |
| Balance as at 1 January 2021 during the period | | | | |
| - Transferred to Stage 2 | | | | |
| - Transferred to Stage 3 | | | | |
| - Reversed to Stage 2 | | | | |
| - Reversed to Stage 1 | | | | |
| Provision for the current period | 352,198.10 | | 15,575,844.94 | 15,928,043.04 |
| Balance at 31 December 2021 | <u>377,048.40</u> | | <u>337,968,932.39</u> | <u>338,345,980.79</u> |

(4) Provision for bad debts

Unit: Yuan Currency: RMB

| Category | 31 December 2020 | Provision | Increase/decrease for the period | | | 31 December 2021 |
|-------------------------|-----------------------|----------------------|----------------------------------|------------------------------|---------------|-----------------------|
| | | | Recovery or reversal | Write-off or cancellation | Other changes | |
| Provision for bad debts | <u>322,417,937.75</u> | <u>15,928,043.04</u> | | | | <u>338,345,980.79</u> |
| Total | <u>322,417,937.75</u> | <u>15,928,043.04</u> | | | | <u>338,345,980.79</u> |



XVI. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

Items are shown as below (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 2021 | 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 | 305,987,132.46 | Within 1 year | 42.49 | 305,987,132.46 |
| Rank 2nd | Current accounts | 198,506,666.66 | Within 1 year | 27.57 | |
| Rank 3rd | Current accounts | 181,613,331.89 | Within 1 year | 25.22 | |
| Rank 4th | Current accounts | 10,808,704.00 | Over 5 years | 1.50 | 10,808,704.00 |
| Rank 5th | Current accounts | 4,600,000.00 | Over 5 years | 0.64 | 4,600,000.00 |
| Total | / | <u>701,515,835.01</u> | / | <u>97.42</u> | <u>321,395,836.46</u> |

3. Long-term equity investment

Unit: Yuan Currency: RMB

| Item | 31 December 2021 | | | 31 December 2020 | | |
|----------------------------|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | Carrying amount | Provision for impairment | Book value | Carrying amount | Provision for impairment | Book value |
| Investment in subsidiaries | <u>3,972,158,680.30</u> | <u>114,513,390.18</u> | <u>3,857,645,290.12</u> | 2,000,660,028.53 | 114,513,390.18 | 1,886,146,638.35 |
| Total | <u>3,972,158,680.30</u> | <u>114,513,390.18</u> | <u>3,857,645,290.12</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 2021
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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 2020 | Increase for the current period | Decrease for the current period | 31 December 2021 | Provision for | Balance of the |
|---|-------------------------|------------------------------------|------------------------------------|-------------------------|--------------------------------------|---|
| | | | | | impairment for the current period | 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 | 600,000,000.00 | | 975,180,001.59 | | |
| CNBM (Tongcheng) New Energy Materials Company Limited* | 239,788,106.76 | 800,000,000.00 | | 1,039,788,106.76 | | |
| CNBM (Yixing) New Energy Resources Company Limited* | 242,691,936.01 | | | 242,691,936.01 | | |
| Qinhuangdao North Glass Co., Ltd. | | 191,498,651.77 | | 191,498,651.77 | | |
| Kaisheng (Zigong) New Energy Co., Ltd. | | 300,000,000.00 | | 300,000,000.00 | | |
| CNBM (Luoyang) New Energy Co., Ltd. | | 80,000,000.00 | | 80,000,000.00 | | |
| Total | 2,000,660,028.53 | 1,971,498,651.77 | | 3,972,158,680.30 | | 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 | 2021 | | 2020 | |
|--|----------------|----------------|----------------|----------------|
| | Income | Cost | Income | Cost |
| Principal operations | 207,174,889.43 | 206,829,699.18 | 205,611,581.87 | 205,799,401.09 |
| – Information display glass | 207,174,889.43 | 206,829,699.18 | 205,611,581.87 | 205,799,401.09 |
| Other operations | 361,898,552.37 | 359,643,038.30 | 186,572,900.43 | 184,689,697.06 |
| – Raw materials and technical services, etc. | 361,898,552.37 | 359,643,038.30 | 186,572,900.43 | 184,689,697.06 |
| Total | 569,073,441.80 | 566,472,737.48 | 392,184,482.30 | 390,489,098.15 |

(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.

Other explanation:

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 | 207,174,889.43 | 361,898,552.37 |
| Total | 207,174,889.43 | 361,898,552.37 |



Notes to the Financial Statements

31 December 2021
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 | 2021 | 2020 |
|--|----------------|---------------|
| Income from long-term equity investment based on the cost method | 298,347,245.76 | 54,701,965.76 |
| Loss from derecognition of accounts receivables financing | -520,002.78 | -3,796,425.30 |
| Total | 297,827,242.98 | 50,905,540.46 |

XVII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the period

Unit: Yuan Currency: RMB

| Item | 2021 | Explanation |
|--|---------------|-------------|
| Profit/loss on disposal of non-current assets | -373,666.85 | |
| 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 | 30,067,249.74 | |
| Profit/loss from debt restructuring | 84,843.06 | |
| The current net profit and loss of subsidiary resulting from combination under common control from the beginning of the period to consolidation date | 71,103,489.62 | |
| Reversal of provision made for impairment of receivables and contract assets that are individually tested for impairment | 120,000.00 | |
| Custody fee income from entrusted operation | 1,201,257.94 | |
| Other non-operating income and expenses other than the aforesaid items | 3,244,589.23 | |
| Other profit or loss items within the meaning of non-recurring profit or loss | 689,700.90 | |
| Less: Effect of income taxation | 4,205,716.59 | |
| Amount of effect on minority interest | 29,436,663.74 | |
| Total | 72,495,083.31 | |



XVII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share

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 and diluted earnings per share are calculated as follows:

| Profit for the reporting period | Weighted average return on net assets(%) | | Earnings per share | | | |
|---|---|-------|-----------------------------|-------------|-------------------------------|-------------|
| | 2021 | 2020 | Basic earnings per share | | Diluted earnings per share | |
| | | | 2021 | 2020 | 2021 | 2020 |
| Net profit attributable to holders of ordinary shares of the Company | 10.63 | 24.32 | 0.46 | 0.68 | 0.46 | 0.68 |
| Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items | 7.93 | 20.88 | 0.33 | 0.55 | 0.33 | 0.55 |

Note: During the Reporting Period, retrospective adjustment need to be made to the opening figures for acquisition of Qinhuangdao North Glass Co., Ltd. by the Company during the business merger under common control, and the weighted average return on net assets and earnings per share for the previous year have been recalculated during the Reporting Period.

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 | 2021 | 2020 |
|---|-----------------------|----------------|
| Net profit attributable to ordinary shareholders of the Company | 264,595,142.78 | 372,861,545.19 |
| The weighted average number of the outstanding ordinary shares of the Company | 580,918,609.00 | 552,075,169.25 |
| Basic earnings per share (RMB/share) | 0.46 | 0.68 |

The weighted average number of ordinary shares is calculated as follows:

| Item | 2021 | 2020 |
|---|-----------------------|----------------|
| Number of ordinary shares issued at the beginning of period | 548,540,432.00 | 552,396,509.00 |
| The weighted average number of the outstanding ordinary shares of the Company | 580,918,609.00 | 552,075,169.25 |



XVII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share (Continued)

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.

Chairman: **Zhang Chong**

Reporting date as approved by the Board: 29 March 2022

