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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED*

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

(Stock code: 01108)

2022 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

This interim results announcement is extracted from the full text of the 2022 interim report of the Company. For details, investors are advised to read carefully the full text of the interim report of the Company which will be published simultaneously on the website of the Shanghai Stock Exchange and other websites designated by China Securities Regulatory Commission.

This interim results of the Company for the six months ended 30 June 2022 are unaudited but have been reviewed and approved by the audit committee under the board of directors (the “**Board**”) of the Company.

II. MAJOR FINANCIAL DATA AND INFORMATION OF SHAREHOLDERS

(I) Major financial data

Unit: Yuan Currency: RMB

| Major accounting data | Reporting period (January to June) | Same period last year | | Increase/decrease over the same period last year (%) |
|---|---------------------------------------|---------------------------------|-------------------|---|
| | | After adjustment | Before adjustment | |
| Operating income | 2,356,478,561.97 | 1,812,458,050.62 | 1,594,837,061.97 | 30.02 |
| Net profit attributable to shareholders of the Company | 247,885,774.91 | 228,703,892.76 | 198,051,272.50 | 8.39 |
| Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss | 23,066,186.61 | 185,692,069.17 | 185,692,069.17 | -87.58 |
| Net cash flow from operating activities | -192,175,244.45 | 247,840,901.65 | 68,122,711.78 | -177.54 |
| | At the end of the reporting period | At the end of the previous year | | Increase/decrease from the end of the previous year (%) |
| | | After adjustment | Before adjustment | |
| Net assets attributable to shareholders of the Company | 4,082,695,060.73 | 3,834,809,285.82 | 3,843,648,733.57 | 6.46 |
| Total assets | 9,238,749,685.27 | 9,253,057,019.24 | 9,267,756,778.49 | -0.15 |

In 2021, the Company obtained 60% equity interest in Qinhuangdao North Glass Co., Ltd. through business combination under common control of a corporation, and retrospectively adjusted the financial data in the comparative period according to the principle of “the reporting subject formed after the merger should be deemed to subsist as an integrated part of ultimate controller since its control”.

The Company has retrospectively adjusted the trial operation sales in 2021 in accordance with the provisions of Interpretation No. 15 “Accounting treatment of external sales of products or by-products produced before fixed assets being ready for intended use by enterprises or during the research and development process” of Accounting Standards for Business Enterprises.

(II) Number and shareholdings of shareholders

1. Number of shareholders

| | |
|--|---|
| Total number of holders of ordinary shares as at the end of the reporting period (<i>shareholder</i>) | 36,843 shareholders (including 36,809 holders of A shares and 34 holders of H shares) |
| Total number of preferential shareholders with voting rights restored as at the end of the reporting period (<i>shareholder</i>) | 0 |

2. Shareholdings of top ten shareholders

Unit: shares

| Name of shareholder (Full name) | Increase/ decrease during the reporting period | Shareholdings of top ten shareholders | | | Pledged, tagged or frozen | | Nature of shareholder |
|--|--|---|-------------------|---|---------------------------|------------|--|
| | | Number of shares at the end of reporting period | Proportion (%) | Number of shares held subject to trading moratorium | Status | Number | |
| HKSCC NOMINEES LIMITED | 0 | 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 New Material Research Institute Group Co., Ltd.* (中建材玻璃新材料研究 院集團有限公司) | 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)) | 0 | 38,853,812 | 6.02 | 0 | Nil | | Domestic non- state owned legal person |
| Triumph Science & Technology Co., Ltd. | 182,700 | 19,583,123 | 3.03 | 13,229,724 | Nil | | State-owned legal person |

| Name of shareholder (Full name) | Shareholdings of top ten shareholders | | | | Pledged, tagged or frozen | | Nature of shareholder |
|--|--|---|-------------------|---|---------------------------|--------|---------------------------------------|
| | Increase/ decrease during the reporting period | Number of shares at the end of reporting period | Proportion (%) | Number of shares held subject to trading moratorium | Status | Number | |
| Hong Kong Securities Clearing Co., Ltd. | 0 | 5,854,479 | 0.91 | 0 | Nil | | Overseas legal person |
| Agricultural Bank of China Limited – BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund (中國農業銀行股份有限公司—交銀施羅德先進製造混合型證券投資基金) | 0 | 5,065,036 | 0.78 | 0 | Nil | | Domestic non-state owned legal person |
| Luoyang Venture Investment Co., Ltd. – High Quality Development Fund for Manufacturing Sector in Luoyang (Limited Partnership) (洛陽創業投資有限公司—洛陽製造業高品質發展基金(有限合夥)) | 0 | 4,856,726 | 0.75 | 0 | Nil | | Domestic non-state owned legal person |
| China Merchants Bank Co., Ltd. – Xingquan Hetai Hybrid Securities Investment Fund (招商銀行股份有限公司—興全合泰混合型證券投資基金) | 0 | 4,641,989 | 0.72 | 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) | 0 | 3,585,949 | 0.56 | 0 | Nil | | Domestic non-state owned legal person |

Shareholdings of top 10 shareholders not subject to trading moratorium

| Name of shareholder | Number of circulating shares not subject to trading moratorium | Type and number of shares | |
|---|---|------------------------------------|---------------|
| | | Type | Number |
| HKSCC NOMINEES LIMITED | 249,138,789 | Overseas listed foreign shares | 249,138,789 |
| China Luoyang Float Glass (Group) Co., Ltd. | 111,195,912 | Ordinary shares denominated in RMB | 111,195,912 |
| CNBM New Material Research Institute Group Co., Ltd.* (中建材玻璃新材料研究院集團有限公司) | 70,290,049 | Ordinary shares denominated in RMB | 70,290,049 |
| 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(有限合伙)) | 38,853,812 | Ordinary shares denominated in RMB | 38,853,812 |
| Triumph Science & Technology Co., Ltd. | 6,353,399 | Ordinary shares denominated in RMB | 6,353,399 |
| Hong Kong Securities Clearing Co., Ltd. | 5,854,479 | Ordinary shares denominated in RMB | 5,854,479 |
| Agricultural Bank of China Limited – BOCOM Schrodgers Advanced Manufacturing Mixed Securities Investment Fund (中國農業銀行股份有限公司—交銀施羅德先進製造混合型證券投資基金) | 5,065,036 | Ordinary shares denominated in RMB | 5,065,036 |

Shareholdings of top 10 shareholders not subject to trading moratorium

| Name of shareholder | Number of circulating shares not subject to trading moratorium | Type and number of shares | Number |
|---|---|------------------------------------|---------------|
| | | Type | |
| Luoyang Venture Investment Co., Ltd. – High Quality Development Fund for Manufacturing Sector in Luoyang (Limited Partnership) (洛陽創業投資有限公司—洛陽製造業高品質發展基金(有限合夥)) | 4,856,726 | Ordinary shares denominated in RMB | 4,856,726 |
| China Merchants Bank Co., Ltd. - Xingquan Hetai Hybrid Securities Investment Fund (招商銀行股份有限公司—興全合泰混合型證券投資基金) | 4,641,989 | Ordinary shares denominated in RMB | 4,641,989 |
| 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) | 3,585,949 | Ordinary shares denominated in RMB | 3,585,949 |
| Explanation on the repurchase accounts among the top ten shareholders | | | None |
| Explanation on the aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights of | | | None |

Shareholdings of top 10 shareholders not subject to trading moratorium

| Name of shareholder | Number of circulating shares not subject to trading moratorium | Type | Type and number of shares Number |
|---|--|------|-------------------------------------|
| 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) Co., Ltd. and CNBM New Material Research Institute 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 preferential shareholders with voting rights restored and the number of shares held | None | | |

Notes:

- 1 Shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers.
- 2 The ordinary shares dominated in Renminbi held by Hong Kong Securities Clearing Co., Ltd. are held on behalf of overseas investors who held ordinary shares denominated in Renminbi of the Company via Northbound Trading in the Shanghai-Hong Kong Stock Connect.

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

Unit: share

| No. | Name of holders of shares subject to trading moratorium | Number of shares held subject to trading moratorium | Shares subject to trading moratorium available for listing and trading | | Trading moratorium |
|-----|--|---|--|---|--|
| | | | Time available for listing and trading | Number of additional shares available for listing and trading | |
| 1 | Triumph Technology Group Co., Ltd. | 13,229,724 | 18 August 2024 | 0 | Non-transferable within 36 months from the completion date of the issuance |
| | Explanation on related relationship or action acting in concert among the aforesaid shareholders | None | | | |

III. FINANCIAL STATEMENTS AND NOTES

(I) Financial Statements

Consolidated Balance Sheet

30 June 2022

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

| Item | 30 June 2022 | 31 December 2021 |
|---------------------------------|-------------------------|-------------------------|
| Current assets: | | |
| Monetary funds | 735,258,890.63 | 1,116,571,580.99 |
| Notes receivable | 370,346,787.79 | 204,999,510.62 |
| Accounts receivable | 1,010,013,671.33 | 438,504,721.48 |
| Accounts receivable financing | 576,969,995.65 | 369,857,635.69 |
| Prepayments | 138,469,066.28 | 127,452,119.00 |
| Other receivables | 24,024,469.90 | 35,054,042.55 |
| Inventories | 533,116,084.36 | 686,161,229.71 |
| Other current assets | 26,723,577.61 | 190,034,599.15 |
| Total current assets | 3,414,922,543.55 | 3,168,635,439.19 |
| Non-current assets: | | |
| Long-term receivables | 55,000,000.00 | 55,000,000.00 |
| Fixed assets | 3,014,946,039.87 | 3,737,837,277.98 |
| Construction in progress | 1,735,786,786.76 | 1,420,340,092.86 |
| Right-of-use assets | 8,399,349.91 | 9,679,048.81 |
| Intangible assets | 741,679,103.69 | 644,275,347.55 |
| Development expenditure | 24,274,463.45 | 12,951,857.34 |
| Long-term deferred expenses | | 1,416,666.79 |
| Deferred tax assets | 16,110,996.68 | 16,986,021.11 |
| Other non-current assets | 227,630,401.36 | 185,935,267.61 |
| Total non-current assets | 5,823,827,141.72 | 6,084,421,580.05 |
| Total assets | 9,238,749,685.27 | 9,253,057,019.24 |

| Item | 30 June 2022 | 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Current liabilities: | | |
| Short-term borrowings | 855,392,539.36 | 1,326,709,864.27 |
| Notes payable | 385,144,503.71 | 650,930,930.94 |
| Accounts payable | 1,202,412,504.29 | 645,516,087.58 |
| Contract liabilities | 33,199,856.90 | 46,718,841.37 |
| Employee compensation payable | 25,134,680.64 | 60,667,607.28 |
| Taxes payable | 45,492,417.55 | 12,827,698.25 |
| Other payables | 180,543,250.15 | 701,248,471.31 |
| Non-current liabilities due within one year | 221,445,667.90 | 258,656,910.02 |
| Other current liabilities | 292,032,757.96 | 20,064,405.18 |
| Total current liabilities | <u>3,240,798,178.46</u> | <u>3,723,340,816.20</u> |
| Non-current liabilities: | | |
| Long-term borrowings | 1,259,200,000.00 | 1,032,800,000.00 |
| Lease liabilities | 5,459,218.75 | 6,771,924.40 |
| Deferred income | 121,918,618.18 | 132,719,249.92 |
| Deferred income tax liabilities | 19,723,543.11 | 18,547,379.56 |
| Total non-current liabilities | <u>1,406,301,380.04</u> | <u>1,190,838,553.88</u> |
| Total liabilities | <u>4,647,099,558.50</u> | <u>4,914,179,370.08</u> |
| Owner's equity (or shareholder's equity): | | |
| Paid-in capital (or share capital) | 645,674,963.00 | 645,674,963.00 |
| Capital reserve | 3,792,235,992.58 | 3,792,235,992.58 |
| Surplus reserve | 51,365,509.04 | 51,365,509.04 |
| Undistributed profit | -406,581,403.89 | -654,467,178.80 |
| Total equity attributable to owners (or shareholders) of the parent company | <u>4,082,695,060.73</u> | <u>3,834,809,285.82</u> |
| Minority interests | 508,955,066.04 | 504,068,363.34 |
| Total owner's equity (or shareholder's equity) | <u>4,591,650,126.77</u> | <u>4,338,877,649.16</u> |
| Total liabilities and owner's equity (or shareholder's equity) | <u>9,238,749,685.27</u> | <u>9,253,057,019.24</u> |

Balance Sheet of the Parent Company

30 June 2022

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

| Item | 30 June 2022 | 31 December 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Current assets: | | |
| Monetary funds | 448,610,999.33 | 276,223,398.45 |
| Notes receivable | 58,754,683.38 | |
| Accounts receivable | 208,454,991.67 | 220,389,403.91 |
| Accounts receivable financing | 112,757,746.01 | 81,302,010.11 |
| Prepayments | 51,344.20 | 23,957.69 |
| Other receivables | 636,153,265.58 | 431,793,556.37 |
| Inventories | 12,913.00 | 8,430.00 |
| Other current assets | | 12,127,726.81 |
| Total current assets | <u>1,464,795,943.17</u> | <u>1,021,868,483.34</u> |
| Non-current assets: | | |
| Long-term receivables | 55,000,000.00 | 55,000,000.00 |
| Long-term equity investments | 3,089,158,696.13 | 3,857,645,290.12 |
| Fixed assets | 1,844,732.80 | 1,932,791.36 |
| Intangible assets | 47,209,869.77 | 47,750,491.37 |
| Other non-current assets | 108,350.00 | 49,500.00 |
| Total non-current assets | <u>3,193,321,648.70</u> | <u>3,962,378,072.85</u> |
| Total assets | <u>4,658,117,591.87</u> | <u>4,984,246,556.19</u> |

| Item | 30 June 2022 | 31 December 2021 |
|---|-------------------------|-------------------------|
| Current liabilities: | | |
| Short-term borrowings | 280,275,583.33 | 589,666,075.73 |
| Notes payable | | 30,000,000.00 |
| Accounts payable | 213,210,902.38 | 96,682,422.72 |
| Contract liabilities | 28,120.17 | 28,120.27 |
| Employee compensation payable | 4,498,408.53 | 9,547,144.65 |
| Taxes payable | 488,978.85 | 306,238.93 |
| Other payable | 42,358,758.09 | 608,713,927.17 |
| Non-current liabilities due within one year | 81,289,802.79 | 45,543,566.66 |
| Other current liabilities | 55,227,882.20 | 3,655.64 |
| Total current liabilities | 677,378,436.34 | 1,380,491,151.77 |
| Non-current liabilities: | | |
| Long-term borrowings | 242,500,000.00 | 192,800,000.00 |
| Total non-current liabilities | 242,500,000.00 | 192,800,000.00 |
| Total liabilities | 919,878,436.34 | 1,573,291,151.77 |
| Owner's equity (or shareholder's equity): | | |
| Paid-in capital (or share capital) | 645,674,963.00 | 645,674,963.00 |
| Capital reserve | 3,857,589,394.08 | 3,857,589,394.08 |
| Surplus reserve | 51,365,509.04 | 51,365,509.04 |
| Undistributed profit | -816,390,710.59 | -1,143,674,461.70 |
| Total owner's equity (or shareholder's equity) | 3,738,239,155.53 | 3,410,955,404.42 |
| Total liabilities and owner's equity (or shareholder's equity) | 4,658,117,591.87 | 4,984,246,556.19 |

Consolidated Income Statement

January to June 2022

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

| Item | Half year of 2022 | Half year of 2021 (after retrospective adjustment) | Half year of 2021 (before retrospective adjustment) |
|--|----------------------|--|---|
| I. Total operating revenue | 2,356,478,561.97 | 1,812,458,050.62 | 1,594,837,061.97 |
| Including: Operating income | 2,356,478,561.97 | 1,812,458,050.62 | 1,594,837,061.97 |
| II. Total operating costs | 2,298,710,240.31 | 1,510,419,113.96 | 1,342,268,834.27 |
| Including: Operating costs | 2,101,464,482.64 | 1,247,686,676.14 | 1,102,461,333.55 |
| Taxes and surcharges | 15,477,064.66 | 20,953,817.60 | 17,689,195.62 |
| Selling expenses | 7,056,880.54 | 8,215,908.56 | 7,758,712.45 |
| Administration expenses | 55,234,778.83 | 73,201,416.08 | 66,446,645.04 |
| Research and development expenses | 82,302,797.18 | 90,233,922.60 | 90,233,922.60 |
| Finance expenses | 37,174,236.46 | 70,127,372.98 | 57,679,025.01 |
| Including: Interest expenses | 45,097,670.32 | 68,879,783.72 | 58,710,565.90 |
| Interest income | 6,433,445.10 | 2,567,368.37 | 2,367,905.41 |
| Add: Other income | 108,516,440.69 | 20,511,087.64 | 19,266,446.09 |
| Investment income | | | |
| (loss is represented by "-") | 123,412,144.27 | -9,070,520.43 | -9,070,520.43 |
| Credit impairment loss | | | |
| (loss is represented by "-") | -9,880,103.11 | 922,281.77 | 575,614.51 |
| Impairment loss of assets | | | |
| (loss is represented by "-") | 1,550,762.12 | | |
| Gains from disposal of assets | | | |
| (loss is represented by "-") | -70,384.53 | -122,145.00 | -147,827.66 |
| III. Operating profit (loss is represented by "-") | 281,297,181.10 | 314,279,640.64 | 263,191,940.21 |
| Add: Non-operating income | 724,900.64 | 5,419.91 | 5,419.91 |
| Less: Non-operating expense | 21,315.91 | 500,000.00 | 500,000.00 |
| IV. Total profit (total loss is represented by "-") | 282,000,765.83 | 313,785,060.55 | 262,697,360.12 |
| Less: Income tax expenses | 8,691,413.41 | 43,648,482.22 | 43,648,482.22 |

| Item | Half year of 2022 | Half year of 2021 (after retrospective adjustment) | Half year of 2021 (before retrospective adjustment) |
|--|----------------------|--|---|
| V. Net profit (net loss is represented by “-”) | 273,309,352.42 | 270,136,578.33 | 219,048,877.90 |
| 1. Net profit from continued operation (net loss is represented by “-”) | 273,309,352.42 | 270,136,578.33 | 219,048,877.90 |
| 2. Net profit from discontinued operation (net loss is represented by “-”) | | | |
| 1. Net profit attributable to the owners of the Company (Net loss is represented by “-”) | 247,885,774.91 | 228,703,892.76 | 198,051,272.50 |
| 2. Profit or loss attributable to minority interests (Net loss is represented by “-”) | 25,423,577.51 | 41,432,685.57 | 20,997,605.40 |
| VI. Other comprehensive income net of tax | | | |
| (I) Other comprehensive income attributable to the owners of the Company, net of tax | | | |
| (II) Other comprehensive income attributable to minority interests, net of tax | | | |
| VII. Total comprehensive income | 273,309,352.42 | 270,136,578.33 | 219,048,877.90 |
| (I) Total comprehensive income attributable to owners of the Company | 247,885,774.91 | 228,703,892.76 | 198,051,272.50 |
| (II) Total comprehensive income attributable to minority interests | 25,423,577.51 | 41,432,685.57 | 20,997,605.40 |
| VIII. Earnings per share: | | | |
| (I) Basic earnings per share (<i>RMB/share</i>) | 0.38 | 0.42 | 0.36 |
| (II) Diluted earnings per share (<i>RMB/share</i>) | 0.38 | 0.42 | 0.36 |

Income Statement of the Company

January to June 2022

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

| Item | Half year of 2022 | Half year of 2021 |
|---|------------------------|-------------------|
| I. Operating revenue | 312,193,316.27 | 277,567,425.29 |
| Less: Operating costs | 310,941,463.07 | 275,690,521.08 |
| Taxes and surcharges | 525,797.29 | 369,783.59 |
| Selling expenses | 279,480.71 | 380,431.47 |
| Administration expenses | 9,221,913.93 | 8,193,704.16 |
| Finance expenses | 950,313.83 | 19,693,121.41 |
| Including: Interest expenses | 14,734,063.91 | 32,700,551.01 |
| Interest income | 13,823,233.76 | 13,139,421.55 |
| Add: Other income | 41,513,074.23 | 6,229.23 |
| Investment income (loss is represented by “-”) | -145,048,074.42 | 97,827,242.98 |
| Credit impairment loss (loss is represented by “-”) | 439,884,403.23 | -185,238.85 |
| Gains from disposal of assets (loss is represented by “-”) | | |
| II. Operating profit (loss is represented by “-”) | 326,623,750.48 | 70,888,096.94 |
| Add: Non-operating income | 660,000.63 | |
| Less: Non-operating expense | | |
| III. Total profit (total loss is represented by “-”) | 327,283,751.11 | 70,888,096.94 |
| Less: Income tax expenses | | |

| Item | Half year of 2022 | Half year of 2021 |
|---|-----------------------|-------------------|
| IV. Net profit (net loss is represented by “-”) | 327,283,751.11 | 70,888,096.94 |
| 1. Net profit from continued operation (net loss is represented by “-”) | 327,283,751.11 | 70,888,096.94 |
| 2. Net profit from discontinued operation (net loss is represented by “-”) | | |
| V. Other comprehensive income net of tax | | |
| (I) Other comprehensive income that will not be reclassified to profit or loss | | |
| (II) Other comprehensive income that will be reclassified to profit and loss | | |
| VI. Total comprehensive income | 327,283,751.11 | 70,888,096.94 |
| VII. Earnings per share: | | |
| (I) Basic earnings per share (<i>RMB/share</i>) | | |
| (II) Diluted earnings per share (<i>RMB/share</i>) | | |

Consolidated Cash Flow Statement

January to June 2022

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

| Item | Half of 2022 | Half of 2021 (after retrospective adjustment) | Half year of 2021 (before retrospective adjustment) |
|---|-------------------------|--|--|
| I. Cash flows from operating activities: | | | |
| Cash received from sale of goods or rendering of services | 1,070,635,763.49 | 1,461,933,392.53 | 1,081,585,143.07 |
| Refund of taxes and levies | 134,212,379.69 | 443,544.19 | 443,544.19 |
| Other cash receipts relating to operating activities | 161,224,958.03 | 24,183,570.61 | 20,774,072.86 |
| Sub-total of cash inflows from operating activities | <u>1,366,073,101.21</u> | <u>1,486,560,507.33</u> | <u>1,102,802,760.12</u> |
| Cash paid for purchase of goods and services rendered | 1,215,140,407.62 | 755,317,989.93 | 646,001,705.97 |
| Cash paid to and on behalf of employees | 194,762,261.13 | 170,116,417.73 | 159,601,791.01 |
| Tax payments | 55,483,557.84 | 178,656,309.94 | 168,668,624.94 |
| Other cash paid for activities related to operation | 92,862,119.07 | 134,628,888.08 | 60,407,926.42 |
| Sub-total of cash outflow from operating activities | <u>1,558,248,345.66</u> | <u>1,238,719,605.68</u> | <u>1,034,680,048.34</u> |
| Net cash flow from operating activities | <u>-192,175,244.45</u> | <u>247,840,901.65</u> | <u>68,122,711.78</u> |
| II. Cash flow from investment activities: | | | |
| Cash received from investments | | | |
| Net cash received from disposal of subsidiaries and other business units | 436,622,904.74 | | |
| Sub-total of cash inflows from investing activities | <u>436,622,904.74</u> | | |
| Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets | 342,684,612.52 | 529,090,110.01 | 342,741,867.07 |
| Other cash paid related to investment activities | | 765,011.55 | |
| Sub-total of cash outflows from investing activities | <u>342,684,612.52</u> | <u>529,855,121.56</u> | <u>342,741,867.07</u> |
| Net cash flows from investing activities | <u>93,938,292.22</u> | <u>-529,855,121.56</u> | <u>-342,741,867.07</u> |

| Item | Half of 2022 | Half of 2021 (after retrospective adjustment) | Half year of 2021 (before retrospective adjustment) |
|---|--------------------------------------|--|--|
| III. Cash flows from financing activities: | | | |
| Cash received from borrowings | 1,246,675,032.28 | 1,699,430,000.00 | 1,659,990,000.00 |
| Other cash received related to financing activities | 665,537,055.46 | 552,629,926.25 | 92,500,848.10 |
| Subtotal of cash inflows from financing activities | <u>1,912,212,087.74</u> | <u>2,252,059,926.25</u> | <u>1,752,490,848.10</u> |
| | | | |
| Cash paid for repayments of borrowings | 1,383,770,262.46 | 1,152,974,400.13 | 857,491,338.15 |
| Cash payment for distribution of dividends and profits or repayment of interest | 65,054,864.63 | 92,616,558.82 | 85,007,966.37 |
| Including: Dividends and profits paid to minority shareholders by subsidiaries | 10,000,000.00 | 40,189,514.01 | 40,189,514.01 |
| Other cash payments related to financing activities | 750,886,583.62 | 222,720,048.53 | 99,270,485.48 |
| Subtotal of cash outflows from financing activities | <u>2,199,711,710.71</u> | <u>1,468,311,007.48</u> | <u>1,041,769,790.00</u> |
| | | | |
| Net cash flow from financing activities | <u><u>-287,499,622.97</u></u> | <u><u>783,748,918.77</u></u> | <u><u>710,721,058.10</u></u> |
| | | | |
| IV. Effect of exchange rate changes on cash and cash equivalents | -803,180.15 | -198,751.08 | -177,902.76 |
| | | | |
| V. Net increase in cash and cash equivalents | -386,539,755.35 | 501,535,947.78 | 435,924,000.05 |
| Add: Opening balance of cash and cash equivalents | 961,479,236.37 | 151,936,892.29 | 139,231,301.82 |
| | | | |
| VI. Closing balance of cash and cash equivalents | <u><u>574,939,481.02</u></u> | <u><u>653,472,840.07</u></u> | <u><u>575,155,301.87</u></u> |

Cash Flow Statement of the Parent Company

January to June 2022

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

| Item | Half year of 2022 | Half year of 2021 |
|---|------------------------------|-----------------------------|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods or rendering of services | 97,591,422.35 | 116,630,282.18 |
| Refund of taxes and levies | 11,417,001.19 | |
| Other cash receipts relating to operating activities | 46,392,343.55 | 2,478,423.43 |
| Sub-total of cash inflows from operating activities | <u>155,400,767.09</u> | <u>119,108,705.61</u> |
| Cash paid for purchase of goods and services rendered | 97,853,960.55 | 102,290,685.54 |
| Cash paid to and on behalf of employees | 12,131,137.74 | 8,270,537.63 |
| Tax payments | 763,543.27 | 2,888,214.10 |
| Other cash paid for activities related to operating activities | 6,977,368.52 | 7,150,268.15 |
| Sub-total of cash outflows from operating activities | <u>117,726,010.08</u> | <u>120,599,705.42</u> |
| Net cash flows from operating activities | <u><u>37,674,757.01</u></u> | <u><u>-1,490,999.81</u></u> |
| II. Cash flows from investment activities: | | |
| Cash received from recovery of investments | 536,116,000.00 | |
| Cash received from returns on investments | 57,113,237.34 | 68,347,245.76 |
| Sub-total of cash inflows from investing activities | <u>593,229,237.34</u> | <u>68,347,245.76</u> |
| Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets | 84,799.75 | 42,888,290.00 |
| Cash paid for investments | 20,000,000.00 | |
| Sub-total of cash outflows from investing activities | <u>20,084,799.75</u> | <u>42,888,290.00</u> |
| Net cash flows from investing activities | <u><u>573,144,437.59</u></u> | <u><u>25,458,955.76</u></u> |

| Item | Half year of 2022 | Half year of 2021 |
|---|-------------------------------|------------------------------|
| III. Cash flows from financing activities: | | |
| Cash received from borrowings | 289,000,000.00 | 528,990,000.00 |
| Other cash received related to financing activities | 2,178,426,802.91 | 1,798,109,141.06 |
| Subtotal of cash inflows from financing activities | <u>2,467,426,802.91</u> | <u>2,327,099,141.06</u> |
| Cash paid for repayments of borrowings | 512,590,000.00 | 359,506,235.15 |
| Cash payment for distribution of dividends and profits or repayment of interest | 21,776,079.48 | 15,660,412.95 |
| Other cash payments related to financing activities | 2,371,454,918.92 | 1,623,976,422.88 |
| Subtotal of cash outflows from financing activities | <u>2,905,820,998.40</u> | <u>1,999,143,070.98</u> |
| Net cash flows from financing activities | <u><u>-438,394,195.49</u></u> | <u><u>327,956,070.08</u></u> |
| IV. Effect of exchange rate changes on cash and cash equivalents | 316.68 | -68.38 |
| V. Net increase in cash and cash equivalents | 172,425,315.79 | 351,923,957.65 |
| Add: Opening balance of cash and cash equivalents | 276,185,683.54 | 81,846,146.98 |
| VI. Closing balance of cash and cash equivalents | <u><u>448,610,999.33</u></u> | <u><u>433,770,104.63</u></u> |

Consolidated Statement of Changes in Owners' Equity

January to June 2022

Prepared by: Luoyang Glass Company Limited*

Unit: Yuan Currency: RMB

| Item | Half year of 2022 | | | | | | | | | | Total owners' equity | | | | | | | |
|---|---|--------------------------|--------|------------------|-----------------|----------------------|--------------|----------------|----------------------------|--|----------------------|-----------------|-----------------|-------------------------|----------------------|--------|----------------|--------------------|
| | Equity attributable to owners of the Parent Company | | | | | | | | | | | | | | | | | |
| | Paid-in capital (or share capital) | Other equity instruments | | | Capital reserve | Less: | | Treasury stock | Other comprehensive income | | | Special reserve | Surplus reserve | General risk provisions | Undistributed profit | Others | Subtotal | Minority interests |
| Preferential shares | | Perpetual bonds | Others | Treasury stock | | comprehensive income | Other income | | | | | | | | | | | |
| I. Balance at the end of last year | 645,674,963.00 | | | 3,792,235,992.58 | | | | | | | 51,365,509.04 | | -654,467,178.80 | | 3,834,809,285.82 | | 504,068,363.34 | 4,338,877,649.16 |
| Add: Changes in accounting policies | | | | | | | | | | | | | | | | | | |
| II. Balance at the beginning of the year | 645,674,963.00 | | | 3,792,235,992.58 | | | | | | | 51,365,509.04 | | -654,467,178.80 | | 3,834,809,285.82 | | 504,068,363.34 | 4,338,877,649.16 |
| III. Change for the period (decrease is indicated by “-”) | | | | | | | | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | | | | | | | | | | |
| (II) Owners' contribution and decrease in capital | | | | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | | | | | | | | | | | | | | | | | | |
| 2. Appropriation to general risk provisions | | | | | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equity | | | | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | | | | |
| 1. Amount withdrawn during the period | | | | | | | | | | | | | | | | | | |
| 2. Amount utilized during the period | | | | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | | | | |
| IV. Balance at the end of the period | 645,674,963.00 | | | 3,792,235,992.58 | | | | | | | 51,365,509.04 | | -406,581,403.89 | | 4,082,695,060.73 | | 508,955,066.04 | 4,591,650,126.77 |

Half year of 2021

| Item | Equity attributable to owners of the Parent Company | | | | | | | | | | | | | | | |
|--|---|------------------------|--------------------|-----------------------------|--------------------|-------|-------------------|----------------------------------|--------------------|--------------------|----------------------------|-------------------------|--------|------------------|-----------------------|----------------------------|
| | Paid-in capital (or share capital) | Preferential shares | Perpetual bonds | Other equity instruments | Capital reserve | Less: | Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | General risk provisions | Undistributed profit | Others | Subtotal | Minority interests | Total owners' equity |
| I. Balance at the end of last year | 548,540,432.00 | | | | 1,982,394,841.30 | | | | 51,365,509.04 | 51,365,509.04 | 1,626,578,221.81 | -9,557,722,560.53 | | 1,626,578,221.81 | 168,703,404.63 | 1,795,281,626.44 |
| Add: Business combination under common control | | | | | 95,448,533.73 | | | | | | 45,499,686.70 | | | 140,948,220.43 | 143,725,941.47 | 284,674,061.90 |
| II. Balance at the beginning of the year | 548,540,432.00 | | | | 2,077,843,375.03 | | | | 51,365,509.04 | 51,365,509.04 | 1,767,526,442.24 | -9,102,222,873.83 | | 1,767,526,442.24 | 312,429,246.10 | 2,079,955,688.34 |
| III. Change for the period (decrease is indicated by "-") | | | | | | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | | | | | | | | |
| (II) Owners' contribution and decrease in capital | | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | | | | | | | | | | | | | | | | |
| 2. Appropriation to general risk provisions | | | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equity | | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | | |
| 1. Amount withdrawn during the period | | | | | | | | | | | | | | | | |
| 2. Amount utilized during the period | | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | | |
| IV. Balance at the end of the period | 548,540,432.00 | | | | 2,077,843,375.03 | | | | 51,365,509.04 | 51,365,509.04 | 1,996,230,335.00 | -681,518,981.07 | | 1,996,230,335.00 | 313,672,417.66 | 2,309,902,752.66 |

Statement of Changes in Owners' Equity of the Parent Company

January to June 2022

Prepared by: Luoyang Glass Company Limited*

Unit: Yuan Currency: RMB

| Item | Half year of 2022 | | | | | | Total owners' equity | | | | |
|---|------------------------------------|---------------------|-----------------|--------|------------------|----------------------|----------------------|----------------------------|-----------------|-------------------|----------------------|
| | Paid-in capital (or share capital) | Preferential shares | Perpetual bonds | Others | Capital reserve | Less: Treasury stock | | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit |
| I. Balance at the end of last year | 645,674,963.00 | | | | 3,857,589,394.08 | | | | 51,365,509.04 | -1,143,674,461.70 | 3,410,955,404.42 |
| II. Balance at the beginning of the year | 645,674,963.00 | | | | 3,857,589,394.08 | | | | 51,365,509.04 | -1,143,674,461.70 | 3,410,955,404.42 |
| III. Change for the period (decrease is indicated by "-") | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | | | |
| (II) Owners' contribution and decrease in capital | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equity | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | |
| 1. Amount withdrawn during the period | | | | | | | | | | | |
| 2. Amount utilized during the period | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Balance at the end of the period | 645,674,963.00 | | | | 3,857,589,394.08 | | | | 51,365,509.04 | -816,390,710.59 | 3,738,239,155.53 |

Half year of 2021

| Item | Other equity instruments | | | | | | Less: | Total owners' equity | | | |
|--|------------------------------------|------------------|-----------------|--------|------------------|----------------|-------|----------------------|----------------------------|-------------------|------------------|
| | Paid-in capital (or share capital) | Preferred shares | Perpetual bonds | Others | Capital reserve | Treasury stock | | | Other comprehensive income | Special reserve | Surplus reserve |
| I. Balance at the end of last year | 548,540,432.00 | | | | 1,961,847,553.30 | | | | 51,365,509.04 | -1,362,217,861.88 | 1,199,535,632.46 |
| II. Balance at the beginning 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 |
| III. Change for the period (decrease is indicated by "-") | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | | | |
| (II) Owners' contribution and decrease in capital | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equity | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | |
| 1. Amount withdrawn during the period | | | | | | | | | | | |
| 2. Amount utilized during the period | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Balance at the end of the period | 548,540,432.00 | | | | 1,961,847,553.30 | | | | 51,365,509.04 | -1,291,329,764.94 | 1,270,423,729.40 |

(II) NOTES TO THE FINANCIAL STATEMENTS *(Expressed in Renminbi)*

Background of the Company

Luoyang Glass Company Limited* (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) as a joint stock limited company. The Company and its subsidiaries (collectively the “**Group**”) are engaged in manufacture and sales of new energy glass.

Significant Accounting Policies

1. Basis of preparation of the financial statements

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, the Application Guidelines for Accounting Standards for Business Enterprises, the Interpretations of the Accounting Standards for Business Enterprises and other regulations issued by the Ministry of Finance, and based on the following significant accounting policies and accounting estimates.

2. Accounting period

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

3. Functional Currency

The Company’s functional currency is the Renminbi.

4. Preparation method of consolidated financial statements

Subsidiaries and special purpose entities under the de facto control of the Company are incorporated into the consolidated financial statements.

The consolidated financial statements of the Company are prepared in accordance with the “Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements” and relevant provisions, and all significant intra-group transactions and balances included in the consolidated scope shall be offset. Interests in subsidiaries that are not attributable to owners of parent company are presented separately as minority interest in the consolidated financial statements.

Adjustments to subsidiaries' financial statements in accordance with the accounting policies or accounting period of the Company are needed when preparing consolidated financial statements if the subsidiaries' accounting policies or accounting period are different from those of the Company.

For subsidiaries acquired not under the common control of a corporation, when preparing consolidated financial statements, such subsidiaries' financial statements should be adjusted on the basis of the fair value of identifiable net assets on the date of acquisition. For subsidiaries acquired under the common control of a corporation, the assets, liabilities, operating results and cash flows of acquired subsidiaries should be included in consolidated financial statements from the beginning of the year of acquisition as if the combination had taken place at the beginning of the year.

Segment Reporting

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.

The operating segments of the Company include the information display glass segment, the new energy glass segment and the other functional glass segment.

Segment assets exclude deferred income tax assets, and segment liabilities exclude deferred income tax liabilities.

The price of inter-segment transfers are measured by reference to the price of sales to third parties.

1. *Segment information for the half year ended 30 June 2022 is set out as follows:*

| Item | Information display glass | New energy glass | Other functional glass | Unallocated items | Intersegment offset | Total |
|---|---------------------------|------------------|------------------------|-------------------|---------------------|------------------|
| Operating income | 22,338,394.46 | 2,160,199,712.46 | 172,893,285.22 | 312,193,316.27 | -311,146,146.44 | 2,356,478,561.97 |
| Including: Revenue from external principal operations | 22,320,590.62 | 2,156,904,513.52 | 172,131,630.57 | | | 2,351,356,734.71 |
| Revenue from other external operations | 17,803.84 | 3,295,198.94 | 761,654.65 | 312,193,316.27 | -311,146,146.44 | 5,121,827.26 |
| Operating costs | 12,204,919.51 | 1,949,968,381.77 | 139,291,181.48 | 310,941,462.95 | -310,941,463.07 | 2,101,464,482.64 |
| Credit impairment losses | 81,050.38 | -10,723,091.44 | 71,121.73 | 439,884,132.62 | -439,193,316.40 | -9,880,103.11 |
| Impairment losses of assets | | 1,550,762.12 | | | | 1,550,762.12 |
| Depreciation expenses and amortization expenses | 5,449,214.62 | 112,776,644.65 | 18,258,157.24 | 988,062.11 | -243,255.66 | 137,228,822.96 |
| Total profit | 4,607,037.77 | 95,527,698.50 | 20,299,861.77 | 329,171,009.48 | -167,604,841.69 | 282,000,765.83 |
| Income tax expenses | -605,827.58 | 9,083,431.57 | -258,005.17 | 471,814.59 | | 8,691,413.41 |
| Net profit | 5,212,865.35 | 86,444,266.93 | 20,557,866.94 | 328,699,194.89 | -167,604,841.69 | 273,309,352.42 |
| Total assets | | 8,032,916,987.71 | 556,393,873.40 | 4,654,507,230.63 | -4,005,068,406.47 | 9,238,749,685.27 |
| Total liabilities | | 4,576,059,945.82 | 163,330,802.50 | 914,767,027.28 | -1,007,058,217.10 | 4,647,099,558.50 |

2. Geographic information

The following table sets out information about the geographical location of the Company's revenue from external customers and the Company's non-current assets (excluding deferred income tax assets). The geographical location of customers is stated as the location at which goods were delivered to customers. The geographical location of fixed assets, construction in progress and lease prepayments under non-current assets is determined as the physical location of the assets; the geographical location of intangible assets and exploration and evaluation assets is determined as the location of relevant operations; and the geographical location of interests in associates and other investments is determined as the location of their respective operations.

| Item | Revenue from external customers | | Non-current assets | |
|---|---------------------------------|-------------------------|-------------------------|-------------------------|
| | January – June 2022 | January – June 2021 | 30 June 2022 | 31 December 2021 |
| Mainland China | 2,221,157,130.36 | 1,735,240,389.11 | 5,752,716,145.04 | 6,012,435,558.94 |
| Hong Kong, Macau and Taiwan and Overseas | 135,321,431.61 | 77,217,661.51 | | |
| Total | <u>2,356,478,561.97</u> | <u>1,812,458,050.62</u> | <u>5,752,716,145.04</u> | <u>6,012,435,558.94</u> |

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.

4. Major customers

From January to June 2022, the transaction amount of three customers (customers who are controlled by the same controller are deemed to be the same customer) of the Company exceeds 10% of the Company's revenue. The transaction amounts are RMB511,373,476.56, RMB496,999,227.18 and RMB252,821,278.30, respectively.

Turnover

Turnover represents revenue from the invoiced value of goods sold to customers, after deduction of any trade discounts and net of value added tax and surcharges, an analysis of which is as follows:

(I) Details of operating revenue

| Item | Amount for current period | Amount for previous period |
|-----------------------------------|--|----------------------------------|
| Revenue from principal operations | 2,351,356,734.71 | 1,795,766,583.00 |
| Revenue from other operations | 5,121,827.26 | 16,691,467.62 |
| Total | <u>2,356,478,561.97</u> | <u>1,812,458,050.62</u> |

(II) Details of income from principal operations by product

| Item | Amount for current period | Amount for previous period |
|---------------------------|--|----------------------------------|
| Information display glass | 22,320,590.62 | 197,844,499.85 |
| New energy glass | 2,156,904,513.52 | 1,380,281,060.03 |
| Other functional glass | 172,131,630.57 | 217,641,023.12 |
| Total | <u>2,351,356,734.71</u> | <u>1,795,766,583.00</u> |

Other Income

| Items of subsidies (sources of other income) | Amount for current period | Amount for previous period |
|---|--|----------------------------------|
| Government subsidies | 108,396,740.69 | 20,319,372.35 |
| Gain from debt restructuring | 119,700.00 | 191,715.29 |
| Total | <u>108,516,440.69</u> | <u>20,511,087.64</u> |

Gain on Disposal of Assets

| Item | Amount for current period | Amount for previous period |
|---|--|----------------------------------|
| Gain on disposal of fixed assets (loss is represented by “-”) | -70,384.53 | -122,145.00 |

Non-Operating Income

| Item | Amount for current period | Amount for previous period | Amount included in non-recurring profit or loss for current period |
|-------------|--|----------------------------------|---|
| Fine income | 64,900.00 | 1,220.00 | 64,900.00 |
| Other gains | 660,000.64 | 4,199.91 | 660,000.64 |
| Total | 724,900.64 | 5,419.91 | 724,900.64 |

Profit Before Income Tax

Profit before income tax is arrived at after (charging)/crediting:

(1) Financial expenses

| Item | Amount for current period | Amount for previous period |
|-------------------------------------|--|----------------------------------|
| Interest expense | 45,097,670.32 | 68,879,783.72 |
| Less: Interest income | 6,433,445.10 | 2,567,368.37 |
| Exchange loss | -3,035,283.84 | 145,456.98 |
| Handling charges and other expenses | 1,545,295.08 | 3,669,500.65 |
| Total | 37,174,236.46 | 70,127,372.98 |

(2) *Operating costs*

| Item | Amount for current period | Amount for previous period |
|-------------------------------|--|---|
| Costs of principal operations | 2,098,074,227.70 | 1,231,365,760.27 |
| Costs of other operations | 3,390,254.94 | 16,320,915.87 |
| Total | <u>2,101,464,482.64</u> | <u>1,247,686,676.14</u> |

(3) *Taxes and surcharges*

| Item | Amount for current period | Amount for previous period |
|------------------------------------|--|---|
| Urban construction and maintenance | 908,878.29 | 3,665,800.24 |
| Education surcharges | 820,414.52 | 2,941,519.31 |
| Property tax | 4,893,627.32 | 5,843,490.50 |
| Land-use tax | 5,662,661.57 | 5,845,630.00 |
| Stamp duty | 2,176,244.37 | 1,074,218.99 |
| Others | 1,015,238.59 | 1,583,158.56 |
| Total | <u>15,477,064.66</u> | <u>20,953,817.60</u> |

(4) *Selling expenses*

| Item | Amount for current period | Amount for previous period |
|--------------------------|--|---|
| Staff remuneration | 5,323,093.11 | 6,365,384.52 |
| Business travel expenses | 149,952.49 | 170,973.11 |
| Depreciation expenses | 92,490.60 | 378,417.60 |
| Other selling expenses | 1,491,344.34 | 1,301,133.33 |
| Total | <u>7,056,880.54</u> | <u>8,215,908.56</u> |

(5) *Administrative expenses*

| Item | Amount for current period | Amount for previous period |
|--|--|---|
| Staff remuneration | 26,348,348.31 | 35,164,865.93 |
| Amortization of intangible assets | 5,789,290.20 | 5,573,169.71 |
| Depreciation of fixed assets | 4,312,704.38 | 7,448,207.98 |
| Office expenses | 4,019,074.60 | 2,714,480.38 |
| Intermediary engagement and consulting fees | 3,437,544.57 | 5,887,247.91 |
| Business entertainment expense | 645,910.31 | 581,140.91 |
| Business travel expenses | 437,714.08 | 612,211.22 |
| Property management fee | 386,376.78 | 904,880.87 |
| Transportation expenses | 121,039.68 | 894,554.13 |
| Other expenses | 9,736,775.92 | 13,420,657.04 |
| Total | <u>55,234,778.83</u> | <u>73,201,416.08</u> |

(6) *Research and development expenses*

| Item | Amount for current period | Amount for previous period |
|---|--|---|
| Staff remuneration | 25,249,791.81 | 18,402,953.10 |
| Material expenses | 49,840,727.84 | 63,746,547.30 |
| Depreciation and amortization expenses | 6,666,867.13 | 7,361,767.31 |
| Other expenses | 545,410.40 | 722,654.89 |
| Total | <u>82,302,797.18</u> | <u>90,233,922.60</u> |

(7) *Impairment losses of assets*

| Item | Amount for current period | Amount for previous period |
|----------------------------------|--|---|
| Impairment losses of inventories | 1,550,762.12 | |
| Total | <u>1,550,762.12</u> | |

(8) *Impairment losses of credit*

| Item | Amount for current period | Amount for previous period |
|---|--|----------------------------------|
| Bad debt losses of notes receivable | -3,374,434.21 | -2,741,180.67 |
| Bad debt losses of accounts receivable | -6,267,347.65 | 4,041,207.49 |
| Bad debt losses of other receivables | -238,321.25 | -377,745.05 |
| Total | <u>-9,880,103.11</u> | <u>922,281.77</u> |

(9) *Non-operating expenses*

| Item | Amount for current period | Amount for previous period | Amount included in non-recurring profit or loss for current period |
|-------------------------------|--|---|---|
| Penalties and overdue fine | <u>21,315.91</u> | <u>500,000.00</u> | <u>21,315.91</u> |

(10) *Income Tax Expenses*

| Item | Amount for current period | Amount for previous period |
|---|--|----------------------------------|
| Current income tax calculated according to tax laws and relevant requirements | 9,535,400.91 | 43,930,305.98 |
| Deferred income tax expenses | -843,987.50 | -281,823.76 |
| Total | <u>8,691,413.41</u> | <u>43,648,482.22</u> |

Dividend

The board of directors of the Company does not recommend declaring dividends for the half year ended 30 June 2022.

Basic Earnings Per Share

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:

| Item | Amount for current period | Amount for previous period |
|--|--|----------------------------------|
| Net profit attributable to ordinary shareholders of the Company | 247,885,774.91 | 228,703,892.76 |
| Weighted average number of the outstanding ordinary shares of the Company | 645,674,963.00 | 548,540,432.00 |
| Basic earnings per share | <u>0.38</u> | <u>0.42</u> |

There were no diluted earnings per share as the Company had no potential dilutive shares for the year ended 30 June 2022.

Accounts Receivables and Notes Receivables

(1) Accounts receivables

| Item | 30 June 2022 | 31 December 2021 |
|-------------------------------|--------------------------------|-----------------------|
| Accounts receivables | 1,125,629,850.55 | 552,650,324.05 |
| Less: provision for bad debts | <u>115,616,179.22</u> | <u>114,145,602.57</u> |
| Accounts receivable, net | <u>1,010,013,671.33</u> | <u>438,504,721.48</u> |

The Company generally provides credit period of 1–6 month(s) for major customers, and generally sells by receiving advances for new customers and customers with less business volume.

Aged analysis of accounts receivables by date of entry:

| Aging | 30 June 2022 | 31 December 2021 |
|-------------------------------|---|----------------------------------|
| Within 1 year | 1,012,790,593.95 | 425,260,917.50 |
| 1 to 2 years | 21,905,267.35 | 33,223,135.32 |
| 2 to 3 years | 5,968,354.54 | 11,291,882.09 |
| 3 to 4 years | 19,142,744.19 | 14,885,060.83 |
| 4 to 5 years | 11,195,971.31 | 10,947,806.15 |
| Over 5 years | 54,626,919.21 | 57,041,522.16 |
| Subtotal | 1,125,629,850.55 | 552,650,324.05 |
| Less: provision for bad debts | <u>115,616,179.22</u> | <u>114,145,602.57</u> |
| Total | <u><u>1,010,013,671.33</u></u> | <u><u>438,504,721.48</u></u> |

(2) *Notes receivables*

| Category of notes | 30 June 2022 | | 31 December 2021 | | | |
|-------------------|---|---------------------------------------|---|---|---------------------------------------|---|
| | Book balance | Provision for bad debts | Book value | Book balance | Provision for bad debts | Book value |
| Bank acceptance | | | | | | |
| Trade acceptance | <u>377,904,885.49</u> | <u>7,558,097.70</u> | <u>370,346,787.79</u> | <u>209,183,174.11</u> | <u>4,183,663.49</u> | <u>204,999,510.62</u> |
| Total | <u><u>377,904,885.49</u></u> | <u><u>7,558,097.70</u></u> | <u><u>370,346,787.79</u></u> | <u><u>209,183,174.11</u></u> | <u><u>4,183,663.49</u></u> | <u><u>204,999,510.62</u></u> |

(3) *Receivables financing*

| Item | 30 June 2022 | 31 December 2021 |
|--|---|----------------------------------|
| Notes receivable | 576,969,995.65 | 369,857,635.69 |
| Sub-total | 576,969,995.65 | 369,857,635.69 |
| Less: Other comprehensive income - changes in fair value | | |
| Fair value at the end of the period | <u><u>576,969,995.65</u></u> | <u><u>369,857,635.69</u></u> |

Accounts Payables and Notes Payables

(1) Aged analysis of accounts payable by date of entry:

| Item | 30 June 2022 | 31 December 2021 |
|---------------|--------------------------------|------------------------------|
| Within 1 year | 1,177,809,927.19 | 604,825,767.23 |
| Above 1 year | 24,602,577.10 | 40,690,320.35 |
| Total | <u>1,202,412,504.29</u> | <u>645,516,087.58</u> |

(2) Notes payables

| Category | 30 June 2022 | 31 December 2021 |
|------------------|------------------------------|------------------------------|
| Trade acceptance | 10,778,404.40 | |
| Bank acceptances | 374,366,099.31 | 650,930,930.94 |
| Total | <u>385,144,503.71</u> | <u>650,930,930.94</u> |

Reserves

(1) Capital reserve

| Item | 31 December 2021 | Increase for the period | Decrease for the period | 30 June 2022 |
|---------------------------|--------------------------------|------------------------------------|------------------------------------|--------------------------------|
| I. Capital premium | 3,538,238,816.69 | | | 3,538,238,816.69 |
| II. Other capital reserve | 253,997,175.89 | | | 253,997,175.89 |
| Total | <u>3,792,235,992.58</u> | <u> </u> | <u> </u> | <u>3,792,235,992.58</u> |

(2) Surplus reserve

| Item | 31 December 2021 | Increase for the period | Decrease for the period | 30 June 2022 |
|---------------------------|-----------------------------|------------------------------------|------------------------------------|-------------------------|
| Statutory surplus reserve | 51,365,509.04 | | | 51,365,509.04 |

(3) *Undistributed profit*

| Item | Current period | Previous year |
|---|-------------------------------|-------------------------------|
| Undistributed profit at the end of the previous period before adjustment | -654,467,178.80 | -955,722,560.53 |
| Total effects of adjustments of undistributed profits at the beginning of the period (increase expressed with +, and decrease expressed with -) | | 45,499,686.70 |
| Undistributed profit at the beginning of the period after adjustment | -654,467,178.80 | -910,222,873.83 |
| Add: net profit attributable to owners of the Company for the period | 247,885,774.91 | 255,755,695.03 |
| Less: Appropriation to statutory surplus reserve | | |
| Appropriation to discretionary surplus reserve | | |
| Dividends payable to ordinary shares | | |
| Dividends of ordinary shares capitalized | | |
| Undistributed profit at the end of the period | <u>-406,581,403.89</u> | <u>-654,467,178.80</u> |

Subsequent Matters

None

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Review of the overall performance and achievements during the reporting period

Since 2022, facing the sporadic outbreak of pandemic in China, slowdown of global economic growth and various uncertainties and unstable factors, China's economy under pressure stabilised and rebounded at a faster pace in June, with China's GDP growth of 2.5% year-on-year in the first half of the year, demonstrating strong resilience and potential.

From the industry perspective, the photovoltaic application market maintained strong demand, and the installed capacity of photovoltaic power generation continued to exceed expectations. According to the statistics of China Photovoltaic Industry Association, the installed capacity of domestic photovoltaic power generation was 30.88GW in the first half of the year, representing a year-on-year increase of 137.4%, which exceeded the total installed capacity in the first ten months of last year. On the manufacturing side, domestic polysilicon, wafer, battery and module production in the first half of the year increased by more than 45% year-on-year; the export of photovoltaic products reached a new high, with the export of photovoltaic modules reaching 78.6GW, representing a year-on-year increase of 74.3%. Photovoltaic glass production capacity maintained rapid growth. According to the data released by the Ministry of Industry and Information Technology, the production capacity of photovoltaic rolled glass recorded a year-on-year increase of 121.6% in the first half of the year. Affected by the increase in downstream market demand, the supply of photovoltaic glass increased rapidly. In the first half of the year, the accumulated output of photovoltaic glass was 6,856,000 tonnes, representing a year-on-year increase of 48.7%, of which, the output of photovoltaic glass in June was 1,335,000 tonnes, representing a year-on-year increase of 55.1%. In the first half of the year, the average prices of 2mm and 3.2mm photovoltaic glass were RMB20.9/m² and RMB27.1/m² respectively, representing a year-on-year decrease of 21.3% and 15.3%. The average price of 2mm and 3.2mm photovoltaic glass in June was RMB22.1/m² and RMB28.4/m², representing a year-on-year increase of 18.9% and 35.7%.

In the first half of 2022, the Company actively responded to changes in the market situation, solidly accomplished various work of “improving its weak areas, maintaining prices and reducing costs”, and made every effort to hedge the adverse impact of the pandemic and rising costs, thus consolidating and maintaining the development trend of making progress and improving quality while maintaining stability. As of 30 June 2022, the operating revenue amounted to RMB2,356,478,561.97, representing a year-on-year increase of 30.02%; net profit amounted to RMB273,309,352.42, representing a year-on-year increase of 1.17%; net profit attributable to shareholders of the Company amounted to RMB247,885,774.91, representing a year-on-year increase of 8.39%; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.38.

During the reporting period, the Company continued to strengthen its strategic leadership and steadily promoted the optimisation and integration and project construction. Focusing on the development of core business, the Company divested the information display glass business and completed the equity transfer of three wholly-owned subsidiaries, including Longmen Glass, Longhai Glass and Bengbu CNBM Information Display. The Company expanded the layout of new energy materials business, entered into share entrustment agreements, and entrusted it to manage the relevant equity interests in the thin-film solar cell business of Chengdu CNBM, Ruichang CNBM and Triumph Photovoltaic held by Triumph Technology Group in order to accumulate new momentum and expand new space for the subsequent development of business. New breakthroughs were made in project construction, and Tongcheng New Energy successfully commenced the operation of the first photovoltaic glass production line with a daily melting capacity of 1200 tonnes, which further expanded the production scale. The main construction of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment of Hefei New Energy has been completed, and the construction of the oxygen station, a supporting facility for the production line, is actively advancing. As of the end of June, the planned projects, including Luoyang New Energy, Yixing New Energy, Zigong New Energy and North Glass, have completed the hearing processes for construction projects and have sufficient reserves of capacity for subsequent expansion.

Industry development status and business outlook

Vigorously developing renewable energy has become a major strategic direction and ambitious action for global energy transformation in response to climate change. China is the world's largest photovoltaic module producer and its market has the largest demand and supply in the world. Under the dual effect of national policy guidance and driven by technological innovation, the photovoltaic market may enter into an acceleration phase. As the midstream of the photovoltaic industry production chain, the Company can benefit from the continuous increase in the demand for photovoltaic glass.

On 31 May 2022, the State Council issued “a series of Policies and Measures to Stabilize the Economy”, which proposed to “accelerate the construction of large-scale wind power and photovoltaic bases focusing on sands, Gobi and desert areas, and launch the second batch of projects in the near future”. Up to now, 25 provinces and autonomous regions across the country have clearly defined the installation plan for wind and solar power during the “14th Five-Year Plan” period. Among them, the newly installed photovoltaic capacity exceeded 392.16GW, with an increase of 344.48GW in the next four years. It is optimistic that the domestic newly installed capacity will reach 85–100GW in 2022. In terms of global market, it is expected that the newly installed capacity will be 205–250GW in 2022.

In the second half of 2022, the industry will still be in a boom in general, but the prices of raw materials and fuels may fluctuate at a high level, and the uncertainty of the growth of downstream market demand still exists. To this end, the Company will adhere to the determination of development, focus on management improvement and strengthen management measures of “Six Grasps and Six Promotions”, in order to swiftly increase market share, continue to promote merger and acquisition integration, accelerate the cultivation of new growth points, and make every effort to complete the annual operating targets and tasks.

Analysis of the principal operations during the reporting period

(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 | Amount for current period | Amount for the same period last year | Change (%) |
|---|---------------------------------|--|---------------|
| Operating revenue | 2,356,478,561.97 | 1,812,458,050.62 | 30.02 |
| Operating costs | 2,101,464,482.64 | 1,247,686,676.14 | 68.43 |
| Financial expenses | 37,174,236.46 | 70,127,372.98 | -46.99 |
| Other income | 108,516,440.69 | 20,511,087.64 | 429.06 |
| Investment income (loss is represented by “-”) | 123,412,144.27 | -9,070,520.43 | N/A |
| Impairment losses on credit (loss is represented by “-”) | -9,880,103.11 | 922,281.77 | -1,171.27 |
| Income tax expenses | 8,691,413.41 | 43,648,482.22 | -80.09 |
| Net cash flow from operating activities | -192,175,244.45 | 247,840,901.65 | -177.54 |
| Net cash flow from investment activities | 93,938,292.22 | -529,855,121.56 | N/A |
| Net cash flow from financing activities | -287,499,622.97 | 783,748,918.77 | -136.68 |

Reasons for change in operating revenue: a year-on-year increase in sales volume of new energy glass during the reporting period;

Reasons for change in operating costs: a year-on-year increase in sales volume of new energy glass on the one hand, and an increase in the prices of raw materials and fuel on the other hand during the reporting period;

Reasons for change in financial expenses: reduction in financing scale and a decrease in financing costs during the reporting period;

Reasons for change in other income: a year-on-year increase in government subsidies during the reporting period;

Reasons for change in investment income: income from disposal of equity interests in information display segment during the reporting period;

Reasons for change in impairment losses on credit: an increase in current accounts and provision for impairment losses 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: receipt of notes receivable from customers and discounting not satisfying the condition of derecognition during the reporting period;

Reasons for change in net cash flow from investment activities: receipt of proceeds from disposal of equity interests in information display segment during the reporting period;

Reasons for change in net cash flow from financing activities: reduction in financing scale and a decrease in financing costs during the reporting period.

2. Principal operations by industry and by product

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 the corresponding period last year (%) | Increase/decrease of operating costs as compared with the corresponding period of last year (%) | Increase/decrease of gross profit margin as compared with the corresponding period of last year (%) |
| | | | | | | |
| New materials | 2,351,356,734.71 | 2,098,074,227.70 | 10.77 | 30.94 | 70.39 | Decreased by 20.66 percentage points |

| Principal operations by product | | | | | | |
|---------------------------------|-------------------|------------------|-------------------------|--|---|---|
| By product | Operating revenue | Operating costs | Gross profit margin (%) | Increase/decrease of operating revenue as compared with the corresponding period last year (%) | Increase/decrease of operating costs as compared with the corresponding period of last year (%) | Increase/decrease of gross profit margin as compared with the corresponding period of last year (%) |
| | | | | | | |
| Information display glass | 22,320,590.62 | 12,204,919.51 | 45.32 | -88.72 | -89.79 | Increased by 5.74 percentage points |
| New energy glass | 2,156,904,513.52 | 1,947,368,363.90 | 9.71 | 56.27 | 101.29 | Decreased by 20.20 percentage points |
| Other functional glass | 172,131,630.57 | 138,500,944.29 | 19.54 | -20.91 | -4.07 | Decreased by 14.12 percentage points |

Notes: During the reporting period, the Company completed the overall disposal of the information display glass business segment.

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

None

(III) Analysis of assets and liabilities

(1) Assets and liabilities

Unit: Yuan Currency: RMB

| Item | Closing balance of current period | Percentage of closing balance of current period over the total assets (%) | Closing balance of last year | Percentage of closing balance of last year over the total assets (%) | Percentage of changes in closing balance of current period over the closing balance of last year (%) | Explanation |
|-----------------------------------|--|--|-------------------------------------|---|---|--|
| Monetary funds | 735,258,890.63 | 7.96 | 1,116,571,580.99 | 12.07 | -34.15 | Increase in continuous investment in investment projects during the reporting period |
| Notes receivable | 370,346,787.79 | 4.01 | 204,999,510.62 | 2.22 | 80.66 | Increase in sales settlement notes during the reporting period |
| Accounts receivable | 1,010,013,671.33 | 10.93 | 438,504,721.48 | 4.74 | 130.33 | Increase in sales revenue during the reporting period |
| Accounts receivable financing | 576,969,995.65 | 6.25 | 369,857,635.69 | 4.00 | 56.00 | Increase in sales settlement notes during the reporting period |
| Other receivables | 24,024,469.90 | 0.26 | 35,054,042.55 | 0.38 | -31.46 | Increase in settlement of current accounts during the reporting period |
| Other current assets | 26,723,577.61 | 0.29 | 190,034,599.15 | 2.05 | -85.94 | Increase in VAT refund during the reporting period |
| Research and development expenses | 24,274,463.45 | 0.26 | 12,951,857.34 | 0.14 | 87.42 | Increase in R&D investment during the reporting period |
| Other non-current assets | 227,630,401.36 | 2.46 | 185,935,267.61 | 2.01 | 22.42 | Increase in outstanding payments during the reporting period |

| Item | Closing balance of current period | Percentage of closing balance of current period over the total assets (%) | Closing balance of last year | Percentage of closing balance over the total assets (%) | Percentage of changes in closing balance of current period over the closing balance of last year (%) | Explanation |
|-------------------------------|-----------------------------------|---|------------------------------|---|--|---|
| Short-term borrowings | 855,392,539.36 | 9.26 | 1,326,709,864.27 | 14.34 | -35.53 | Reduction of financing scale during the reporting period |
| Notes payable | 385,144,503.71 | 4.17 | 650,930,930.94 | 7.03 | -40.83 | Redemption of matured notes during the reporting period |
| Accounts payable | 1,202,412,504.29 | 13.01 | 645,516,087.58 | 6.98 | 86.27 | Expansion of business scale during the reporting period |
| Contract liabilities | 33,199,856.90 | 0.36 | 46,718,841.37 | 0.50 | -28.94 | Increase in settlement of receipts in advance during the reporting period |
| Employee compensation payable | 25,134,680.64 | 0.27 | 60,667,607.28 | 0.66 | -58.57 | Payment of bonus for the previous year during the reporting period |
| Taxes payable | 45,492,417.55 | 0.49 | 12,827,698.25 | 0.14 | 254.64 | Increase in sales revenue during the reporting period |
| Other payables | 180,543,250.15 | 1.95 | 701,248,471.31 | 7.58 | -74.25 | Decrease in current accounts during the reporting period |
| Other current liabilities | 292,032,757.96 | 3.16 | 20,064,405.18 | 0.22 | 1,355.48 | Increase in notes not derecognised during the reporting period |

(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 | 160,319,409.61 | Deposits for bank acceptance bill |
| Accounts receivable financing | 149,009,662.76 | Pledge |
| Notes receivable | 65,319,760.70 | Pledge |
| Fixed assets | 200,709,021.70 | Mortgage |
| Intangible assets | <u>33,588,826.96</u> | Mortgage |
| Total | <u><u>608,946,681.73</u></u> | |

(3) *Other explanations*

1. Bank borrowings and other loans

Short-term borrowings: as at the end of the reporting period, the balance of short-term borrowings was RMB855,392,539.36, including credit borrowings of RMB595,000,000.00, guaranteed borrowings of RMB139,819,737.54, notes discounted but not derecognised of RMB119,808,212.01 and interest payable of RMB764,589.81.

Long-term borrowings: the balance of long-term borrowings was RMB1,478,098,365.28 (including the balance of long-term borrowings due within one year amounting to RMB218,898,365.28).

2. Liquidity and capital resources

As at 30 June 2022, the Group had cash and cash equivalents of RMB574,939,481.02, including US dollar deposits of RMB2,031,754.47 (31 December 2021: US dollar deposits of RMB16,884,693.24) and HK dollar deposits of RMB6,130.11 (31 December 2021: HK dollar deposits of RMB5,860.37), representing a decrease of RMB386,539,755.35 for cash and cash equivalents at the end of the period compared with the balance of RMB961,479,236.37 as at 31 December 2021.

3. Gearing ratio

Gearing ratio is calculated based on the total liabilities at the end of the period less the balance of cash and cash equivalents and divided by net assets attributable to the parent. The gearing ratio of the Group calculated under this formula was 99.74% as at 30 June 2022, compared to 103.07% as at 31 December 2021, representing a decrease of 3.33 percentage points.

4. Contingent liabilities

As at 30 June 2022, the Group had no material contingent liabilities.

5. Risk of exchange rate fluctuations

The Group's assets, liabilities and transactions are mainly denominated in Renminbi. Therefore, fluctuations in foreign exchange rates do not have any material impact on the Group.

6. Save as disclosed herein, pursuant to paragraph 40 of Appendix 16 to the Hong Kong Listing Rules, the Company confirms that there were no material differences between the existing information of the Company relating to the matters as set out in paragraph 32 of Appendix 16 and the relevant information disclosed in the Company's 2021 annual report.

(IV) Material disposal of assets and equity interests

On 25 January 2022, the Company considered and approved at the 2022 first extraordinary general meeting the Resolution on the Transfer of the Entire Equity Interests 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責任公司) 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) from the Company to Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司), including the entering into of the Equity Transfer Agreements and the transactions contemplated thereunder.

On 28 January 2022, all three target companies of the equity transfer have completed the change of business registration.

(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 |
|---|-----------------|-----------------------------------|---------------------------|---------------------|-------------------|-------------------|
| CNBMG (Puyang) Photoelectric Material Co., Ltd | New materials | New energy glass | 240,000,000.00 | 733,541,787.28 | 260,459,419.70 | -20,535,511.50 |
| CNBM (Hefei) New Energy Co., Ltd. | New materials | New energy glass | 868,000,000.00 | 2,572,017,617.06 | 1,054,875,426.59 | 11,976,386.09 |
| CNBM (Tongcheng) New Energy Materials Co., Ltd. | New materials | New energy glass | 933,388,980.00 | 2,162,260,376.84 | 1,135,526,268.49 | 47,654,636.04 |
| CNBM (Yixing) New Energy Resources Co., Ltd | New materials | New energy glass | 313,700,000.00 | 1,744,971,161.56 | 485,532,459.94 | 24,177,077.86 |
| Qinhuangdao North Glass Co., Ltd. | New materials | Other functional glass | 643,903,700.00 | 498,029,184.31 | 349,289,554.08 | 21,415,243.66 |
| Kaisheng (Zigong) New Energy Co., Ltd. | New materials | New energy glass | 500,000,000.00 | 1,141,917,824.23 | 516,549,774.10 | 25,835,492.70 |
| CNBM (Luoyang) New Energy Resources Co., Ltd | New materials | New energy glass | 800,000,000.00 | 283,732,647.01 | 101,501,115.47 | 1,415,443.78 |

V. CORPORATE GOVERNANCE

1. Repurchase, Sale and Redemption of Shares

During the reporting period, neither the Company nor any of its subsidiaries carried out other repurchase, sale or redemption of any securities of the Company.

2. Audit Committee

The audit committee of the Board of the Company has reviewed this interim report.

3. Compliance with the Corporate Governance Code

During the reporting period, the Company has complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rule of the Stock Exchange.

4. Compliance with the Model Code

Having made specific enquiries to all directors and supervisors of the Company, all directors and supervisors have confirmed that they have complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of the Stock Exchange during the reporting period.

5. Employees and Remuneration Policy

As at 30 June 2022, the number of employees listed on the payroll register of the Group was 2,971. An annual remuneration system is adopted for the management personnel of the Company and its subsidiaries while a position and skill-based salary system is adopted for the employees of the Company. In addition, according to relevant national, provincial and municipal policies, employees of the Company are also entitled to the “five insurance payments and housing provident fund”, paid leave, paid training and other treatments.

6. Raising Funds from the Non-public Issuance of A Shares in the Previous Year

As approved by the China Securities Regulatory Commission, the Company issued 97,134,531 RMB ordinary shares to specific subscribers by way of non-public issuance in 2021, and raised total proceeds of RMB1,999,999,993.29. After deducting the sponsor and underwriting fees of RMB15,999,999.95 for the non-public issuance (including VAT), the net proceeds raised amounted to RMB1,983,999,993.34.

As at the end of the reporting period, the use of proceeds of the Company was as follows:

| Committed investment projects | Intended investment amount of the proceeds <i>Approximately RMB0'000</i> | Utilised proceeds as of 30 June 2022 <i>Approximately RMB0'000</i> | Balance of unutilised proceeds as of 30 June 2022 <i>Approximately RMB0'000</i> |
|--|---|--|--|
| Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment of CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) | 80,000 | 75,312.33 | 4,687.67 |
| Project of Photovoltaic Cell Encapsulating Material for Solar Equipment of CNBM (Hefei) New Energy Co., Ltd.* (中建材(合肥)新能源有限公司) | 60,000 | 58,697.36 | 1,302.64 |
| Repayment of interest-bearing liabilities and replenishment of working capital project | 58,400 | 58,400 | - |
| Total | <u>198,400</u> | <u>192,409.69</u> | <u>5,990.31</u> |

During the reporting period, the main constructions of the two investment projects under the funds raising through the issuance of A shares have been completed. However, due to the impact of sporadic outbreak of the pandemic in China, the movement of construction personnel and the transportation of construction materials and equipment of the projects were restricted, and the date on which the overall projects are scheduled to reach the usable state was delayed. The Company will arrange fund use plan in a reasonable manner according to the actual progress of the committed investment projects, and it is expected that the proceeds will be used up by the end of 2023.

Save as disclosed herein, the Company confirms that the actual or intended use of the proceeds is consistent with that as previously disclosed by the Company.

7. Publication of Interim Report

The interim report of the Company for the first half of 2022 containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be despatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Luoyang Glass Company Limited*
Xie Jun
Chairman

Luoyang, the PRC
30 August 2022

As at the date of this announcement, the Board comprises five executive Directors: Mr. Xie Jun, Mr. Ma Yan, Mr. Zhang Rong, Mr. Liu Yuquan and Ms. Wang Leilei; two non-executive Directors: Mr. Tao Ligang and Mr. Zhang Chong; and four independent non-executive Directors: Ms. Zhang Yajuan, Mr. Fan Baoqun Mr. Chen Qisuo and Mr. Zhao Hulin.

* *For identification purposes only*