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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)

## **2020 INTERIM RESULTS ANNOUNCEMENT**

### **I. IMPORTANT NOTICE**

This interim results announcement is extracted from the full text of the interim report of the Company. For details, investor are advised to read carefully the full text of the interim report 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 2020 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<br>period<br>(January<br>to June) | Same period<br>last year              | Increase/<br>decrease<br>over the<br>same period<br>last year<br>(%) |
|--|---|---------------------------------------|--|
| Operating income   | <b>957,734,358.65</b>                       | 859,386,141.43                        | 11.44  |
| Net profit attributable<br>to shareholders of the<br>Company   | <b>16,144,701.43</b>                        | 15,631,196.06                         | 3.29   |
| Net profit attributable<br>to shareholders of the<br>Company after deducting<br>non-recurring profit or loss | <b>7,084,196.75</b>                         | -1,360,458.41                         | N/A  |
| Net cash flow from operating<br>activities   | <b>-27,661,112.64</b>                       | -144,853,706.23                       | N/A  |
|  | At the end<br>of the<br>reporting<br>period | At the end<br>of the<br>previous year | Increase/<br>decrease from<br>the end of the<br>previous year<br>(%) |
| Net assets attributable<br>to shareholders of the<br>Company   | <b>1,315,361,066.75</b>                     | 1,299,216,365.32                      | 1.24   |
| Total assets   | <b>5,506,587,736.45</b>                     | 5,241,039,877.95                      | 5.07   |

## (II) Number and shareholdings of shareholders

### 1. Number of shareholders

Total number of shareholders as at the end of the reporting period 42,567, including 42,523 holders of A shares and 44 holders of H shares

### 2. Shareholdings of top ten shareholders

*Unit: shares*

| Name of shareholder<br>(Full name)  | Increase/<br>decrease<br>during the<br>reporting<br>period | Shareholdings of top ten shareholders                       |                   |   | Pledged or frozen |            | Nature of<br>shareholder                           |
|---|--|---|-------------------|---|-------------------|------------|--|
|   |  | Number of<br>shares at<br>the end of<br>reporting<br>period | Proportion<br>(%) | Number of<br>shares held<br>subject to<br>trading<br>moratorium | Status            | Number     |  |
| HKSCC NOMINEES LIMITED  | 170,000  | 248,790,699   | 45.04             | 0   | Unknown           |            | Overseas<br>legal<br>person                        |
| China Luoyang Float Glass<br>(Group) Co., Ltd.                                    | 0  | 112,614,918   | 20.39             | 7,596,676   | Pledged           | 57,557,915 | State-owned<br>legal<br>person                     |
| CNBM Bengbu Design &<br>Research Institute for Glass<br>Industry Co., Ltd.        | 0  | 70,793,520  | 12.82             | 1,793,520   | Nil               |            | State-owned<br>legal<br>person                     |
| Triumph Technology Group<br>Co., Ltd.   | 0  | 6,170,699   | 1.12              | 6,170,699   | Nil               |            | State-owned<br>legal<br>person                     |
| Anhui Huaguang<br>Photoelectricity Materials<br>Technology Group Co., Ltd.        | 0  | 4,834,435   | 0.88              | 4,834,435   | Nil               |            | State-owned<br>legal<br>person                     |
| Hefei Gaoxin Development and<br>Investment Group Company*                         | 0  | 2,279,002   | 0.41              | 2,279,002   | Nil               |            | State-owned<br>legal<br>person                     |
| Yixing Environmental<br>Technology Innovation<br>Venture Investment Co.,<br>Ltd.* | 0  | 1,542,674   | 0.28              | 1,542,674   | Nil               |            | State-owned<br>legal<br>person                     |
| Wang Hejun (王賀軍)  | 1,513,400  | 1,513,400   | 0.27              | 0   | Unknown           |            | Domestic<br>natural<br>person                      |
| Qinhuangdao Hongxing Iron &<br>Steel Co., Ltd. (秦皇島宏<br>興鋼鐵有限公司)                  | 1,356,400  | 1,356,400   | 0.25              | 0   | Unknown           |            | Domestic<br>non-state-<br>owned<br>legal<br>person |
| Wang Jinnan (王進南)   | 1,250,400  | 1,250,400   | 0.23              | 0   | Unknown           |            | Domestic<br>natural<br>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  | 248,790,699  | Overseas listed foreign shares     | 248,790,699 |
| China Luoyang Float Glass (Group) Co., Ltd.   | 105,018,242  | Ordinary shares denominated in RMB | 105,018,242 |
| CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.                                | 69,000,000   | Ordinary shares denominated in RMB | 69,000,000  |
| Hefei Gaoxin Development and Investment Group Company*  | 2,279,002  | Ordinary shares denominated in RMB | 2,279,002   |
| Wang Hejun (王賀軍)  | 1,513,400  | Ordinary shares denominated in RMB | 1,513,400   |
| Qinhuangdao Hongxing Iron & Steel Co., Ltd. (秦皇島宏興鋼鐵有限公司)   | 1,356,400  | Ordinary shares denominated in RMB | 1,356,400   |
| Wang Jinnan (王進南)   | 1,250,400  | Ordinary shares denominated in RMB | 1,250,400   |
| Hong Kong Securities Clearing Co., Ltd.   | 936,494  | Ordinary shares denominated in RMB | 936,494     |
| Zhao Dongling (趙東嶺)   | 620,000  | Ordinary shares denominated in RMB | 620,000     |
| Jiao Yang (焦陽)  | 463,730  | Ordinary shares denominated in RMB | 463,730     |
| 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 Bengbu Design & Research Institute for Glass Industry Co., Ltd., Triumph Technology Group Co., Ltd. and Anhui Huaguang Photoelectricity Materials 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資訊披露管理辦法》). 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 these shares via Northbound Trading in the Shanghai-Hong Kong Stock Connect.

**3. 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   | China Luoyang Float Glass (Group) Co., Ltd.                              | 7,596,676   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |
| 2   | Triumph Technology Group Co., Ltd.                                       | 6,170,699   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |
| 3   | Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.     | 4,834,435   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |
| 4   | CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.     | 1,793,520   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |
| 5   | Yixing Environmental Technology Innovation Venture Investment Co., Ltd.* | 1,542,674   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |
| 6   | GCL System Integration Technology Co., Ltd.                              | 875,468   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |
| 7   | China Triumph International Engineering Co., Ltd.                        | 537,160   | 17 April 2021                          | 0  |  | Non-transferable within 36 months from the completion date of the issuance |

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

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

### III. FINANCIAL STATEMENTS AND NOTES

#### (I) Financial Statements

##### Consolidated Balance Sheet

| Item                              | 30 June<br>2020<br>RMB  | 31 December<br>2019<br>RMB |
|-----------------------------------|-------------------------|----------------------------|
| <b>Current assets:</b>            |                         |                            |
| Monetary funds                    | 563,363,691.32          | 432,871,497.66             |
| Notes receivable                  | 177,895,935.74          | 198,553,190.06             |
| Accounts receivable               | 675,010,340.28          | 562,892,681.73             |
| Accounts receivable financing     | 84,928,149.90           | 162,706,438.58             |
| Prepayments                       | 54,597,276.17           | 59,807,534.23              |
| Other receivables                 | 28,291,185.28           | 37,905,213.08              |
| Inventories                       | 378,567,952.16          | 281,882,687.59             |
| Other current assets              | 77,046,550.21           | 83,085,172.69              |
| <b>Total current assets</b>       | <b>2,039,701,081.06</b> | <b>1,819,704,415.62</b>    |
| <b>Non-current assets:</b>        |                         |                            |
| Long-term receivables             | 55,000,000.00           | 55,000,000.00              |
| Fixed assets                      | 2,321,507,535.88        | 2,343,435,561.00           |
| Construction in progress          | 667,588,821.18          | 603,637,921.26             |
| Intangible assets                 | 390,023,440.77          | 396,358,331.06             |
| Research and development expenses | 10,932,816.81           | 3,073,758.34               |
| Long-term deferred expenses       | 4,663,961.37            | 6,792,035.43               |
| Deferred income tax assets        | 10,234,294.72           | 9,366,216.00               |
| Other non-current assets          | 6,935,784.66            | 3,671,639.24               |
| <b>Total non-current assets</b>   | <b>3,466,886,655.39</b> | <b>3,421,335,462.33</b>    |
| <b>Total assets</b>               | <b>5,506,587,736.45</b> | <b>5,241,039,877.95</b>    |

| Item   | 30 June<br>2020<br>RMB  | 31 December<br>2019<br>RMB |
|--|-------------------------|----------------------------|
| <b>Current liabilities:</b>  |                         |                            |
| Short-term borrowings  | 1,391,841,257.70        | 1,240,054,086.26           |
| Notes payable  | 679,925,162.70          | 605,123,498.86             |
| Accounts payable   | 533,650,396.62          | 675,397,180.53             |
| Contract liabilities   | 15,766,566.96           | 15,654,739.42              |
| Employee compensation payable  | 17,336,785.75           | 31,097,821.63              |
| Taxes payable  | 22,847,719.95           | 36,694,248.37              |
| Other payables   | 682,124,114.36          | 356,002,972.21             |
| Non-current liabilities<br>due within one year                                 | 137,047,332.25          | 214,668,497.03             |
| Other current liabilities  | 1,104,615.90            | 1,834,742.27               |
| <b>Total current liabilities</b>   | <b>3,481,643,952.19</b> | <b>3,176,527,786.58</b>    |
| <b>Non-current liabilities:</b>  |                         |                            |
| Long-term borrowings   | 482,542,027.93          | 545,738,860.14             |
| Deferred income  | 105,394,899.26          | 104,830,714.44             |
| <b>Total non-current liabilities</b>   | <b>587,936,927.19</b>   | <b>650,569,574.58</b>      |
| <b>Total liabilities</b>   | <b>4,069,580,879.38</b> | <b>3,827,097,361.16</b>    |
| <b>Shareholders' equity:</b>   |                         |                            |
| Share capital  | 552,396,509.00          | 552,396,509.00             |
| Capital reserve  | 1,978,538,766.30        | 1,978,538,766.30           |
| Surplus reserve  | 51,365,509.04           | 51,365,509.04              |
| Undistributed profit   | -1,266,939,717.59       | -1,283,084,419.02          |
| <b>Total equity attributable to<br/>shareholders of the parent<br/>company</b> | <b>1,315,361,066.75</b> | <b>1,299,216,365.32</b>    |
| Minority interests   | 121,645,790.32          | 114,726,151.47             |
| <b>Total shareholders' equity</b>  | <b>1,437,006,857.07</b> | <b>1,413,942,516.79</b>    |
| <b>Total liabilities and shareholders'<br/>equity</b>                          | <b>5,506,587,736.45</b> | <b>5,241,039,877.95</b>    |

## Balance Sheet of the Parent Company

| Item                            | 30 June<br>2020<br>RMB  | 31 December<br>2019<br>RMB |
|---------------------------------|-------------------------|----------------------------|
| <b>Current assets:</b>          |                         |                            |
| Monetary funds                  | 177,754,171.20          | 152,463,896.56             |
| Notes receivable                |                         | 1,029,000.00               |
| Accounts receivable             | 190,413,678.19          | 198,240,989.31             |
| Accounts receivable financing   | 8,678,838.42            | 12,886,125.11              |
| Prepayments                     | 32,509.13               | 57,754.85                  |
| Other receivables               | 609,578,445.61          | 258,954,816.38             |
| Other current assets            | 748,591.69              | 664,323.60                 |
| <b>Total current assets</b>     | <b>987,206,234.24</b>   | <b>624,296,905.81</b>      |
| <b>Non-current assets:</b>      |                         |                            |
| Long-term receivables           | 55,000,000.00           | 55,000,000.00              |
| Long-term equity investments    | 1,886,146,638.35        | 1,886,146,638.35           |
| Fixed assets                    | 2,037,691.76            | 1,788,774.67               |
| Intangible assets               | 5,623,304.50            | 5,735,396.92               |
| <b>Total non-current assets</b> | <b>1,948,807,634.61</b> | <b>1,948,670,809.94</b>    |
| <b>Total assets</b>             | <b>2,936,013,868.85</b> | <b>2,572,967,715.75</b>    |



| <b>Item</b>   | <b>30 June<br/>2020<br/>RMB</b> | <b>31 December<br/>2019<br/>RMB</b> |
|---|---------------------------------|-------------------------------------|
| <b>Current liabilities:</b>                           |                                 |                                     |
| Short-term borrowings                                 | <b>424,002,411.52</b>           | 339,443,640.19                      |
| Notes payable   | <b>284,500,000.00</b>           | 282,000,000.00                      |
| Accounts payable                                      | <b>12,422,064.84</b>            | 28,749,713.99                       |
| Contract liabilities                                  | <b>12,393,609.32</b>            | 12,849,147.70                       |
| Employee compensation payable                         | <b>4,677,786.62</b>             | 6,853,521.41                        |
| Taxes payable   | <b>195,510.89</b>               | 405,258.48                          |
| Other payables  | <b>746,795,318.95</b>           | 434,067,998.84                      |
| Non-current liabilities<br>due within one year        | <b>16,377,935.43</b>            | 5,649,975.70                        |
| Other current liabilities                             | <b>1,611,169.21</b>             | 1,670,389.18                        |
| <b>Total current liabilities</b>                      | <b><u>1,502,975,806.78</u></b>  | <b><u>1,111,689,645.49</u></b>      |
| <b>Non-current liabilities:</b>                       |                                 |                                     |
| Long-term borrowings                                  | <b>204,016,785.93</b>           | 262,532,959.53                      |
| <b>Total non-current liabilities</b>                  | <b><u>204,016,785.93</u></b>    | <b><u>262,532,959.53</u></b>        |
| <b>Total liabilities</b>                              | <b><u>1,706,992,592.71</u></b>  | <b><u>1,374,222,605.02</u></b>      |
| <b>Shareholders' equity:</b>                          |                                 |                                     |
| Share capital   | <b>552,396,509.00</b>           | 552,396,509.00                      |
| Capital reserve                                       | <b>1,957,991,478.30</b>         | 1,957,991,478.30                    |
| Surplus reserve                                       | <b>51,365,509.04</b>            | 51,365,509.04                       |
| Undistributed profit                                  | <b>-1,332,732,220.20</b>        | -1,363,008,385.61                   |
| <b>Total shareholders' equity</b>                     | <b><u>1,229,021,276.14</u></b>  | <b><u>1,198,745,110.73</u></b>      |
| <b>Total liabilities and shareholders'<br/>equity</b> | <b><u>2,936,013,868.85</u></b>  | <b><u>2,572,967,715.75</u></b>      |

## Consolidated Income Statement

| Item  | Amount for<br>current period<br><i>RMB</i> | Amount for<br>previous period<br><i>RMB</i> |
|---|--|---|
| <b>I. Revenue</b>   | <b>957,734,358.65</b>                      | 859,386,141.43                              |
| Less: Operating costs                                       | 721,314,815.18                             | 687,191,474.77                              |
| Taxes and surcharges  | 11,696,908.91                              | 12,161,659.05                               |
| Selling expenses  | 36,041,777.19                              | 27,898,577.87                               |
| Administration expenses                                     | 51,347,652.93                              | 51,131,055.26                               |
| Research and development expenses                           | 37,333,411.11                              | 30,735,729.09                               |
| Finance expenses  | 56,027,520.64                              | 43,292,908.66                               |
| Including: Interest expenses                                | 53,903,142.34                              | 40,478,584.53                               |
| Interest income   | 2,251,089.94                               | 1,756,094.19                                |
| Add: Other income   | 9,182,107.85                               | 9,277,934.32                                |
| Investment income   |  |   |
| (loss is represented by “-”)                                | -5,356,989.75                              | -3,657,501.60                               |
| Impairment losses of credit                                 |  |   |
| (loss is represented by “-”)                                | -5,146,333.82                              | -1,383,725.31                               |
| Impairment losses of assets                                 |  |   |
| (loss is represented by “-”)                                | -2,600,000.00                              |   |
| Gain on disposal of assets                                  |  |   |
| (loss is represented by “-”)                                | 111,175.19                                 | 12,318,957.84                               |
| <b>II. Operating profit (loss is represented by “-”)</b>    | <b>40,162,232.16</b>                       | 23,530,401.98                               |
| Add: Non-operating income                                   | 2,510,354.63                               | 1,538,461.08                                |
| Less: Non-operating expense                                 | 5,120.00                                   | 1,913,959.04                                |
| <b>III. Total profit (total loss is represented by “-”)</b> | <b>42,667,466.79</b>                       | 23,154,904.02                               |
| Less: Income tax expenses                                   | 9,917,339.40                               | 4,573,807.81                                |

| Item   | Amount for<br>current period<br><i>RMB</i> | Amount for<br>previous period<br><i>RMB</i> |
|--|--|---|
| <b>IV. Net profit (net loss is represented by “-”)</b>                                   | <b>32,750,127.39</b>                       | 18,581,096.21                               |
| (I) Classified on going concern basis:   |  |   |
| 1. Net profit from continued operation (Net loss is represented by “-”)                  | <b>32,750,127.39</b>                       | 18,581,096.21                               |
| 2. Net profit from discontinued operation (net loss is represented by “-”)               |  |   |
| (II) Classified by ownership:  |  |   |
| 1. Net profit attributable to the owners of the Company (Net loss is represented by “-”) | <b>16,144,701.43</b>                       | 15,631,196.06                               |
| 2. Profit or loss attributable to minority interests (Net loss is represented by “-”)    | <b>16,605,425.96</b>                       | 2,949,900.15                                |
| <b>V. Other comprehensive income net of tax</b>  |  |   |
| <b>VI. Total comprehensive income</b>  | <b>32,750,127.39</b>                       | 18,581,096.21                               |
| (I) Total comprehensive income attributable to owners of the Company                     | <b>16,144,701.43</b>                       | 15,631,196.06                               |
| (II) Total comprehensive income attributable to minority interests                       | <b>16,605,425.96</b>                       | 2,949,900.15                                |
| <b>VII. Earnings per share</b>   |  |   |
| (I) Basic earnings per share   | <b>0.0292</b>                              | 0.0279                                      |
| (II) Diluted earnings per share  | <b>0.0292</b>                              | 0.0279                                      |

## Income Statement of the Company

| Item  | Amount for<br>current period<br><i>RMB</i> | Amount for<br>previous period<br><i>RMB</i> |
|---|--|---|
| <b>I. Revenue</b>   | <b>148,723,247.33</b>                      | 168,701,859.45                              |
| Less: Operating costs   | <b>147,828,673.42</b>                      | 167,167,323.94                              |
| Taxes and surcharges  | <b>103,897.70</b>                          | 479,085.17                                  |
| Selling expenses  | <b>317,607.19</b>                          | 228,144.82                                  |
| Administration expenses   | <b>7,037,071.37</b>                        | 5,859,579.75                                |
| R&D expenses  |  |   |
| Finance expenses  | <b>20,894,368.25</b>                       | 14,101,401.01                               |
| Including: Interest expenses  | <b>27,350,538.18</b>                       | 21,722,026.93                               |
| Interest income   | <b>8,382,129.21</b>                        | 7,734,797.10                                |
| Add: Other income   | <b>52,286.00</b>                           | 232,307.00                                  |
| Investment income (loss is represented by “-”)                                | <b>50,905,540.46</b>                       | 60,000,000.00                               |
| Impairment losses of credit<br>(loss is represented by “-”)                   | <b>4,198,408.92</b>                        | 200,644.57                                  |
| Impairment losses of assets<br>(loss is represented by “-”)                   |  |   |
| Gain on disposal of assets<br>(loss is represented by “-”)                    | <b>71,721.97</b>                           | 26,325.18                                   |
| <b>II. Operating profit (loss is represented by “-”)</b>                      | <b>27,769,586.75</b>                       | 41,325,601.51                               |
| Add: Non-operating income   | <b>2,506,578.66</b>                        | 56.28                                       |
| Less: Non-operating expense   |  |   |
| <b>III. Total profit (total loss is represented by “-”)</b>                   | <b>30,276,165.41</b>                       | 41,325,657.79                               |
| Less: Income tax expenses   |  |   |
| <b>IV. Net profit (net loss is represented by “-”)</b>                        | <b>30,276,165.41</b>                       | 41,325,657.79                               |
| 1. Net profit from continued operation<br>(Net loss is represented by “-”)    | <b>30,276,165.41</b>                       | 41,325,657.79                               |
| 2. Net profit from discontinued operation<br>(Net loss is represented by “-”) |  |   |
| <b>V. Other comprehensive income net of tax</b>                               |  |   |
| <b>VI. Total comprehensive income</b>   | <b>30,276,165.41</b>                       | 41,325,657.79                               |

## Consolidated Cash Flow Statement

| Item  | Amount for<br>current period<br><i>RMB</i> | Amount for<br>previous period<br><i>RMB</i> |
|---|--|---|
| <b>I. Cash flows from operating activities:</b>   |  |   |
| Cash received from sale of goods or rendering of services   | 672,835,898.33                             | 348,541,965.92                              |
| Tax refunds received  | 4,219,794.84                               | 1,530,948.21                                |
| Other cash received from activities related to operation  | 33,907,796.09                              | 26,060,808.89                               |
| Subtotal of cash inflows from operating activities  | <u>710,963,489.26</u>                      | <u>376,133,723.02</u>                       |
| Cash paid for purchase of goods and services rendered   | 520,439,681.27                             | 334,027,302.11                              |
| Cash paid to and on behalf of employees   | 115,505,627.12                             | 112,998,300.13                              |
| Tax payments  | 55,820,445.15                              | 36,359,649.16                               |
| Other cash paid for activities related to operation   | 46,858,848.36                              | 37,602,177.85                               |
| Sub-total of cash outflow from operating activities   | <u>738,624,601.90</u>                      | <u>520,987,429.25</u>                       |
| Net cash flow from operating activities   | <u><u>-27,661,112.64</u></u>               | <u><u>-144,853,706.23</u></u>               |
| <b>II. Cash flow from investment activities:</b>  |  |   |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets                 |  | 14,252,170.15                               |
| Other cash received from investment activities  |  |   |
| Subtotal of cash inflows from investment activities   |  | <u>14,252,170.15</u>                        |
| Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets | 67,452,391.33                              | 74,209,579.97                               |
| Subtotal of cash outflows from investment activities  | <u>67,452,391.33</u>                       | <u>74,209,579.97</u>                        |
| Net cash flow from investment activities  | <u><u>-67,452,391.33</u></u>               | <u><u>-59,957,409.82</u></u>                |

| Item  | Amount for<br>current period<br><i>RMB</i> | Amount for<br>previous period<br><i>RMB</i> |
|---|--|---|
| <b>III. Cash flows from financing activities:</b>                               |  |   |
| Proceeds from loans   | <b>1,005,690,000.00</b>                    | 977,860,000.00                              |
| Other cash received related to financing activities                             | <b>408,688,371.60</b>                      | 248,194,190.52                              |
| Subtotal of cash inflows from financing activities                              | <b><u>1,414,378,371.60</u></b>             | <u>1,226,054,190.52</u>                     |
| Cash paid for repayments of borrowings  | <b>978,538,827.53</b>                      | 689,780,177.44                              |
| Cash payment for distribution of dividends and profits or repayment of interest | <b>62,055,488.14</b>                       | 43,231,912.87                               |
| Including: Dividends and profits paid to minority shareholders by subsidiaries  | <b>9,685,787.11</b>                        |   |
| Other cash payments related to financing activities                             | <b>186,605,382.06</b>                      | 279,208,195.43                              |
| Subtotal of cash outflows from financing activities                             | <b><u>1,227,199,697.73</u></b>             | <u>1,012,220,285.74</u>                     |
| Net cash flow from financing activities   | <b><u><u>187,178,673.87</u></u></b>        | <u><u>213,833,904.78</u></u>                |
| <b>IV. Effect of exchange rate changes on cash and cash equivalents</b>         | <b>-42,553.79</b>                          | 112,942.21                                  |
| <b>V. Net increase in cash and cash equivalents</b>                             | <b>92,022,616.11</b>                       | 9,135,730.94                                |
| Add: Opening balance of cash and cash equivalents                               | <b>148,188,549.43</b>                      | 160,068,348.62                              |
| <b>VI. Closing balance of cash and cash equivalents</b>                         | <b><u><u>240,211,165.54</u></u></b>        | <u><u>169,204,079.56</u></u>                |

## Cash Flow Statement of the Parent Company

| Item  | Amount for<br>current period<br><i>RMB</i> | Amount for<br>previous period<br><i>RMB</i> |
|---|--|---|
| <b>I. Cash flows from operating activities:</b>   |  |   |
| Cash received from sale of goods or rendering of services   | <b>70,254,093.90</b>                       | 23,434,798.38                               |
| Tax refunds received  | <b>8,674.31</b>                            |   |
| Other cash received from activities related to operation  | <b>4,478,459.91</b>                        | 11,079,103.62                               |
| Subtotal of cash inflows from operating activities  | <b><u>74,741,228.12</u></b>                | <u>34,513,902.00</u>                        |
| <br>  |  |   |
| Cash paid for purchase of goods and services rendered   | <b>51,370,215.25</b>                       | 5,548,780.44                                |
| Cash paid to and on behalf of employees   | <b>6,494,217.06</b>                        | 7,145,703.58                                |
| Tax payments  | <b>623,240.85</b>                          | 515,656.34                                  |
| Other cash paid for activities related to operation   | <b>6,210,343.52</b>                        | 20,755,532.64                               |
| Sub-total of cash outflow from operating activities   | <b><u>64,698,016.68</u></b>                | <u>33,965,673.00</u>                        |
| <br>  |  |   |
| Net cash flow from operating activities   | <b><u><u>10,043,211.44</u></u></b>         | <u><u>548,229.00</u></u>                    |
| <br><b>II. Cash flow from investment activities:</b>  |  |   |
| Cash received from returns on investments   | <b>23,701,965.76</b>                       |   |
| Subtotal of cash inflows from investment activities   | <b><u>23,701,965.76</u></b>                |   |
| <br>  |  |   |
| Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets | <b>463,811.50</b>                          |   |
| Cash paid for investment  |  | 138,000,000.00                              |
| Subtotal of cash outflows from investment activities  | <b><u>463,811.50</u></b>                   | <u>138,000,000.00</u>                       |
| <br>  |  |   |
| Net cash flow from investment activities  | <b><u><u>23,238,154.26</u></u></b>         | <u><u>-138,000,000.00</u></u>               |

| <b>Item</b>   | <b>Amount for<br/>current period<br/>RMB</b> | <b>Amount for<br/>previous period<br/>RMB</b> |
|---|--|---|
| <b>III. Cash flows from financing activities:</b>                               |  |   |
| Proceeds from loans   | <b>383,490,000.00</b>                        | 375,860,000.00                                |
| Other cash received related to financing activities                             | <b>1,133,528,371.60</b>                      | 1,182,574,374.46                              |
| Subtotal of cash inflows from financing activities                              | <b><u>1,517,018,371.60</u></b>               | <u>1,558,434,374.46</u>                       |
| Cash paid for repayments of borrowings  | <b>346,626,060.36</b>                        | 224,477,855.86                                |
| Cash payment for distribution of dividends and profits or repayment of interest | <b>17,918,809.76</b>                         | 10,903,081.46                                 |
| Other cash payments related to financing activities                             | <b>1,209,482,137.06</b>                      | 1,150,384,690.80                              |
| Subtotal of cash outflows from financing activities                             | <b><u>1,574,027,007.18</u></b>               | <u>1,385,765,628.12</u>                       |
| Net cash flow from financing activities   | <b><u><u>-57,008,635.58</u></u></b>          | <u><u>172,668,746.34</u></u>                  |
| <b>IV. Effect of exchange rate changes on cash and cash equivalents</b>         | <b>128.99</b>                                | 25.07   |
| <b>V. Net increase in cash and cash equivalents</b>                             | <b>-23,727,140.89</b>                        | 35,217,000.41                                 |
| Add: Opening balance of cash and cash equivalents                               | <b>46,467,911.64</b>                         | 36,334,602.60                                 |
| <b>VI. Closing balance of cash and cash equivalents</b>                         | <b><u><u>22,740,770.75</u></u></b>           | <u><u>71,551,603.01</u></u>                   |



## Consolidated Statement of Changes in Owners' Equity

| Item  | Current period                                     |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
|---|--|-----------------|--------|------------------|----------------|----------------------|------------------|-----------------|----------------------|----------|----------------------------|--------------------|
|   | Attributable to shareholders of the Parent Company |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
|   | Other equity instruments                           |                 |        | Less:            |                |                      | Other            |                 |                      |          | Total shareholders' equity |                    |
| Share capital   | Preferred shares                                   | Perpetual bonds | Others | Capital reserve  | Treasury stock | comprehensive income | Special reserve  | Surplus reserve | Undistributed profit | Subtotal |                            | Minority interests |
| I. Balance at the end of last year                        | 552,396,509.00                                     |                 |        | 1,978,538,766.30 | 51,365,509.04  | -1,283,084,419.02    | 1,299,216,365.32 | 114,726,151.47  | 1,413,942,516.79     |          |                            |                    |
| II. Balance at the beginning of the year                  | 552,396,509.00                                     |                 |        | 1,978,538,766.30 |                |                      |                  |                 |                      |          |                            |                    |
| III. Change for the period (decrease is indicated by “-”) |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| (I) Total comprehensive income                            |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| (II) Shareholders' contribution and decrease in capital   |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| (III) Profit distribution                                 |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| 1. Appropriation to surplus reserve                       |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| 2. Distribution to shareholders                           |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| 3. Others   |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| (IV) Internal carry-forward of shareholders' equity       |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| (V) Special reserve                                       |  |                 |        |                  |                |                      |                  |                 |                      |          |                            |                    |
| IV. Balance at the end of the period                      | 552,396,509.00                                     |                 |        | 1,978,538,766.30 | 51,365,509.04  | -1,266,939,717.59    | 1,315,361,066.75 | 121,645,790.32  | 1,437,006,857.07     |          |                            |                    |

Previous Period

| Item  | Attributable to shareholders of the Parent Company |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
|---|--|------------------|-----------------|------------------|------------------|----------------|----------------------------|-------------------|------------------|----------------------|------------------|--------------------|---------------------------|
|   | Other equity instruments                           |                  |                 |                  | Less:            |                |                            |                   |                  |                      |                  | Minority interests | Total shareholders equity |
|   | Share capital                                      | Preferred shares | Perpetual bonds | Others           | Capital reserve  | Treasury stock | Other comprehensive income | Special reserve   | Surplus reserve  | Undistributed profit | Subtotal         |                    |                           |
| <b>I. Balance at the end of last year</b>                           | 559,797,391.00                                     |                  |                 | 1,971,137,887.30 | 1,971,137,887.30 |                | 51,365,509.04              | -1,337,084,302.73 | 1,245,216,484.61 | 100,124,616.60       | 1,345,341,101.21 |                    | 1,345,341,101.21          |
| <b>II. Balance at the beginning of the year</b>                     | 559,797,391.00                                     |                  |                 | 1,971,137,887.30 | 1,971,137,887.30 |                | 51,365,509.04              | -1,337,084,302.73 | 1,245,216,484.61 | 100,124,616.60       | 1,345,341,101.21 |                    | 1,345,341,101.21          |
| <b>III. Change for the period</b><br>(decrease is indicated by “-”) |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| (I) Total comprehensive income                                      |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| (II) shareholders' contribution and decrease in capital             |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| (III) Profit distribution   |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| (IV) Internal carry-forward of shareholders' equity                 |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| (V) Special reserve   |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| (VI) Others   |  |                  |                 |                  |                  |                |                            |                   |                  |                      |                  |                    |                           |
| <b>IV. Balance at the end of the period</b>                         | 559,797,391.00                                     |                  |                 | 1,971,137,887.30 | 1,971,137,887.30 |                | 51,365,509.04              | -1,321,453,106.67 | 1,260,847,680.67 | 103,074,516.75       | 1,363,922,197.42 |                    | 1,363,922,197.42          |

## Statement of Changes in Owners' Equity of the Parent Company

| Item   | Current period                                     |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
|--|--|------------------|-----------------|--------|------------------|----------------|----------------------------|-----------------|-----------------|----------------------|----------------------------|
|  | Attributable to shareholders of the Parent Company |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
|  | Other equity instruments                           |                  |                 | Less:  |                  |                |                            |                 |                 |                      |                            |
|  | Share capital                                      | Preferred shares | Perpetual bonds | Others | Capital reserve  | Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Total shareholders' equity |
| I. Balance at the end of last year                           | 552,396,509.00                                     |                  |                 |        | 1,957,991,478.30 |                |                            |                 | 51,365,509.04   | -1,363,008,385.61    | 1,198,745,110.73           |
| II. Balance at the beginning of the year                     | 552,396,509.00                                     |                  |                 |        | 1,957,991,478.30 |                |                            |                 | 51,365,509.04   | -1,363,008,385.61    | 1,198,745,110.73           |
| III. Change for the period<br>(decrease is indicated by "-") |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| (I) Total comprehensive income                               |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| (II) Shareholders' contribution and decrease in capital      |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| (III) Profit distribution                                    |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| (IV) Internal carry-forward of Shareholders' equity          |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| (V) Special reserve  |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| (VI) Others  |  |                  |                 |        |                  |                |                            |                 |                 |                      |                            |
| IV. Balance at the end of the period                         | 552,396,509.00                                     |                  |                 |        | 1,957,991,478.30 |                |                            |                 | 51,365,509.04   | -1,332,732,220.20    | 1,229,021,276.14           |

| Item  | Previous period                                    |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
|---|--|---------------------|-----------------|--------|------------------|----------------|----------------------|-----------------|-----------------|----------------------|----------------------------|
|   | Attributable to shareholders of the Parent Company |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
|   | Other equity instruments                           |                     |                 | Less:  |                  |                | Other                |                 |                 |                      |                            |
|   | Share capital                                      | Preferential shares | Perpetual bonds | Others | Capital reserve  | Treasury stock | comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Total shareholders' equity |
| <b>I. Balance at the end of last year</b>                           | 559,797,391.00                                     |                     |                 |        | 1,950,590,599.30 |                |                      |                 | 51,365,509.04   | -1,365,555,280.00    | 1,196,198,219.34           |
| <b>II. Balance at the beginning of the year</b>                     | 559,797,391.00                                     |                     |                 |        | 1,950,590,599.30 |                |                      |                 | 51,365,509.04   | -1,365,555,280.00    | 1,196,198,219.34           |
| <b>III. Change for the period</b><br>(decrease is indicated by “-”) |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| (I) Total comprehensive income                                      |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| (II) shareholders' contribution and decrease in capital             |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| (III) Profit distribution   |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| (IV) Internal carry-forward of shareholders' equity                 |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| (V) Special reserve   |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| (VI) Others   |  |                     |                 |        |                  |                |                      |                 |                 |                      |                            |
| <b>IV. Balance at the end of the period</b>                         | 559,797,391.00                                     |                     |                 |        | 1,950,590,599.30 |                |                      |                 | 51,365,509.04   | -1,324,229,622.21    | 1,237,523,877.13           |

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

### 1. 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 information display glass and new energy glass.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *(1) Basis of preparation of 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 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 (“**RMB**”).

#### *(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 are eliminated. 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 common control combinations, 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 common control combinations, 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.

### **3. SEGMENT REPORTING**

For management purposes, the Company has two operating segments. The management of the Company regularly reviews the financial information of each segment to make decisions about resources to be allocated to the segment and to assess its performance.

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

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

Inter-segment transfers are measured by reference to sales to third parties.

**(1) Segment information for the half year ended 30 June 2020 is set out as follows:**

| Item  | Information display glass | New energy glass | Unallocated items | Offset            | Total            |
|---|---------------------------|------------------|-------------------|-------------------|------------------|
| 1. Operating income                                   | 135,307,465.81            | 821,826,263.90   | 600,628.94        |                   | 957,734,358.65   |
| Including: Revenue from external principal operations | 135,069,735.52            | 810,100,151.42   | -                 |                   | 945,169,886.94   |
| Revenue from other external operations                | 237,730.29                | 11,726,112.48    | 600,628.94        |                   | 12,564,471.71    |
| 2. Impairment losses of assets                        | -2,600,000.00             | -                | -                 |                   | -2,600,000.00    |
| 3. Credit impairment losses                           | 1,157,403.47              | -6,306,493.15    | 2,755.86          |                   | -5,146,333.82    |
| 4. Depreciation expenses and amortization expenses    | 35,023,516.58             | 61,409,903.08    | 244,105.29        |                   | 96,677,524.95    |
| 5. Total profit                                       | -7,459,134.99             | 78,748,055.19    | 30,276,165.41     | -58,897,618.82    | 42,667,466.79    |
| 6. Income tax expenses                                | 40,198.03                 | 9,877,141.37     | -                 |                   | 9,917,339.40     |
| 7. Net profit   | -7,499,333.02             | 68,870,913.82    | 30,276,165.41     | -58,897,618.82    | 32,750,127.39    |
| 8. Total assets                                       | 1,428,120,545.83          | 4,129,211,394.66 | 1,049,867,230.50  | -1,100,611,434.54 | 5,506,587,736.45 |
| 9. Total liabilities                                  | 1,035,757,073.20          | 2,837,177,936.55 | 1,706,992,592.71  | -1,510,346,723.08 | 4,069,580,879.38 |

**(2) Segment information for the half year ended 30 June 2019 is set out as follows:**

| Item  | Information display glass | New energy glass | Unallocated items | Offset          | Total            |
|---|---------------------------|------------------|-------------------|-----------------|------------------|
| 1. Operating income                                   | 131,322,857.80            | 728,063,283.63   |                   |                 | 859,386,141.43   |
| Including: Revenue from external principal operations | 121,452,362.95            | 700,105,679.66   |                   |                 | 821,558,042.61   |
| Revenue from other external operations                | 9,870,494.85              | 27,957,603.97    |                   |                 | 37,828,098.82    |
| 2. Impairment losses of assets                        |                           |                  |                   |                 |                  |
| 3. Credit impairment losses                           | -329,530.01               | 1,727,112.54     | -200,644.57       | 186,787.35      | 1,383,725.31     |
| 4. Depreciation expenses and amortization expenses    | 23,951,985.45             | 46,862,522.49    | 604,787.42        |                 | 71,419,295.36    |
| 5. Total profit                                       | 9,836,952.00              | 33,725,826.53    | 41,325,657.79     | -61,733,532.30  | 23,154,904.02    |
| 6. Income tax expenses                                | 501,997.90                | 4,099,828.01     |                   | -28,018.10      | 4,573,807.81     |
| 7. Net profit   | 9,334,954.10              | 29,625,998.52    | 41,325,657.79     | -61,705,514.20  | 18,581,096.21    |
| 8. Total assets                                       | 1,968,919,851.66          | 3,030,459,881.72 | 820,230,528.70    | -943,886,546.12 | 4,875,723,715.96 |
| 9. Total liabilities                                  | 1,383,525,477.32          | 2,058,595,781.72 | 1,053,548,309.92  | -983,868,050.42 | 3,511,801,518.54 |

### **(3) 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<br>2020           | January– June<br>2019 | 30 June<br>2020         | 31 December<br>2019     |
| Mainland China                              | 947,456,319.80                  | 827,184,867.89        | 3,401,652,360.67        | 3,356,969,246.33        |
| Hong Kong, Macau and<br>Taiwan and Overseas | 10,278,038.85                   | 32,201,273.54         | _____                   | _____                   |
| Total                                       | <u>957,734,358.65</u>           | <u>859,386,141.43</u> | <u>3,401,652,360.67</u> | <u>3,356,969,246.33</u> |

### **(4) Major customers**

The Company has a diversified customer base. From January to June 2020, the transaction amount of two customers exceeds 10% of the Company's revenue.



#### 4. 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:

##### *(1) Details of operating revenue*

| <b>Item</b>                       | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|-----------------------------------|--|---|
| Revenue from principal operations | <b>945,169,886.94</b>                    | 821,558,042.61                            |
| Revenue from other operations     | <b>12,564,471.71</b>                     | 37,828,098.82                             |
| Total                             | <b><u>957,734,358.65</u></b>             | <b><u>859,386,141.43</u></b>              |

##### *(2) Details of income from principal operations by product*

| <b>Products or services</b> | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|-----------------------------|--|---|
| Information display glass   | <b>135,069,735.52</b>                    | 121,452,362.95                            |
| New energy glass            | <b>810,100,151.42</b>                    | 700,105,679.66                            |
| Total                       | <b><u>945,169,886.94</u></b>             | <b><u>821,558,042.61</u></b>              |

#### 5. OTHER INCOME

| <b>Item</b>          | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|----------------------|--|---|
| Government subsidies | <b>9,182,107.85</b>                      | 9,277,934.32                              |
| Total                | <b><u>9,182,107.85</u></b>               | <b><u>9,277,934.32</u></b>                |

## 6. GAIN ON DISPOSAL OF ASSETS

| <b>Item</b>  | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|--|--|---|
| Gain or loss on disposal of fixed assets                 | <b>111,175.19</b>                        | 11,860,229.63                             |
| Gains or loss on disposal of intangible<br>assets        |  | 694,847.96                                |
| Gains or loss on disposal of construction<br>in progress |  | -236,119.75                               |
| Total  | <b><u>111,175.19</u></b>                 | <b><u>12,318,957.84</u></b>               |

## 7. NON-OPERATING INCOME

| <b>Item</b>          | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|----------------------|--|---|
| Government subsidies |  | 1,519,100.00                              |
| Other gains          | <b><u>2,510,354.63</u></b>               | <u>19,361.08</u>                          |
| Total                | <b><u>2,510,354.63</u></b>               | <b><u>1,538,461.08</u></b>                |

## 8. PROFIT BEFORE INCOME TAX

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

### *(1) Financial expenses*

| <b>Item</b>                            | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|--|--|---|
| Interest expense                       | <b>53,903,142.34</b>                     | 40,478,584.53                             |
| Less: Interest income                  | <b>2,251,089.94</b>                      | 1,756,094.19                              |
| Exchange loss (less: exchange<br>gain) | <b>69,496.96</b>                         | 159,826.36                                |
| Other expenses                         | <b><u>4,305,971.28</u></b>               | <u>4,410,591.96</u>                       |
| Total                                  | <b><u>56,027,520.64</u></b>              | <b><u>43,292,908.66</u></b>               |

**(2) Operating costs**

| <b>Item</b>                   | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|-------------------------------|--|---|
| Costs of principal operations | <b>709,649,288.56</b>                    | 654,771,879.54                            |
| Costs of other operations     | <b>11,665,526.62</b>                     | 32,419,595.23                             |
| Total                         | <b><u>721,314,815.18</u></b>             | <b><u>687,191,474.77</u></b>              |

**(3) Taxes and surcharges**

| <b>Item</b>                           | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|---------------------------------------|--|---|
| Urban construction and<br>maintenance | <b>1,143,457.37</b>                      | 1,645,229.49                              |
| Education surcharges                  | <b>989,560.15</b>                        | 1,175,290.70                              |
| Property tax                          | <b>3,835,871.28</b>                      | 3,660,424.58                              |
| Land-use tax                          | <b>4,713,581.93</b>                      | 4,496,961.46                              |
| Others                                | <b>1,014,438.18</b>                      | 1,183,752.82                              |
| Total                                 | <b><u>11,696,908.91</u></b>              | <b><u>12,161,659.05</u></b>               |

**(4) Selling expenses**

| <b>Item</b>                   | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|-------------------------------|--|---|
| Staff remuneration            | <b>9,347,358.70</b>                      | 7,566,183.28                              |
| Depreciation expenses         | <b>243,541.49</b>                        | 103,727.28                                |
| Transportation costs          | <b>24,258,674.56</b>                     | 17,371,736.58                             |
| Loading and unloading charges | <b>32,000.00</b>                         | 257,197.70                                |
| Travel expenses               | <b>158,712.20</b>                        | 303,956.21                                |
| Other selling expenses        | <b>2,001,490.24</b>                      | 2,295,776.82                              |
| Total                         | <b><u>36,041,777.19</u></b>              | <b><u>27,898,577.87</u></b>               |

**(5) Administrative expenses**

| <b>Item</b>                                    | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|--|--|---|
| Staff remuneration                             | <b>24,480,256.87</b>                     | 27,927,970.96                             |
| Depreciation of fixed assets                   | <b>9,538,268.51</b>                      | 4,024,822.03                              |
| Amortization of intangible asset               | <b>4,724,878.74</b>                      | 4,507,136.28                              |
| Intermediary engagement and<br>consulting fees | <b>4,189,651.88</b>                      | 3,468,692.27                              |
| Repairing cost                                 | <b>206,631.11</b>                        | 657,122.36                                |
| Other expenses                                 | <b>8,207,965.82</b>                      | 10,545,311.36                             |
| Total  | <b><u>51,347,652.93</u></b>              | <b><u>51,131,055.26</u></b>               |

**(6) Research and development expenses**

| <b>Item</b>  | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|--|--|---|
| R&D of High Strength Solar Photovoltaic Glass of<br>Yixing   | <b>704,453.62</b>                        | 2,823,600.16                              |
| R&D of Composite Clarificant (Decoder) of Yixing   | <b>1,379,092.15</b>                      | 1,632,217.40                              |
| Recycling and Utilisation of Grinding Glass Powder<br>of Yixing  | <b>1,009,807.75</b>                      | 1,027,919.12                              |
| R&D of Intelligent Production Line of Photovoltaic<br>Glass Deep Processing Used in High-<br>Performance Ultra-Light Double-Glass Modules<br>of Yixing | <b>4,754,692.99</b>                      |   |
| R&D of Definition and Utilisation of Low-iron<br>Silica Sand and Ultra-thin Powder of Yixing   |  | 2,657,523.23                              |
| R&D of Ultra-Light Double-Glass Module Structure<br>of Yixing  | <b>3,259,029.80</b>                      |   |
| The Key Technology and Industrialization Research<br>of Special Glass for the New Photovoltaic Ultra-<br>thin (Cover) Back Plate of Hefei              | <b>12,376,692.26</b>                     | 4,611,844.65                              |
| Research on Quality Improvement of Tempered<br>Glass Products of Hefei   |  | 4,719,468.88                              |

| Item  | Amount for<br>current<br>period | Amount for<br>previous<br>period |
|---|---------------------------------|----------------------------------|
| Research on the Production Technology of<br>Industrialization of 0.2mm High Strength<br>Electronic Glass of CNBM Information Display<br>Materials |                                 | 9,458,430.91                     |
| Research on Stripe and Waviness Control<br>Technology of Ultra-Thin Glass of CNBM<br>Information Display Materials                                | 5,033,818.64                    |                                  |
| Research on Warping and Cutting Control<br>Technology of Ultra-Thin Glass of CNBM<br>Information Display Materials                                | 1,999,044.85                    |                                  |
| Ultra-thin Substrate for Information Display of<br>Longhai  |                                 | 1,711,025.48                     |
| Development of High-Grade 1.1mm Ultra-Thin<br>Electronic Glass Used in TN/TP of Longhai   | 2,179,355.80                    |                                  |
| R&D of UV Resistance for Photovoltaic Modules of<br>Tongcheng   | 1,085,134.23                    |                                  |
| Others  | 2,409,597.27                    | 2,093,699.26                     |
| Amortization of Intangible Assets Arising from<br>Internal Research and Development   | 1,142,691.75                    |                                  |
| Total   | <u>37,333,411.11</u>            | <u>30,735,729.09</u>             |

**(7) Impairment losses of assets**

| Item                                | Amount for<br>current<br>period | Amount for<br>previous<br>period |
|-------------------------------------|---------------------------------|----------------------------------|
| Impairment losses of<br>inventories | <u>-2,600,000.00</u>            |                                  |
| Total                               | <u><u>-2,600,000.00</u></u>     |                                  |

**(8) Impairment losses of credit**

| <b>Item</b>     | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|-----------------|--|---|
| Bad debt losses | <u>-5,146,333.82</u>                     | <u>-1,383,725.31</u>                      |
| Total           | <u><b>-5,146,333.82</b></u>              | <u><b>-1,383,725.31</b></u>               |

**(9) Non-operating expenses**

| <b>Item</b>                                      | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|--|--|---|
| Charitable donations                             | <b>5,000.00</b>                          |   |
| Indemnities, liquidated<br>damages and penalties |  | 920,300.00                                |
| Other expenses                                   | <u><b>120.00</b></u>                     | <u>993,659.04</u>                         |
| Total  | <u><b>5,120.00</b></u>                   | <u><b>1,913,959.04</b></u>                |

**9. INCOME TAX EXPENSES**

| <b>Item</b>  | <b>Amount for<br/>current<br/>period</b> | <b>Amount for<br/>previous<br/>period</b> |
|--|--|---|
| Current income tax expenses<br>calculated according to tax laws<br>and relevant requirements | <b>10,785,418.12</b>                     | 4,764,744.13                              |
| Deferred income tax expenses   | <u><b>-868,078.72</b></u>                | <u>-190,936.32</u>                        |
| Total  | <u><b>9,917,339.40</b></u>               | <u><b>4,573,807.81</b></u>                |

*Note:* Longhai Glass, Bengbu CNBM Information Display, Hefei New Energy, Yixing New Energy (the controlling subsidiaries), all being wholly-owned subsidiaries of the Company, were approved as high-tech enterprises and paid the enterprise income tax at a tax rate of 15% in 2020. Tongcheng New Energy, a wholly-owned subsidiary of the Company, was recognized as a high-tech enterprise in July 2017 with a term of three years. The recognition of high-tech enterprises in 2020 has been publicized, and the enterprise income tax would be temporarily paid at a tax rate of 15% in 2020.

## 10. DIVIDEND

The board of directors of the Company does not recommend declaring dividends for the six months ended 30 June 2020.

## 11. 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<br>current<br>period | Amount for<br>previous<br>period |
|---|---------------------------------|----------------------------------|
| Net profit attributable to ordinary shareholders of the Company           | 16,144,701.43                   | 15,631,196.06                    |
| Weighted average number of the outstanding ordinary shares of the Company | <u>552,396,509.00</u>           | <u>559,797,391.00</u>            |
| Basic earnings per share  | <u><u>0.0292</u></u>            | <u><u>0.0279</u></u>             |

There were no diluted earnings per share as the Company had no potential dilutive shares for the year ended 30 June 2020.

## 12. ACCOUNTS RECEIVABLES AND NOTES RECEIVABLES

### (1) *Accounts receivables*

| Item                          | Closing balance              | Opening balance              |
|-------------------------------|------------------------------|------------------------------|
| Accounts Receivables          | 787,406,455.02               | 667,716,061.57               |
| Less: provision for bad debts | <u>112,396,114.74</u>        | <u>104,823,379.84</u>        |
| Accounts receivable, net      | <u><u>675,010,340.28</u></u> | <u><u>562,892,681.73</u></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:

| <b>Aging</b>                  | <b>Closing<br/>balance</b>   | <b>Opening<br/>balance</b>   |
|-------------------------------|------------------------------|------------------------------|
| Within 1 year                 | <b>635,011,528.85</b>        | 529,539,527.68               |
| 1 to 2 years                  | <b>71,742,541.89</b>         | 68,145,837.66                |
| 2 to 3 years                  | <b>21,942,382.55</b>         | 10,955,320.36                |
| 3 to 4 years                  | <b>2,354,479.42</b>          | 2,578,490.56                 |
| 4 to 5 years                  | <b>140,460.13</b>            | 1,914,277.29                 |
| Over 5 years                  | <b>56,215,062.18</b>         | 54,582,608.02                |
| Subtotal                      | <b>787,406,455.02</b>        | 667,716,061.57               |
| Less: provision for bad debts | <b>112,396,114.74</b>        | 104,823,379.84               |
| Total                         | <b><u>675,010,340.28</u></b> | <b><u>562,892,681.73</u></b> |

**(2) Notes receivables**

| <b>Category</b>               | <b>Closing<br/>balance</b>   | <b>Opening<br/>balance</b>   |
|-------------------------------|------------------------------|------------------------------|
| Commercial acceptances        | <b>181,526,465.03</b>        | 202,605,295.99               |
| Less: provision for bad debts | <b>3,630,529.29</b>          | 4,052,105.93                 |
| Total                         | <b><u>177,895,935.74</u></b> | <b><u>198,553,190.06</u></b> |

**(3) Receivables financing**

| <b>Item</b>      | <b>Closing<br/>balance</b>  | <b>Opening<br/>balance</b>   |
|------------------|-----------------------------|------------------------------|
| Bank acceptances | <b>84,928,149.90</b>        | 162,706,438.58               |
| Total            | <b><u>84,928,149.90</u></b> | <b><u>162,706,438.58</u></b> |



### 13. ACCOUNTS PAYABLES AND NOTES PAYABLES

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

| Item                             | Closing balance              | Opening balance              |
|----------------------------------|------------------------------|------------------------------|
| Within 1 year (including 1 year) | <b>424,716,835.88</b>        | 488,832,656.23               |
| Above 1 year                     | <b>108,933,560.74</b>        | 186,564,524.30               |
| Total                            | <b><u>533,650,396.62</u></b> | <b><u>675,397,180.53</u></b> |

*(2) Notes payables*

| Item                   | Closing balance              | Opening balance              |
|------------------------|------------------------------|------------------------------|
| Bank acceptances       | <b>632,872,918.78</b>        | 516,732,323.56               |
| Commercial acceptances | <b>47,052,243.92</b>         | 88,391,175.30                |
| Total                  | <b><u>679,925,162.70</u></b> | <b><u>605,123,498.86</u></b> |

### 14. RESERVES

*(1) Capital reserve*

| Item                      | Opening Balance                | Increase for the period            | Decrease for the period            | Closing Balance                |
|---------------------------|--------------------------------|------------------------------------|------------------------------------|--------------------------------|
| I. Capital premium        | 1,903,422,821.29               |                                    |                                    | 1,903,422,821.29               |
| II. Other capital reserve | <u>75,115,945.01</u>           |                                    |                                    | <u>75,115,945.01</u>           |
| Total                     | <b><u>1,978,538,766.30</u></b> | <b><u>                    </u></b> | <b><u>                    </u></b> | <b><u>1,978,538,766.30</u></b> |

*(2) Surplus reserve*

| Item                      | Opening Balance             | Increase for the period            | Decrease for the period            | Closing Balance             |
|---------------------------|-----------------------------|------------------------------------|------------------------------------|-----------------------------|
| Statutory surplus reserve | <u>51,365,509.04</u>        |                                    |                                    | <u>51,365,509.04</u>        |
| Total                     | <b><u>51,365,509.04</u></b> | <b><u>                    </u></b> | <b><u>                    </u></b> | <b><u>51,365,509.04</u></b> |



## IV. MANAGEMENT DISCUSSION AND ANALYSIS

### (I) Overall situation of the Company during the reporting period

Since the beginning of 2020, under the leadership of the Board of the Company, the management teams at all levels have actively united and led masses of cadres and employees, resolved to implement the decisions and arrangements of “six stabilizations” and “six guarantees”, and deeply implemented the specific requirements of “three stabilizations, four guarantees and an improvement”. On the basis of regular pandemic prevention and control with all efforts, the Company has further moved forward to overcome the difficulties on major projects, ensuring the stability of all works in production and operation and making new achievements.

As of 30 June 2020, the Group recorded operating revenue of RMB957,734,358.65, representing a year-on-year increase of 11.44%. The operating profit amounted to RMB40,162,232.16, representing a year-on-year increase of 70.68%. Net profit attributable to shareholders of the Company amounted to RMB16,144,701.43, representing a year-on-year increase of 3.29%. Basic earnings per share attributable to shareholders of the Company was RMB0.0292.

#### ***1. Firmly promoted the project construction and cemented the foundation of principal businesses***

The main works of the production line of Puyang ultra-white solar thermal material project were completed, which has been put into operation on 28 May 2020. The preparatory work for official commencement of a supporting R&D centre of the project and deep-processing production line project is in full swing.

Hefei New Energy carried on intelligentization upgrade and transformation of the production line for enhancing the comprehensive yield of the products, saving costs and increasing the utilization rate of equipment and the efficiency of production line.

In order to further increase the market share of photovoltaic glass products of the Company, each of the three new energy companies built a deep-processing production line for photovoltaic glass. The production capacity of the large-sized ultra-thin photovoltaic panel glass and back plate glass used for double-glass modules of the Company is likely to achieve a substantial improvement upon the project being put into operation.

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

Firstly, lean operation to increase the profitability. The Company put emphasis on the operating concept of “Price-Cost-Profit”, and implemented such operation measures as “quality improvement, prices stabilizing, steady growth maintaining, inventory control, structure adjusting and cost reduction”, so as to meet the operation expectation. In 2020, the Company organized and carried out “quality improvement for set off again” activities and developed and implemented “grabbing the leading position” activities plans; implemented the “priority to operation”, strengthened the comprehensive market plan, the internal and external market synergy, made every efforts to stabilize the prices and expand the capacity, guaranteeing the stable operation of the production chain to; and seized the market opportunities and actively expanded the oversea market of its photovoltaic glasses.

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

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

### ***3. Greater force in environmental protection and advanced the transformation project of ultra-low emission***

The Company deepened the implementation of the “Responsible Blue Sky Action Plan”, increased investment in environmental protection, further reduced emissions of nitrogen oxides, sulfur dioxide, carbon dioxide, volatile organic compounds, etc., and improved the capacity for recycling and coordinated disposal of resources. In the first half of 2020, the Company successively invested in the Glass Furnace Smoke Gas Dust Removal, Desulfurization and Denitration Project (《玻璃窯爐煙氣除塵脫硫脫硝項目》) of Bengbu CNBM Information Display, Off-peak Energy Storage and VOCs Treatment Project (《錯峰儲能及VOCs治理項目》) of Hefei New Energy, and Ultra-low Emission Transformation Project (《超低排放改造工程項目》) of Longhai Glass, with a total estimated investment of approximately RMB40.87 million.

#### **(II) Business outlook for the second half of the year**

To cope with the complex and everchanging situation at home and abroad, China has continuously promulgated a series of tax and fee reduction policies, and vigorously promoted the construction of internal circulation under the opening-up pattern, which provides a strong support for its economic recovery and growth.

In the second half of 2020, the Company will try to seize potential opportunities and spare no effort to achieve its target for the whole year with firm confidence, based on goal-oriented principle. The Company will continue to effectively carry out quality and efficiency improvement program, compare itself with first-class enterprises in term of management and identify its shortcomings; monitor and control operational risks, pay high attention to gross profit margin and cash flow indicators, seek for revenue with profits and profits with cash; accelerate the construction of its projects, build on the positive momentum to boost its growth, to lay a solid foundation for its principal business.

**(III) The principal operations during the reporting period (Unless otherwise stated, all amounts below are denominated in Renminbi)**

**1. Analysis of changes in relevant items in the financial statements**

| Item                                     | Amount for the period | Amount for corresponding period last year | Change (%) |
|--|-----------------------|---|------------|
| Operating revenue                        | <b>957,734,358.65</b> | 859,386,141.43                            | 11.44      |
| Operating costs                          | <b>721,314,815.18</b> | 687,191,474.77                            | 4.97       |
| Cost of sales                            | <b>36,041,777.19</b>  | 27,898,577.87                             | 29.19      |
| Administrative expenses                  | <b>51,347,652.93</b>  | 51,131,055.26                             | 0.42       |
| Financial expenses                       | <b>56,027,520.64</b>  | 43,292,908.66                             | 29.42      |
| R&D expenses                             | <b>37,333,411.11</b>  | 30,735,729.09                             | 21.47      |
| Net cash flow from operating activities  | <b>-27,661,112.64</b> | -144,853,706.23                           | N/A        |
| Net cash flow from investment activities | <b>-67,452,391.33</b> | -59,957,409.82                            | N/A        |
| Net cash flow from financing activities  | <b>187,178,673.87</b> | 213,833,904.78                            | -12.47     |

Reasons for change:

Reasons for change in operating revenue: an increase in revenue as a result of the increase in sales due to the release of new energy glass production capacity in the reporting period

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

Reasons for change in cost of sales: an increase in transportation costs as a result of the increase in sales of new energy glass in the reporting period

Reasons for change in financial expenses: an increase in interest-bearing liabilities

Reasons for change in R&D expenses: more investment in research and development in the reporting period

Reasons for change in net cash flow from operating activities: a year-on-year increase in cash received from sales of goods or rendering of services in the reporting period

Reasons for change in net cash flow from investment activities: a decrease in cash inflows from investment activities during the reporting period

Reasons for change in net cash flow from financing activities: net amount of financing decreased year-on-year as a result of the increase in sales collection during the reporting period

## 2. *Analysis of principal operations by business or product*

| By industry   | Principal operations by industry  |                               |                         |   |   |   |
|---------------|-----------------------------------|-------------------------------|-------------------------|---|---|---|
|               | Revenue from principal operations | Costs of principal operations | Gross profit margin (%) | Year-on-year increase/decrease in revenue from principal operations (%) | Year-on-year increase/decrease in costs of principal operations (%) | Year-on-year increase/decrease in gross profit margin (%) |
| New materials | 945,169,886.94                    | 709,649,288.56                | 24.92                   | 15.05   | 8.38  | Increased by 4.62 percentage points                       |

| By product                | Principal operations by product   |                               |                         |   |   |   |
|---------------------------|-----------------------------------|-------------------------------|-------------------------|---|---|---|
|                           | Revenue from principal operations | Costs of principal operations | Gross profit margin (%) | Year-on-year increase/decrease in revenue from principal operations (%) | Year-on-year increase/decrease in costs of principal operations (%) | Year-on-year increase/decrease in gross profit margin (%) |
| Information display glass | 135,069,735.52                    | 108,436,797.00                | 19.72                   | 11.21   | 9.67  | Increased by 1.13 percentage points                       |
| New energy glass          | 810,100,151.42                    | 601,212,491.56                | 25.79                   | 15.71   | 8.15  | Increased by 5.19 percentage points                       |

### 3. Analysis of assets and liabilities

#### (1) Assets and liabilities

| 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                | 563,363,691.32                    | 10.23   | 432,871,497.66               | 8.26   | 30.15  | the increase in bank deposits during the reporting period   |
| Accounts receivable           | 675,010,340.28                    | 12.26   | 562,892,681.73               | 10.74  | 19.92  | the increase in operating income, resulting in the corresponding increase in the trade receivable during the reporting period |
| Accounts receivable financing | 84,928,149.90                     | 1.54  | 162,706,438.58               | 3.10   | -47.80   | the increase in notes payment settlement during the reporting period  |
| Other receivables             | 28,291,185.28                     | 0.51  | 37,905,213.08                | 0.72   | -25.36   | Collection of the financial leasing deposits during the reporting period  |
| Inventories                   | 378,567,952.16                    | 6.87  | 281,882,687.59               | 5.38   | 34.30  | the increase in inventories during the reporting period   |
| Development expenditures      | 10,932,816.81                     | 0.20  | 3,073,758.34                 | 0.06   | 255.68   | the increase in capitalized R & D investment during the reporting period  |
| Long-term deferred expenses   | 4,663,961.37                      | 0.08  | 6,792,035.43                 | 0.13   | -31.33   | the long-term deferred expenses during the reporting period   |
| Other non-current assets      | 6,935,784.66                      | 0.13  | 3,671,639.24                 | 0.07   | 88.90  | the increase in prepayments for projects and equipment 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 of last year over the total assets (%) | Percentage of changes in closing balance of current period over the closing balance of last year (%) | Explanation   |
|---|-----------------------------------|---|------------------------------|--|--|---|
| Payables                                    | 533,650,396.62                    | 9.69  | 675,397,180.53               | 12.89  | -20.99   | Repayment of part of payables during the report period                    |
| Employee compensation payable               | 17,336,785.75                     | 0.31  | 31,097,821.63                | 0.59   | -44.25   | the increase in employee compensation payable during the reporting period |
| Taxes payable                               | 22,847,719.95                     | 0.41  | 36,694,248.37                | 0.70   | -37.73   | the increase in tax payable during the reporting period                   |
| Other payables                              | 682,124,114.36                    | 12.39   | 356,002,972.21               | 6.79   | 91.61  | the increase in current accounts during the reporting period              |
| Non-current liabilities due within one year | 137,047,332.25                    | 2.49  | 214,668,497.03               | 4.10   | -36.16   | the decrease in the one-year loans during the reporting period            |
| Other current liabilities                   | 1,104,615.90                      | 0.02  | 1,834,742.27                 | 0.04   | -39.79   | The decrease in output tax to be resold during the reporting period       |
| Long-term borrowings                        | 482,542,027.93                    | 8.76  | 545,738,860.14               | 10.41  | -11.58   | the decrease in long-term borrowings during the report period             |

(2) *Major restricted assets as at the end of the reporting period*

| <b>Item</b>       | <b>Book value<br/>at the end of<br/>the period</b> | <b>Reasons for<br/>restriction</b> |
|-------------------|--|------------------------------------|
| Monetary funds    | 323,152,525.78                                     | Deposits                           |
| Notes receivable  | 18,487,488.34                                      | Pledge                             |
| Fixed assets      | 460,052,718.07                                     | Mortgage                           |
| Intangible assets | <u>80,042,621.29</u>                               | <u>Mortgage</u>                    |
| Total             | <u><u>881,735,353.48</u></u>                       | <u><u>–</u></u>                    |

(3) *Other explanations*

① Bank borrowings and other loans

Short-term loans: as at the end of this reporting period, the balance of short-term loans was RMB1,391,841,257.70, including secured loans of RMB83,000,000.00, guaranteed loans of RMB1,307,190,000.00 and interest payable of RMB1,651,257.70.

Long-term loans: the balance of long-term loans was RMB619,589,360.18 (including the balance of long-term loans due within one year amounting to RMB137,047,332.25), of which: the balance of bank loans of RMB500,745,384.50 and the balance of secured loans from non-bank financial institutions of RMB118,843,975.68.

② Liquidity and capital resources

As at 30 June 2020, the Group had cash and cash equivalents of RMB240,211,165.54, including US dollar deposits of RMB3,868,194.34 (31 December 2019: RMB3,435,018.37), HK dollar deposits of RMB6,546.34 (31 December 2019: RMB6,419.46) and Euro deposits of RMB0.39 (31 December 2019: RMB0.39), representing an increase of RMB92,022,616.11 compared with the total amount of RMB148,188,549.43 as at 31 December 2019.

③ Gearing ratio

Gearing ratio is calculated based on the total liabilities at the end of the reporting 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 291.13% as at 30 June 2020, compared to 283.16% as at 31 December 2019.

④ 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.

⑤ Contingent liabilities

As at 30 June 2020, the Group has no material contingent liabilities.

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 to the Hong Kong Listing Rules and the relevant information disclosed in the Company's 2019 annual report.

#### **4. Analysis of major controlled and investee companies**

| <b>Company name</b>  | <b>Industry</b> | <b>Major products or services</b> | <b>Registered capital</b> | <b>Total assets</b> | <b>Net assets</b> | <b>Net profit</b> |
|--|-----------------|-----------------------------------|---------------------------|---------------------|-------------------|-------------------|
| CLFG Longmen Glass Co. Ltd.  | New materials   | Information display glass         | 70,000,000.00             | 107,364,112.91      | -496,267,229.74   | -10,694,423.87    |
| CLFG Longhai Electronic Glass Limited  | New materials   | Information display glass         | 100,000,000.00            | 487,316,570.14      | 135,892,849.49    | -2,200,825.66     |
| Bengbu China National Building Materials Information Display Materials Co., Ltd. | New materials   | Information display glass         | 632,764,300.00            | 840,459,452.59      | 752,737,852.88    | 5,395,916.51      |
| CNBMG (Puyang) Photoelectric Material Co., Ltd.                                  | New materials   | New energy glass                  | 240,000,000.00            | 820,673,437.83      | 239,236,450.02    | 5,085.57          |
| CNBM (Hefei) New Energy Co., Ltd.  | New materials   | New energy glass                  | 268,000,000.00            | 1,189,412,323.42    | 384,914,260.18    | 12,261,198.45     |
| CNBM (Tongcheng) New Energy Materials Co., Ltd.                                  | New materials   | New energy glass                  | 133,388,980.00            | 765,853,273.20      | 251,043,802.20    | 1,848,980.73      |
| CNBM (Yixing) New Energy Resources Co., Ltd                                      | New materials   | New energy glass                  | 313,700,000.00            | 1,423,635,462.79    | 419,323,648.09    | 57,240,351.45     |

#### **V. CORPORATE GOVERNANCE**

##### **1. Repurchase, Sale and Redemption of Shares**

Having been considered and approved at the general meeting of the Company, the Company will carry out share repurchase and cancellation matters in accordance with the compensation scheme for 2019 unfulfilled profit guarantee in respect of the target assets under the significant assets restructuring, and the number of shares to be repurchased is 3,856,077 shares. The repurchase has not yet been completed currently.

Save as disclosed above, the Company and its subsidiaries did not carry 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, 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 2020, the number of employees listed on the payroll register of the Group was 2424. An annual remuneration system is adopted for the management of the Company and its subsidiaries while a position plus skill-based salary system is adopted for the employees of the Company. In addition, according to relevant national, provincial and municipal policies, employees of the Company are also entitled to the “five insurance payments and housing provident fund”, paid leave, paid training and other treatments.

By order of the Board  
**Luoyang Glass Company Limited\***  
**Zhang Chong**  
*Chairman*  
28 August 2020

*As at the date of this announcement, the Board comprises five executive Directors: Mr. Zhang Chong, Mr. Xie Jun, Mr. Ma Yan, Mr. Wang Guoqiang and Mr. Zhang Rong; two non-executive Directors: Mr. Ren Hongcan and Mr. Chen Yong; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Ye Shuhua, Mr. He Baofeng and Ms. Zhang Yajuan.*

\* *For identification purposes only*