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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)

**LUOYANG GLASS COMPANY LIMITED
ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
31 DECEMBER 2020**

I. IMPORTANT NOTICE

The board (the “**Board**”) of directors (the “**Directors**”) of Luoyang Glass Company Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020.

The Company’s financial information has been reviewed by the Audit Committee and the auditor of the Company.

II. FINANCIAL STATEMENTS AND NOTES THERETO

(I) Financial Statements

Consolidated Balance Sheet

Item	31 December 2020 (RMB)	31 December 2019 (RMB)
Current assets:		
Cash and cash equivalents	300,948,343.56	432,871,497.66
Notes receivable	102,441,393.68	198,553,190.06
Accounts receivable	637,911,162.29	562,892,681.73
Accounts receivable financing	448,697,313.21	162,706,438.58
Prepayments	142,259,523.11	59,807,534.23
Other receivables	17,023,855.78	37,905,213.08
Inventories	257,598,620.68	281,882,687.59
Other current assets	55,139,885.94	83,085,172.69
Total current assets	1,962,020,098.25	1,819,704,415.62
Non-current assets:		
Long-term receivables	55,000,000.00	55,000,000.00
Fixed assets	3,068,216,734.33	2,343,435,561.00
Construction in progress	54,472,785.67	603,637,921.26
Right-to-use assets	12,259,657.09	
Intangible assets	392,925,010.51	396,358,331.06
Development expenditure	14,096,615.36	3,073,758.34
Long-term deferred expenses	1,595,431.43	6,792,035.43
Deferred income tax assets	10,466,272.12	9,366,216.00
Other non-current assets	33,523,206.41	3,671,639.24
Total non-current assets	3,642,555,712.92	3,421,335,462.33
Total assets	5,604,575,811.17	5,241,039,877.95

Item	31 December 2020 (RMB)	31 December 2019 (RMB)
Current liabilities:		
Short-term borrowings	1,177,314,071.56	1,240,054,086.26
Notes payable	465,733,722.37	605,123,498.86
Accounts payable	428,756,037.46	675,397,180.53
Contract liabilities	38,214,732.27	15,654,739.42
Employee compensation payable	38,978,819.73	31,097,821.63
Taxes payable	116,355,071.70	36,694,248.37
Other payables	764,011,526.81	356,002,972.21
Non-current liabilities due within one year	137,330,815.42	214,668,497.03
Other current liabilities	4,888,222.00	1,834,742.27
Total current liabilities	3,171,583,019.32	3,176,527,786.58
Non-current liabilities:		
Long-term borrowings	524,063,924.00	545,738,860.14
Lease liabilities	9,238,598.97	
Deferred income	104,408,642.44	104,830,714.44
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	637,711,165.41	650,569,574.58
Total liabilities	3,809,294,184.73	3,827,097,361.16
Shareholders' equity:		
Share Capital	548,540,432.00	552,396,509.00
Capital reserve	1,982,394,841.30	1,978,538,766.30
Surplus reserve	51,365,509.04	51,365,509.04
Undistributed profit	-955,722,560.53	-1,283,084,419.02
Total equity attributable to shareholders of the Company	1,626,578,221.81	1,299,216,365.32
Minority interests	168,703,404.63	114,726,151.47
Total shareholders' equity	1,795,281,626.44	1,413,942,516.79
Total liabilities and/or shareholders' equity	5,604,575,811.17	5,241,039,877.95

Balance Sheet of the Company

Item	31 December 2020 (RMB)	31 December 2019 (RMB)
Current assets:		
Cash and cash equivalents	125,309,146.98	152,463,896.56
Notes receivable	25,000,000.00	1,029,000.00
Accounts receivable	172,104,965.11	198,240,989.31
Accounts receivable financing	11,328,409.13	12,886,125.11
Prepayments	23,779.73	57,754.85
Other receivables	489,264,423.62	258,954,816.38
Inventories	3,100,908.52	
Other current assets		664,323.60
Total current assets	826,131,633.09	624,296,905.81
Non-current assets:		
Long-term receivables	55,000,000.00	55,000,000.00
Long-term equity investment	1,886,146,638.35	1,886,146,638.35
Fixed assets	2,174,833.48	1,788,774.67
Intangible assets	5,511,212.08	5,735,396.92
Total non-current assets	1,948,832,683.91	1,948,670,809.94
Total assets	2,774,964,317.00	2,572,967,715.75

Item	31 December 2020 (RMB)	31 December 2019 (RMB)
Current liabilities:		
Short-term borrowings	394,007,666.58	339,443,640.19
Notes payable	45,877,926.40	282,000,000.00
Accounts payable	49,075,335.55	28,749,713.99
Contract liabilities	12,260,748.25	12,849,147.70
Employee compensation payable	8,074,804.47	6,853,521.41
Taxes payable	2,253,865.09	405,258.48
Other payables	791,861,472.98	434,067,998.84
Non-current liabilities due within one year	42,422,967.95	5,649,975.70
Other current liabilities	1,593,897.27	1,670,389.18
Total current liabilities	1,347,428,684.54	1,111,689,645.49
Non-current liabilities:		
Long-term borrowings	228,000,000.00	262,532,959.53
Total non-current liabilities	228,000,000.00	262,532,959.53
Total liabilities	1,575,428,684.54	1,374,222,605.02
Shareholders' equity:		
Share Capital	548,540,432.00	552,396,509.00
Capital reserve	1,961,847,553.30	1,957,991,478.30
Surplus reserve	51,365,509.04	51,365,509.04
Undistributed profit	-1,362,217,861.88	-1,363,008,385.61
Total shareholders' equity	1,199,535,632.46	1,198,745,110.73
Total liabilities and shareholders' equity	2,774,964,317.00	2,572,967,715.75

Consolidated Income Statement

Item	Amount for the period (RMB)	Amount for previous period (RMB)
I. Operating revenue	3,045,614,913.68	1,854,842,208.09
Less: Operating costs	2,101,640,760.29	1,404,274,867.15
Taxes and surcharges	34,534,420.73	25,687,293.69
Selling expenses	87,183,559.33	65,890,259.11
Administrative expenses	126,659,281.04	112,889,849.73
R&D expenses	120,749,370.37	66,823,935.81
Finance expenses	116,609,687.62	97,929,142.26
Including: Interest expenses	112,471,782.20	92,019,454.58
Interest income	5,786,654.82	3,133,668.95
Add: Other income	25,288,445.27	22,353,338.27
Investment income (losses are represented by “-”)	-14,203,232.10	-8,939,588.06
Impairment losses on credit (losses are represented by “-”)	-4,049,377.16	-27,639,136.97
Impairment losses on assets (losses are represented by “-”)	-3,095,566.51	-8,087,991.61
Gains on disposal of assets (losses are represented by “-”)	-259,318.91	11,355,077.66
II. Operating profit (loss is represented by “-”)	461,918,784.89	70,388,559.63
Add: Non-operating income	2,713,060.43	18,408,314.15
Less: Non-operating expenses	1,777,338.14	1,991,490.00
III. Total profit (total loss is represented by “-”)	462,854,507.18	86,805,383.78
Less: Income tax expenses	71,829,608.42	18,203,965.20

Item	Amount for the period (RMB)	Amount for previous period (RMB)
IV. Net profit (net loss is represented by “-”)	391,024,898.76	68,601,418.58
(I) Classified on a going concern basis:		
1. Net profit from continued operation (net loss is represented by “-”)	391,024,898.76	68,601,418.58
2. Net profit from discontinued operation (net loss is represented by “-”)		
(II) Classified by ownership:		
1. Net profit attributable to shareholders of the Company (net loss is represented by “-”)	327,361,858.49	53,999,883.71
2. Minority interests (net loss is represented by “-”)	63,663,040.27	14,601,534.87
V. Other comprehensive income net of tax		
VI. Total comprehensive income	391,024,898.76	68,601,418.58
(I) Total comprehensive income attributable to shareholders of the Company	327,361,858.49	53,999,883.71
(II) Total comprehensive income attributable to minority interests	63,663,040.27	14,601,534.87
VII. Earnings per share		
(I) Basic earnings per share	0.59	0.10
(II) Diluted earnings per share		

Income Statement of the Company

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

Item	Amount for the period (RMB)	Amount for previous period (RMB)
IV. Net profit (net loss is represented “-”)	790,523.73	2,546,894.39
(I) Net profit from continued operation(net loss is represented by “-”)	790,523.73	2,546,894.39
(II) Net profit from discontinued operation (net loss is represented by “-”)		
V. Other comprehensive income net of tax		
VI. Total comprehensive income	790,523.73	2,546,894.39
VII. Earnings per share		
(I) Basic earnings per share (RMB/share)		
(II) Diluted earnings per share (RMB/share)		

Consolidated Cash Flow Statement

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

Item	Amount for the period (RMB)	Amount for previous period (RMB)
III. Cash flow from financing activities:		
Proceeds from loans	1,590,694,303.89	1,706,350,558.83
Other cash received from financing-related activities	856,238,910.72	423,558,370.55
Sub-total of cash inflow from financing activities	<u>2,446,933,214.61</u>	<u>2,129,908,929.38</u>
Cash paid for repayment of loans	1,740,332,625.98	1,304,848,430.62
Cash payment for distribution of dividends and profits or repayment of interest	123,201,042.98	95,873,036.26
Including: Dividends and profits paid to minority interests by subsidiaries	9,685,787.11	
Other cash paid for financing-related activities	714,125,722.16	497,743,742.59
Sub-total of cash outflow from financing activities	<u>2,577,659,391.12</u>	<u>1,898,465,209.47</u>
Net cash flow from financing activities	<u><u>-130,726,176.51</u></u>	<u><u>231,443,719.91</u></u>
IV. Effects of changes in exchange rate on cash and cash equivalents	-1,315,741.59	53,682.54
V. Net increase in cash and cash equivalents	-8,957,247.61	-11,879,799.19
Add: Opening balance of cash and cash equivalents	148,188,549.43	160,068,348.62
VI. Closing balance of cash and cash equivalents	<u><u>139,231,301.82</u></u>	<u><u>148,188,549.43</u></u>

Cash Flow Statement of the Company

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

Item	Amount for the period (RMB)	Amount for the period (RMB)
III. Cash flow from financing activities:		
Proceeds from loans	513,490,000.00	415,860,000.00
Other cash received from activities related to financing	2,766,323,043.63	2,128,954,623.66
Sub-total of cash inflow from financing activities	<u>3,279,813,043.63</u>	<u>2,544,814,623.66</u>
Cash paid for repayment of loans	456,658,697.84	234,038,799.17
Cash paid for distribution of dividends, profits, or repayment of interest	44,014,859.26	25,767,832.32
Other cash paid for financing-related activities	2,791,512,554.46	2,121,039,197.26
Sub-total of cash outflow from financing activities	<u>3,292,186,111.56</u>	<u>2,380,845,828.75</u>
Net cash flow from financing activities	<u><u>-12,373,067.93</u></u>	<u><u>163,968,794.91</u></u>
IV. Effects of changes in exchange rate on cash and cash equivalents	-387.29	142.97
V. Net increase in cash and cash equivalents	35,378,235.34	10,133,309.04
Add: Opening balance of cash and cash equivalents	46,467,911.64	36,334,602.60
VI. Closing balance of cash and cash equivalents	<u><u>81,846,146.98</u></u>	<u><u>46,467,911.64</u></u>

Consolidated Statement of Changes in Owners' Equity

Item	Current period												
	Equity attributable to shareholders of the 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	Subtotal	Minority interest	Total shareholders' equity
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
Other													
II. Balance at the beginning of the 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
III. Increase/decrease in the period (decrease is represented by “-”)													
(I) Total comprehensive income	-3,856,077.00				3,856,075.00					327,361,858.49	327,361,856.49	53,977,253.16	381,339,109.65
(II) Shareholders' contribution and decrease in capital	-3,856,077.00				3,856,075.00						-2.00		-2.00
1. Others	-3,856,077.00				3,856,075.00						-2.00		-2.00
(III) Profit distribution													
1. Distribution to shareholders												-9,685,787.11	-9,685,787.11
(IV) Internal carry-forward of shareholders' equity												-9,685,787.11	-9,685,787.11
(V) Special reserve													
(VI) Others													
IV. Balance at the end of the period	548,540,432.00				1,982,394,841.30				51,365,509.04	-955,722,560.53	1,626,578,221.81	168,703,404.63	1,795,281,626.44

Item	Previous period									
	Equity attributable to shareholders of the Company									
	Other equity instruments			Less:			Undistributed			Total shareholders' equity
	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	
I. Balance at the end of last year	559,797,391.00				1,971,137,887.30				51,365,509.04	1,345,341,101.21
II. Balance at the beginning of the year	559,797,391.00				1,971,137,887.30				51,365,509.04	1,345,341,101.21
III. Increase/decrease in the period (decrease is represented by "-")										
(I) Total comprehensive income	-7,400,882.00				7,400,879.00				53,999,883.71	68,601,415.58
(II) Shareholders' contribution and decrease in capital	-7,400,882.00				7,400,879.00				53,999,883.71	68,601,418.58
1. Others	-7,400,882.00				7,400,879.00				-3.00	-3.00
(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				1,978,538,766.30				51,365,509.04	1,413,942,516.79

Statement of Changes in Owners' Equity of the Company

Item	Current period										
	Other equity instruments				Other				Total		
	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Treasury stock	Less: comprehensive income	Special reserve		Surplus reserve	Undistributed profit
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. Increase/decrease in the period (decrease is represented by “-”)											
(I) Total comprehensive income	-3,856,077.00				3,856,075.00					790,523.73	790,521.73
(II) Shareholders' contribution and decrease in capital	-3,856,077.00									790,523.73	790,523.73
1. Others	-3,856,077.00										
(III) Profit distribution											-2.00
(IV) Internal carry-forward of shareholders' equity											-2.00
(V) Special reserve											
(VI) Others											
IV. Balance at the end of the period	548,540,432.00				1,961,847,553.30				51,365,509.04	-1,362,217,861.88	1,199,535,632.46

Item	Previous period							
	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve
	Share capital	Preferential shares	Perpetual bonds	Others				
I. Balance at the end of last year	559,797,391.00			1,950,590,599.30				51,365,509.04
				1,950,590,599.30				-1,365,555,280.00
								1,196,198,219.34
II. Balance at the beginning of the year	559,797,391.00			1,950,590,599.30				51,365,509.04
								-1,365,555,280.00
								1,196,198,219.34
III. Increase/decrease in the year (decrease is represented by “-”)								
(I) Total comprehensive income	-7,400,882.00			7,400,879.00				2,546,894.39
(II) Shareholders' contribution and decrease in capital	-7,400,882.00			7,400,879.00				-3.00
1. Others	-7,400,882.00			7,400,879.00				-3.00
(III) Profit distribution								
(IV) Internal carry-forward of shareholders' equity								
(V) Special reserve								
(VI) Others								
IV. Balance at the end 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

(II) Notes to the Financial Statements (*Expressed in RMB*)

1. *Significant Accounting Policies*

(1) *Basis for preparation of financial statements*

- (I) Basis for preparation: the financial statements of the Company have been prepared on a going concern basis in respect of the actual transactions and events in accordance with the requirements of the Accounting Standards for Business Enterprises – Basic Standards and the detailed accounting standards (the “**Accounting Standards for Business Enterprises**”), and based on the following significant accounting policies and estimates.
- (II) Going concern: as at 31 December 2020, the business operations of the Company were in normal condition with smooth financing channels and its gearing ratio was 67.97%. Although the current liabilities exceeded current assets by RMB1,209,562,921.07, the management of the Company have made assessment that the Company is expected the net cash flow from operations to be positive in the next 12 months. At the same time, China Luoyang Float Glass (Group) Co., Ltd. (“CLFG”), the controlling shareholder, provides daily financial aid to the Company, which can meet the Company’s capital needs for repayment of debts and capital commitments. The management of the Company believe that there is no problem about the Company’s ability to continue operation. Therefore, the Company has prepared the financial statement based on continuing operations.

(2) *Accounting period*

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

(3) *Measurement currency*

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

(4) Preparation method of consolidated financial statements

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

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

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

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

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

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

2. Segment Reporting

(1) Determination basis and accounting policies of reporting segments

The Company determines operating segments on the basis of the internal organizational structure, management requirements and internal report system, and determines reporting segments on the basis of operation segments, and discloses information of the segments. For management purposes, the Company has two operating segments. The management of the Company regularly reviews the financial information of each segment to make decisions about resources to be allocated to the segment and to assess its performance.

An operating segment is a component of the Company that meets the following conditions simultaneously:

- ① The component is able to generate revenues and incur expenses from its ordinary activities;
- ② Its operating results are regularly evaluated by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;
- ③ Its accounting information on financial position, operating results and cash flows and others is available to the Company. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

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

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting policies and measurement criteria in the preparation of the financial statements. Segment assets exclude deferred income tax assets and segment liabilities exclude deferred income tax liabilities.

Intersegment transactions are measured based on the actual transaction price. Segment revenue and segment expenses are recognized based on the actual revenue generated and actual expenses incurred by the respective segments. Assets and liabilities are allocated according to the assets used or liabilities assumed that are attributable to the operating segment in their daily operating activities.

(2) *Financial information of the reporting segments*

Segment information for the year 2020 and as at 31 December 2020:

Item	Information display glass	New energy glass	Unallocated items	Elimination	Total
I. Operating revenue	398,585,187.91	2,645,908,412.12	1,427,769.66	-306,456.01	3,045,614,913.68
Including: Revenue from external principal operations	397,141,767.24	2,614,651,734.05			3,011,793,501.29
Revenue from other external operations	1,443,420.67	31,256,678.07	1,427,769.66	-306,456.01	33,821,412.39
II. Impairment losses of assets	-3,095,566.51				-3,095,566.51
III. Impairment losses of credit	9,537,269.67	-13,792,320.74	205,673.91		-4,049,377.16
IV. Depreciation expenses and amortization expenses	68,343,223.04	138,282,838.00	494,751.63	-162,170.44	206,958,642.23
V. Total profit	12,912,055.71	510,776,211.92	790,523.73	-61,624,284.18	462,854,507.18
VI. Income tax expenses	2,746,195.52	69,083,412.90			71,829,608.42
VII. Net profit	10,165,860.19	441,692,799.02	790,523.73	-61,624,284.18	391,024,898.76
VIII. Total assets	1,415,785,177.43	4,317,259,980.49	888,817,678.65	-1,017,287,025.40	5,604,575,811.17
IX. Total liabilities	1,005,756,511.59	2,652,404,637.18	1,575,428,684.54	-1,424,295,648.58	3,809,294,184.73

(3) *Operating revenue by customer's geographical location*

Geographical location	Amount for the period	Amount for previous period
China (excluding Hong Kong, Macau and Taiwan)	2,991,450,557.06	1,782,618,433.48
Other countries and regions	<u>54,164,356.62</u>	<u>72,223,774.61</u>
Total	<u><u>3,045,614,913.68</u></u>	<u><u>1,854,842,208.09</u></u>

(4) *Non-current assets by its geographical location*

Geographical location	Closing balance	Opening balance
China (excluding Hong Kong, Macau and Taiwan)	<u>3,577,089,440.80</u>	<u>3,356,969,246.33</u>
Total	<u><u>3,577,089,440.80</u></u>	<u><u>3,356,969,246.33</u></u>

Note: Non-current assets are attributable to the areas where the assets are located, excluding financial assets, separate account assets and deferred income tax assets.

(5) *Reliance on major customers*

The Company has a diversified customer base. In 2020, only four customers from new energy reporting segment had transaction amounts contributing over 10% to the revenue of the Company.

3. *Turnover*

Turnover is the invoiced value of the goods sold to the customers after deduction of any trade discounts, VAT and surcharges, the analyses of which are as follows:

(1) *Details of operating revenue*

Item	Amount for the period	Amount for previous period
Revenue from principal operating activities	3,011,793,501.29	1,800,247,448.59
Revenue from other operating activities	33,821,412.39	54,594,759.50
Total operating revenue	<u>3,045,614,913.68</u>	<u>1,854,842,208.09</u>

(2) *Revenue from principal operating activities by product*

Name of product or service	Amount for the period	Amount for previous period
Information display glass	397,141,767.24	260,012,118.07
New energy glass	2,558,869,152.90	1,540,235,330.52
Other functional glass	55,782,581.15	
Total	<u>3,011,793,501.29</u>	<u>1,800,247,448.59</u>

4. *Other Income*

Item	Amount for the period	Amount for previous period
Government grant	24,832,345.81	22,330,708.09
Gain from debt restructuring	369,548.11	
Individual tax refunds	86,551.35	22,630.18
Total	<u>25,288,445.27</u>	<u>22,353,338.27</u>

5. *Gains on Disposal of Assets*

Item	Amount for the period	Amount for previous period
Fixed assets	-259,318.91	10,660,229.70
Intangible assets		694,847.96
Total	-259,318.91	11,355,077.66

6. *Non-Operating Income*

Item	Amount for the period	Amount for previous period
Government grants unrelated to the daily activities		18,150,339.00
Others	2,713,060.43	257,975.15
Total	2,713,060.43	18,408,314.15

7. *Profit Before Tax*

(1) *Financial expenses*

Item	Amount for the period	Amount for previous period
Interest expense	112,471,782.20	92,019,454.58
Less: interest income	5,786,654.82	3,133,668.95
Exchange losses (less: exchange income)	2,257,051.68	-650,850.51
Handling charges and other expenses	7,667,508.56	9,694,207.14
Total	116,609,687.62	97,929,142.26

(2) *Operating costs*

Item	Amount for the period	Amount for previous period
Principal operating costs	2,076,427,457.88	1,367,307,636.65
Other operating costs	25,213,302.41	36,967,230.50
Total operating costs	<u>2,101,640,760.29</u>	<u>1,404,274,867.15</u>

(3) *Business tax and surcharges*

Item	Amount for the period	Amount for previous period
Urban maintenance and construction tax	7,765,268.33	3,747,860.71
Education surcharges	6,187,717.79	2,787,181.76
Property tax	8,359,682.64	7,426,407.18
Land-use tax	9,427,195.13	9,136,754.19
Stamp duty	1,294,964.58	1,104,625.98
Others	1,499,592.26	1,484,463.87
Total	<u>34,534,420.73</u>	<u>25,687,293.69</u>

(4) *Selling expenses*

Item	Amount for the period	Amount for previous period
Employee compensation	20,290,139.32	14,947,279.13
Transportation costs	63,763,833.60	45,128,432.36
Business travel Expense	371,948.39	575,200.21
Other expenses	2,155,415.15	5,031,763.74
Depreciation	602,222.87	207,583.67
Total	<u>87,183,559.33</u>	<u>65,890,259.11</u>

(5) *Administrative expenses*

Item	Amount for the period	Amount for previous period
Employee compensation	63,018,465.36	63,136,240.20
Depreciation of fixed assets	17,121,284.94	8,029,521.39
Business entertainment expenses	1,063,736.14	1,536,200.50
Business travel expenses	937,288.97	1,598,399.35
Transportation expenses	1,654,490.46	2,063,374.29
Office expenses	5,242,305.17	3,973,067.82
Intermediary engagement and consulting fees	7,540,856.30	6,868,076.46
Property management fee	3,505,183.03	2,267,806.03
Amortization of intangible assets	8,988,293.74	9,274,750.94
Other expenses	17,587,376.93	14,142,412.75
Total	<u>126,659,281.04</u>	<u>112,889,849.73</u>

(6) *Impairment loss on assets*

Item	Amount for the period	Amount for previous period
Loss on bad debts		
Impairment loss on inventories	-3,095,566.51	-3,396,587.15
Impairment loss on fixed assets		-4,691,404.46
Total	<u>-3,095,566.51</u>	<u>-8,087,991.61</u>

(7) *Impairment loss on credit*

Item	Amount for the period	Amount for previous period
Bad debt loss	-4,049,377.16	-27,639,136.97
Total	<u>-4,049,377.16</u>	<u>-27,639,136.97</u>

(8) *Non-operating expenses*

Item	Amount for the period	Amount for previous period
Donations	5,000.00	10,000.00
Penalties and overdue fine	470,174.16	1,981,050.00
Losses on retirement or damage of fixed assets	1,302,043.98	
Others	120.00	440.00
Total	<u>1,777,338.14</u>	<u>1,991,490.00</u>

8. *Income Tax Expenses*

Item	Amount for the period	Amount for previous period
Income tax expenses for the period calculated in accordance with tax laws and relevant regulations	72,929,664.54	21,460,371.97
Deferred income tax expenses	<u>-1,100,056.12</u>	<u>-3,256,406.77</u>
Total	<u>71,829,608.42</u>	<u>18,203,965.20</u>

Note: Longhai Glass, Bengbu CNBM Information Display Materials, Hefei New Energy and Tongcheng New Energy, the wholly-owned subsidiaries of the Company and Yixing New Energy, a controlled subsidiary of the Company, are all high-tech enterprises and subject to an enterprise income tax rate of 15% in 2020.

9. *Basic Earnings Per Share*

Basic earnings per share is calculated by dividing the consolidated net profit attributable to holders of ordinary share of the Company by the weighted average number of ordinary shares outstanding:

Item	Amount for the period	Amount for previous period
Net profits attributable to the holders of ordinary shares of the Company	327,361,858.49	53,999,883.71
Total number of shares at the end of the period	552,075,169	559,797,391
Basic earnings per share	<u>0.59</u>	<u>0.10</u>

No diluted earnings per share was calculated as the Company did not have any potential dilutive shares during the year ended 31 December 2020.

10. *Accounts Receivable and Notes Receivable*

(1) *Accounts receivable:*

Item	Book balance	Opening balance
Accounts receivable	750,620,616.69	667,716,061.57
Less: provision for bad debts	112,709,454.40	104,823,379.84
Accounts receivable, net	<u>637,911,162.29</u>	<u>562,892,681.73</u>

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

Aging	Closing balance	Opening balance
Within 1 year	636,063,884.47	529,539,527.68
1–2 years	26,583,995.37	68,145,837.66
2–3 years	20,191,820.30	10,955,320.36
3–4 years	10,955,320.15	2,578,490.56
4–5 years	2,205,607.98	1,914,277.29
Over 5 years	<u>54,619,988.42</u>	<u>54,582,608.02</u>
Total	<u>750,620,616.69</u>	<u>667,716,061.57</u>

(2) *Notes receivable by category*

Item	Closing balance	Opening balance
Trade acceptance	104,532,034.37	202,605,295.99
Less: Provision for bad debts	<u>2,090,640.69</u>	<u>4,052,105.93</u>
Total	<u>102,441,393.68</u>	<u>198,553,190.06</u>

(3) *Accounts receivable financing*

Item	Closing balance	Opening balance
Bank acceptance	<u>448,697,313.21</u>	<u>162,706,438.58</u>
Total	<u>448,697,313.21</u>	<u>162,706,438.58</u>

11. Accounts Payable and Notes Payable

(1) *The aging of accounts payable based on their recording dates is analysed as below*

Item	Closing Balance	Opening balance
Within 1 year (inclusive)	350,179,059.89	488,832,656.23
Over 1 year	<u>78,576,977.57</u>	<u>186,564,524.30</u>
Total	<u>428,756,037.46</u>	<u>675,397,180.53</u>

(2) *Notes payable by category*

Item	Closing Balance	Opening balance
Bank acceptance	465,733,722.37	516,732,323.56
Trade acceptance		88,391,175.30
Total	465,733,722.37	605,123,498.86

12. Reserves

(1) Capital reserve

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Capital premium	1,903,422,821.29	3,856,075.00		1,907,278,896.29
II. Other capital reserves	<u>75,115,945.01</u>	<u></u>	<u></u>	<u>75,115,945.01</u>
Total	<u>1,978,538,766.30</u>	<u>3,856,075.00</u>	<u></u>	<u>1,982,394,841.30</u>

Note: The capital premium increased by RMB3,856,075.00 in the current period, which was the difference between the amount of repurchase capital and the consideration paid.

(2) Surplus reserve

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	<u>51,365,509.04</u>	<u></u>	<u></u>	<u>51,365,509.04</u>
Total	<u>51,365,509.04</u>	<u></u>	<u></u>	<u>51,365,509.04</u>

(3) Undistributed profit

Item	Closing balance	
	Amount	Percentage of allocation or distribution
Undistributed profit at the end of the previous period before adjustment	-1,283,084,419.02	
Adjustment for total undistributed profit at the beginning of the period (increase expressed with+, and decrease expressed with -)		
Undistributed profit at the beginning of the period after adjustment	-1,283,084,419.02	
Add: Net profit attributable to owners of Company for the period	327,361,858.49	—
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Dividend payable in respect of ordinary shares		
Dividend on ordinary share converted to share capital		
Undistributed profit at the end of the period	<u>-955,722,560.53</u>	<u></u>

13. Subsequent Matters

Nil

III. DISCUSSION AND ANALYSIS OF THE OPERATIONS DURING THE REPORTING PERIOD

Business review

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

1. *Seized new market opportunities for improving, optimizing and expanding the photovoltaic glass business*

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

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

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

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

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

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

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

Secondly, fine management to improve the management efficiency. The Company further carried out the work of “a year for implementing the rules and regulations”, implemented the long-term driving force with the rigid binding force of the system, and paid close attention to the work of “abolishing, amending and establishing system”. The headquarters of the Company focused on the first-class standard and quality and efficiency improvement, adhered to the problem-oriented practice, cemented its foundation and improved its weak areas. All subsidiaries strengthened digital management, focused on key production and operation indicators, concentrated on measures for cost and expenditure reduction, and achieved

significant results in cost reduction and efficiency improvement. Powered by informatization and intelligentization to increase the operation efficiency of the enterprises in production, Bengbu CNBM Information Display has been recognized as a smart factory in Bengbu city in 2020, five platforms of Longhai Glass smart factory project have been officially put into operation, and Yixing New Energy improved the business processing efficiency by implementing process reengineering.

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

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

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

The principal operations during the reporting period

During the reporting period, the Company's operating revenue amounted to RMB3,045,614,913.68, representing a year-on-year increase of RMB1,190,772,705.59; operating profit amounted to RMB461,918,784.89, representing a year-on-year increase of RMB391,530,225.26; net profit attributable to the shareholders of the Company amounted to RMB327,361,858.49, representing a year-on-year increase of RMB273,361,974.78; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.59. Gearing ratio was 67.97%, representing a decrease of 5.05 percentage points from 2019.

(I) Analysis of principal operating activities

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

Unit: Yuan Currency: RMB

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Analysis of revenue and costs

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

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

Unit: Yuan Currency: RMB

Principal operations by industry

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

Principal operations by product

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

Principal operations by region

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

(2) Analytical statement of production and sales volume

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

(3) *Analytical statement of costs*

Unit: Yuan Currency: RMB

By industry

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

By product

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

(4) *Major sales to customers and major suppliers*

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

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

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

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

3. Expenses

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

4. R&D expenditures

Unit: Yuan Currency: RMB

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

5. Cash flow

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

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

N/A.

(III) Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Closing balance of current period	Percentage of closing balance of current period over the total assets (%)	Closing balance of last period	Percentage of closing balance of last period over the total assets (%)	Percentage of changes in closing balance of current period over the closing balance of previous period (%)
Bank balance and cash	300,948,343.56	5.37	432,871,497.66	8.26	-30.48
Notes receivable	102,441,393.68	1.83	198,553,190.06	3.79	-48.41
Accounts receivable financing	448,697,313.21	8.01	162,706,438.58	3.10	175.77
Prepayments	142,259,523.11	2.54	59,807,534.23	1.14	137.86
Other receivables	17,023,855.78	0.30	37,905,213.08	0.72	-55.09
Other current assets	55,139,885.94	0.98	83,085,172.69	1.59	-33.63
Fixed assets	3,068,216,734.33	54.74	2,343,435,561.00	44.71	30.93
Construction in progress	54,472,785.67	0.97	603,637,921.26	11.52	-90.98
Development expenditure	14,096,615.36	0.25	3,073,758.34	0.06	358.61
Other non-current assets	33,523,206.41	0.60	3,671,639.24	0.07	813.03
Accounts payable	428,756,037.46	7.65	675,397,180.53	12.89	-36.52
Contract liabilities	38,214,732.27	0.68	15,654,739.42	0.30	144.11
Taxes payable	116,355,071.70	2.08	36,694,248.37	0.70	217.09
Other payables	764,011,526.81	13.63	356,002,972.21	6.79	114.61
Non-current liabilities due within one year	137,330,815.42	2.45	214,668,497.03	4.10	-36.03
Other current liabilities	4,888,222.00	0.09	1,834,742.27	0.04	166.43

Analysis on industry operating information

Information display glass segment:

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

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

New energy glass segment:

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

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

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

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

Analysis of major controlled and investee companies

Unit: Yuan Currency: RMB

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

Operating Plan

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

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

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

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

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

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

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

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

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

IV. CAPITAL LIQUIDITY AND FINANCIAL RESOURCES

Capital liquidity

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

Financial resources

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

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

V. CAPITAL STRUCTURE

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

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

VI. MAJOR RESTRICTED ASSETS AS AT THE END OF THE REPORTING PERIOD

Unit: Yuan Currency: RMB

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

VII. CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities.

VIII. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had a total of 2,641 employees. 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 benefits.

IX. DIVIDENDS

The Board of Directors of the Company did not recommend any distribution of dividends for the year ended 31 December 2020.

X. CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Company had complied strictly with the requirements of the Code on Corporate Governance Practices and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

XI. SECURITIES TRANSACTIONS BY DIRECTORS

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

XII. AUDIT COMMITTEE

The audit committee of the Board of the Company has reviewed the audited annual results for the year ended 31 December 2020 and the 2020 annual report.

XIII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As approved and authorized by the general meeting, in November 2020, the Company completed matters in relation to the repurchase and cancellation of 3,856,077 A shares in total as the performance compensation shares for the year of 2019 under the significant asset restructuring. The total share capital of the Company was changed to 548,540,432 shares from 552,396,509 shares accordingly.

XIV. CONTINUOUS CONNECTED TRANSACTIONS IN 2020

In 2020, the continuous connected transactions of the Group amounted to RMB3,464.80 million, and the considered and approved annual upper limit amounted to RMB4,656.33 million. The continuous connected transactions did not exceed the disclosed annual upper limit.

All continuous connected transactions of the Group are inseparable from the Group's daily operations, and are subject to the general commercial terms and conditions, or the transaction clauses are not inferior to the terms and conditions available to or provided by the independent third parties. The transaction price is fair and reasonable, and in the interests of the shareholders of the Company as a whole.

The Company's continuous connected transaction projects in 2020 have passed the corresponding review and approval procedures according to the relevant listing regulations of Stock Exchange of Hong Kong Limited and SSE, and the actual total transaction volumes have not exceeded the approved upper limit. The Company's independent auditor has reviewed the relevant continuous connected transactions and has issued the audit report of the projects. The Company's independent directors have also reviewed and confirmed the continuous connected transactions in 2020.

XV. AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The data contained in the annual results announcement of the Company for the year ended 31 December 2020 has been agreed by PKF Daxin Certified Public Accountants LLP, the auditor of Company, and is consistent with the data of the Company's 2020 annual report. The 2020 annual report will be dispatched to the shareholders and published on Stock Exchange by the Company in due course.

By order of the Board
Luoyang Glass Company Limited*
Zhang Chong
Chairman

Luoyang, China
30 March 2021

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