



**洛 阳 玻 璃 股 份 有 限 公 司**  
**LUOYANG GLASS COMPANY LIMITED**

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

H Share Stock Code: 1108

A Share Stock Code: 600876

**2017** ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

# Environmental, Social and Governance Report

Luoyang Glass Company Limited (“Luoyang Glass”, the “Company”) (Stock Code: 01108 (H shares), 600876 (A shares)) is a company whose A shares and H shares are listed in Shanghai and Hong Kong, respectively.

Luoyang Glass Company Limited, incorporated on 6 April 1994, issued overseas listed foreign H shares which were listed on the Stock Exchange of Hong Kong Limited on 29 June 1994 and ordinary A shares denominated in RMB which were listed on the Shanghai Stock Exchange on 29 September 1995. As the first company realizing commercial production of ultra-thin float glass products in China, the Company has accumulated leading knowledge system and processing experience during operation and production for over 10 years. The Company possesses a number of proprietary intellectual property rights and core technologies and maintains the leading position in the key production techniques of ultra-thin and ultra-white-ultra-thin glass in China. Its products are widely applied in the ITO industry, electronic industry, sophisticated instruments and glass deep processing industry. The Company has successively won various accolades including “National Quality Award for Float Glass – Silver Award (國家浮法玻璃質量獎-銀質獎)”, “Gold Invention Award (金質發明獎)”, “National Consumer Trustworthy Product (全國消費者信得過產品)”, “Well-known Trademark (馳名商標)” and “National Science & Technology Progress Award (first class) (國家科學技術進步一等獎)”.

Aiming to build itself into an innovation-performance-based, resource-conserving, environment friendly and socially responsible enterprise, and adhering to the core conception of “smart use of resources to serve the industrial construction”, the Company fosters the core value of “Innovation, Performance, Harmony and Responsibility”, striving for and making contribution to the harmonious, healthy and sustainable development among the Company and environment, the Company and its employees, the Company and the society.

The year 2017 was full of opportunities and challenges for Luoyang Glass. During the reporting period, by pushing ahead the development strategy of “integration and optimization, quality and efficiency improvement” and adhering to the business guideline of “price stabilization, quantity assurance, cost reduction, receivables collection, inventory control and adjustment”, the Company recorded better-than-expected operating results, with net profit attributable to shareholders of the Company up by 78.60% year on year. During the reporting period, it proactively carried forward significant asset restructuring to increase assets quantity and quality of new glass business, diversify products and downstream markets, and to ultimately achieve a large size and higher quality of assets. In the face of increasingly fierce market competition and challenges, the Company upgraded production line techniques and honed processing skills and level of core equipment in pursuit of high-quality development.

Going forward, Luoyang Glass will continue to explore glass products with a new image, strive for more value for clients, and build core competitive strength to become a pioneer and leader in the new glass industry, thus realizing sustainable and sound development.

## STEADILY PROMOTING ENVIRONMENTAL PROTECTION AND RESOURCES CONSERVATION

During the reporting period, the Company is mainly engaged in production and sales of ultra-thin glass substrate for optical electronic and information display with its product mainly distributed across 18 provinces (or municipalities directly under the central government) including Anhui, Guangdong, Jiangsu, Shanghai, Zhejiang and Hebei.

During the reporting period, the Company has three glass production lines (two in operation and one in halt of production for upgrade). Among them, CLFG Longhai Electronic Glass Co., Ltd. (Longhai Company) and CLFG Longmen Glass Company Limited (Longbo Company) are located in Luoyang, Henan province, and Bengbu CNBM Information Display Material Co., Ltd. (Bengbu Company) is located in Bengbu, Anhui province.

# Environmental, Social and Governance Report

Float glass production process has the feature of uninterrupted production. Therefore, the Company has been fully implementing energy conservation and emission reduction, cyclic utilization and ecological protection to minimize the impact of production on the environment.

- The main process for manufacture of ultra-thin glass with float glass manufacturing methods: all mineral raw materials and chemical raw materials which meet the manufacture requirement of ultra-thin glass are shipped into plant and stored in materials storage → having materials mixed in blender in compliance with material requirement, the well-prepared batches are transferred to furnace head storage of glass furnace through belt conveyor → a feeder at furnace head continuously feeding materials into furnace → (taking natural gas as fuel of furnace) after the batches are conveyed into furnace, the qualified glass liquid is formed after the batches are melt at high temperature, settled, homogenize and chilled, and flows into fluid channel (flow of glass liquid is controlled by control twee (sheet/plate) of fluid channel) → glass liquid moves forward into annealing furnace through tin bath from fluid channel → finally after chilling and cutting at cool end section, products are packaged in finished products automatic packaging system and transferred into finished products storage.
- Greenhouse gas emitted from the manufacture facility and in the manufacture process of the Company mainly includes burning of fuel, oxidation of carbon powder of raw material, decomposition of carbonate raw material, emissions from purchased net electricity and other manufacture process.

## Data on Greenhouse Gas Emission of Luoyang Glass for 2016 – 2017

	2017	2016
Total annual CO <sub>2</sub> emission for the year (tCO <sub>2</sub> )	<b>126,225.67</b>	183,104.19
Total emission from burning of fossil fuel	<b>65,493.34</b>	109,731.83
Emission from oxidation of carbon powder of raw materials	<b>60.35</b>	106.99
Emission from decomposition of carbonate raw material	<b>9,420.38</b>	13,256.99
Emission from use of purchased net electricity	<b>51,251.60</b>	60,022.61

## Data on Greenhouse Gas Emission from Production Lines for 2017

	Total annual CO <sub>2</sub> emission for the year (tCO <sub>2</sub> )	Total emission from burning of fossil fuel (tCO <sub>2</sub> )	Emission from oxidation of carbon powder of raw materials (tCO <sub>2</sub> )	Emission from decomposition of carbonate raw material (tCO <sub>2</sub> )	Emission from use of purchased net electricity (tCO <sub>2</sub> )
Total	126,225.67	65,493.34	60.35	9,420.38	51,251.60
Longhai Company	3,939.45	–	–	–	3,939.45
Longbo Company	68,790.79	41,667.34	42.92	7,558.38	19,522.15
Bengbu Company	53,495.43	23,826.00	17.43	1,862.00	27,790.00

(Note: Data in the table are calculated in accordance with the Calculation Method and Report Guide on Greenhouse Gas Emission for the PRC Manufacturers of Sheet Glass (Trial) (《中國平板玻璃生產企業溫室氣體排放核算方法與報告指南(試行)》 issued by the National Development and Reform Commission.)

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

# Environmental, Social and Governance Report

## Data on Major Pollutants Emitted of Luoyang Glass for 2016 – 2017

	2017	2016
Waste gas (0'000 standard cubic meters)	57,461	84,270
SO <sub>2</sub> (Ton)	49.00	49.90
NO <sub>x</sub> (Ton)	145.97	429.50
Granule (Ton)	8.26	14.30
Waste water (Ton)	143,730	288,518
COD (Ton)	2.94	7.20

## Data on Major Pollutants Emitted from Production Lines for 2017

	Waste gas (0'000 standard cubic meters)	SO <sub>2</sub> (Ton)	NO <sub>x</sub> (Ton)	Granule (Ton)	Waste water (Ton)	COD (Ton)
Total	57,461	49.00	145.97	8.26	143,730	2.94
Longhai Company	–	–	–	–	–	–
Longbo Company	35,829	14.90	74.57	6.06	90,459	2.69
Bengbu Company	21,632	34.10	71.40	2.20	53,271	0.25

(Note: The ultra-thin glass production line of Longhai Company suspended production in 2017 for technical upgrade and transformation and it was proposed to build a new generation of production line of ultra-thin glass substrate for information display. The details are set out in the announcement dated 9 September 2016 and the overseas regulatory announcement dated 9 June 2017 of the Company.)

## Legal Compliance

The Company earnestly follows out environmental protection-related laws and regulations and strictly abides by the specialized standards in relation to environmental protection, energy conservation and comprehensive utilization of resources issued by the state and local governments. The relevant laws and regulations include: Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》, taking effect on 1 January 2015); Law of the People's Republic of China on Environmental Effects Assessment (《中華人民共和國環境影響評價法》, taking effect on 1 September 2003); Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》, taking effect on 1 September 2000); Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》, taking effect on 1 June 2008); Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》, taking effect on 1 March 1997); Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste (《中華人民共和國固體廢物污染環境防治法》, taking effect on 1 April 2005); Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》, taking effect on 1 January 2003);

The Company rigorously implements standards on pollutant discharges and improves its monitoring and discharge reduction system to ensure standard discharge and clean production. The following standards are implemented:

Wastewater: to follow the Integrated Wastewater Discharge Standard (《污水綜合排放標準》)(GB 8978–1996) Class I in respect of pH, COD, SS, BOD5, NH3-N, petroleum and other relevant pollutants;

# Environmental, Social and Governance Report

Exhaust: to follow the Emission Standard of Air Pollutants for Electronic Glass Industry (《電子玻璃工業大氣污染物排放標準》) (GB29495-2013) in respect of NO<sub>x</sub>, SO<sub>2</sub> and atmospheric particulates;

Noise: to follow the Emission Standard for Industrial Enterprises Noise at Boundary (《工業企業廠界環境噪聲排放標準》) (GB 12348-2008).

## Systematic Management

The Company has established a panel and assigned professionals to lead the work on energy conservation and emission reduction according to relevant laws and regulations. All key managers concerned have obtained professional credentials.

Based on the environmental protection policies of the state and taking into account problems identified in the course of practical implementation, the Company has formulated and improved the management system of environmental protection, which covers the management of aquatic environment and atmospheric environment, prevention and control of the noise, environmental monitoring, environmental protection in construction projects and pollution treatment as well as the inspection and assessment systems. The Company also disseminated the importance of environmental protection throughout the Company to consistently improve the environmental awareness and resource saving consciousness of the staff.

The Company reduces energy consumption and pollutant discharges, improves energy utilization efficiency and achieves clean production in virtue of incessant improvement in processing technology. In 2017, the accumulated energy consumption per RMB10,000 of production output was 1.73 tonnes of standard coal, representing a decrease of 19.9% as compared to the corresponding period of last year, and thus the Company successfully accomplished the energy conservation task assigned by the government. In 2017, we carried out the "efficiency improvement, energy conservation and cost reduction" activities in a down-to-earth manner, and exerted painstaking efforts to implement relevant measures, gaining productive results in cost reduction and efficiency improvement with increased revenue and decreased expenditure totaling nearly RMB19 million.

- All production lines are fueled by natural gas and further reduction of energy consumption and pollutant discharge are achieved by improving combustion methods, thus implementing clean production.
- The Company strengthens operation and management of environmental protection facilities for desulfurization, denitration and dedusting to ensure sound operation conditions of the environmental protection facilities, guarantee high efficiency of desulfurization, denitration and dedusting and reduce emission of SO<sub>2</sub>, NO<sub>x</sub> and smoke dust. In 2017, the Company maintained all facilities for the fume dedusting and denitration in normal conditions in all production lines, the emission concentration of fumes, SO<sub>2</sub> and NO<sub>x</sub> in the production lines was proved to satisfy the national requirements of Emission Standard of Air Pollutants for Electronic Glass Industry (GB29495-2013).
- The Company takes a range of measures to reduce utilization of natural gas, cut the cost of fuel and decrease emission of SO<sub>2</sub> and NO<sub>x</sub>. Relevant measures included the adoption of oxygen-enriched combustion technology, improvement in the air vent of the combustion fan, hot repair for the regenerator, heat preservation for the furnace wall and reasonable adjustments of certain parameters in the manufacturing processing.
- The Company attaches importance to the reuse of water resources. It collects wastewater from the waste heat boiler, stores such in the circulating reservoir consisting of sedimentation pond, regeneration pool, absorbent device as well as other facilities and then reuses them in the fume dedusting and desulfurization system of the melting furnace. Besides, the Company applies a full guard coolant water system to the melting furnace, which only takes a small amount of water feed.



# Environmental, Social and Governance Report

## Comprehensive Treatment

Major treatment measures and recycled utilization approaches include:

- Furnace fumes are disposed through the combination of the electronic precipitator, the denitrification reactor, the semi-dry process for desulfurization and the bag filter.
- For the dust generated from glass breaker system and the compounding system, a bag filter is used for collection and further treatment of such dust.
- For noise treatment, the Company selects and uses facilities with low noise design and made rational distribution of noise sources (for example, to position all intense noise sources such as the freezing units, emergency generator, air compressor and vacuum pump in airtight workshops and to emplace cooling towers with encircling sound arresters on the rooftop of the power house) to scale down effects of noises from the production facilities on the surroundings as far as possible.
- Wastewater is treated through the process of equalization, sediment neutralization treatment and cycling. The reclaimed wastewater is reused for water supply in the ambient temperature cooling system. In addition, cooling water used in the freezing units and air compressors is all recycled to reduce waste of water resources.
- The solid wastes mainly consists of the dust collected by the bag filter, faulty glass substrate (semi-finished products and finished products), culled refractories and obsolete packaging materials, for which the recycled utilization measures include: to reuse the dust of compound and dust of ladle addition feeder collected by bag filters in production; to reuse all faulty glass substrates in production; to send used packing materials of chemicals back to the suppliers for recycling and common packaging materials to reclamation depot.

## PROACTIVELY FULFILLING CORPORATE SOCIAL RESPONSIBILITY

In the light of the core value of "innovation, performance, harmony and responsibility", the Company proactively undertakes the corporate social responsibility based on the demands of stakeholders including the staff, customers, business partners, the community, the media and so forth.

### Safeguarding Rights and Interests of the Staff

The Company respects and preserves the internationally accepted human rights conventions and labor standards, resolutely eliminates forced labor, protests against discrimination of any kind and sternly prohibits and resists the use of child labor. It recruits new staff in an open, fair and just manner, enforces equal pay for equal work and respects the privacy of the staff.

- The Company protects the staff's legal entitlements to the labor rights and performance of labor obligations in strict compliance with Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and relevant laws and regulations.
- The Company has entered into labor contracts with the staff and performed duties thereunder according to the laws. All employees have signed a contract with the Company. The Company pays in full the social insurances concerning pension, medicare, unemployment, work-related injuries and maternity to ensure the staff's treatment of social insurances in line with relevant national, provincial and local provisions.
- The Company has adopted the paid annual leave system for the staff and provides overtime pay for the work beyond legal working hours according to relevant provisions including Regulations of Paid Annual Leave of Employees (《職工帶薪年休假條例》).

# Environmental, Social and Governance Report

- The Company unremittingly consummates the corporate democratic management system with the congress of employee representatives as the fundamental form, and reports to and receives reviews from the employee representatives on the annual production and operation as well as material matters of the Company through the congress of employee representatives. The Company has established labor unions at all levels to cope with issues of the staff in relation to expression of demands, conflict settlement and other aspects, thus guaranteeing the staff's rights for participation, knowledge and supervision.
- The Company lays emphasis on quality improvement and skill trainings for workers at the production line. In 2017, the Company offers 35 training courses on various topics for 1,840 employees. It has formed the "Chief Employee" appraisal system to select "chief employees" among employees subordinate to shift forepersons in charge of key work and key posts in production for each year. The labor union of the Company organized a series of activities including the "Model Worker Workshop" and "Striving to be a Star Employee" to demonstrate the elegant demeanor of the staff and reinforce their passion in and devotion to the work.
- The Company carries on the "Heart-warming" and "Aiding Students in Golden Autumn" themed activities. In 2017, the Company provided aid and relief for employees in difficulties for 243 person counts and college fund for 14 students from poverty stricken families.
- The Company has preserved the staff's rights of occupational safety and health and arranged physical examination for all of its employees for free. Besides, the Company has exercised the special labor protection for female employees and recorded a full coverage of physical examination according to relevant stipulations including the Law on Protection of Rights and Interests of Women (《婦女權益保護法》).
- The Company organizes various cultural and recreational activities to enrich the cultural life of employees after work. In 2017, the Company hosted a series of grand activities such as the "New Year Celebration", the "Mountaineering Competition on Women's Day" and the "Flower Viewing Activities for Model Workers".

## Production Safety

In light of the safety principle of "Safety First, Prevention Foremost and Comprehensive Treatment", in addition to ever-increasing efforts to the day-to-day safety monitoring and management, the Company attends to the work relating to "targeted management of safety", "identification of material latent hazards", "establishment and rehearsal of the responsive system for material incidents" and "hierarchical control over danger sources (sites)" aiming for the achievement of safety in essence and the comprehensive improvement of production safety.

- The Company has established rigorous management systems, operation standards and responsive plans for production safety to strengthen the production safety accountability system and implement targeted management of production safety. Meanwhile, the Company has executed the Contract on Production Safety Obligations (《安全承包責任書》) in light of the overall control target of the safety work.

# Environmental, Social and Governance Report

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- The Company has strengthened the prevention and control of incidents and the hierarchical monitoring and control over danger sources (sites) by implementing progressive control and management in view of the nature and perniciousness of the danger sources (sites). The Company also arranges regular inspection on danger sources (sites) at different levels for each month, assigns full-time safety officer for daily in-process inspection from district to district, collects feedback receipts for latent hazard rectifications, designates separate principals for different projects to push forward relevant rectifications with the prescribed time limit and carries out on-site post inspections. Thanks to the foregoing, the Company has made the danger sources (sites) manageable, within reach and under control, thus effectively preventing the occurrence of material incidents.
- The Company has established the responsive rescue systems and mechanisms for material incidents and highlights investment in production safety to ensure full implementation of various safety measures. Professionals are arranged to make amendments to the responsive rescue plan in a timely manner and corresponding rehearsals are organized for each year in production units subordinate to the Company where there are concentrated danger sources, and the routine rehearsals were also improved.
- The Company strictly follows the safety training system and requires qualification certificates for personnel of special positions.

## **Safeguarding the Rights and Interests of Suppliers, Customers and Consumers**

The Company has long been devoted to establishing the strategic partnership with suppliers and distributors featuring smooth communication, sincere cooperation and mutual benefit and providing support for the development of suppliers and distributors with good faith, high-quality products and superior services so as to safeguard the rights and interests of suppliers, customers and consumers.

- The Company standardizes the management of suppliers, chooses excellent suppliers as cooperative partners in the supply chain and establishes long-term strategic cooperation relationship with them. It implements the concentrated purchasing through tender, and improves the fairness and justice of the supplier assessment systems so as to create a healthy competition environment for suppliers. In addition, the Company also designates professional technicians in production to provide technical instructions and services for suppliers for free so as to ensure qualified incoming raw materials as needed.
- In adherence to survival in virtue of quality and development through innovations, the Company energetically pushes ahead for stronger quality consciousness and increasingly improving quality management systems so as to provide high-quality products and services for customers and consumers. The Company has been improving the quality management systems covering each process from incoming raw materials to factory-gate products to make sure the in-process quality control. Paying consistent attention to the concerns of customers, the Company has made full use of various effective approaches to launch activities for collecting and analyzing information on customer satisfaction, and has formulated corrective measures based on helpful opinions or recommendations of customers and implemented the same into specific departments for timely rectifications. As a result, customer satisfaction has been increasing year by year.



# Environmental, Social and Governance Report

- By sticking to independent innovation, the Company devotes ever-increasing efforts to the troubleshooting as well as the marketing and application of the ultra-thin technology. It fully availed itself of its edge on the ultra-thin glass production technology to enlarge its product lines and raise the product quality. In 2017, the Company's 0.2mm-1.3mm series of products managed to grab a high share in the domestic market; and the mass production and commercialization of the medium-alumina electronic glass of 0.25mm and 0.33mm had been achieved, whose quality had met the standards on overseas similar products, filling the gap of this segment in China. In 2017, the R&D on Control Technology on Punctate Defects in Tin Bath of Electronic Glass (電子玻璃錫槽點狀缺陷控制技術研發) by Longmen Company was conferred the third prize of CNBMG Technological Innovation Achievements; and the Research on 0.15mm Thin Float Electronic Glass Process and Key Technology on Its Industrialization (0.15mm及薄浮法電子玻璃工藝及產業化關鍵技術研究) by the Bengbu Company was recognized as one of the provincial-level major projects in Anhui Province, while its two projects, namely the Research on Industrialization Production Technology of 0.2mm High-strength Electronic Glass (高強0.2mm電子玻璃工業化生產技術研究) and the Research on Production Technology of 3D Wearproof Glass Substrate (耐磨3D玻璃基板生產技術研究), were recognized as the major projects of independent innovation in Bengbu, Anhui Province.
- In 2017, the Company initiated a total of 12 patent applications including 4 invention patents and 8 utility model patents, and was granted 9 patents. The Company has participated in the revision to the national standard GB/T 20314-2006 Float Glass for Liquid Crystal Displays (《液晶顯示器用薄浮法玻璃》), which has been published by the Standardization Administration of the PRC and will be formally implemented from 1 August 2018.

## Public Relations

The Company and its subsidiaries proactively fulfill their corporate social responsibility for the communities in which they operate and have established good relationship with the communities. A safe and healthy environment has been created for such communities in terms of traffic safety, personal safety and public health. The Company upholds harmonious neighborhood, fair exchange and mutual respect.

The Company resolutely opposes to commercial bribery and industrial monopoly and proactively participates in protection of fair market competition in the principle of building a fair, just and open market competition environment to improve economic operation efficiency, safeguard consumers' interests and social public interests, and promote the healthy development of the industry.

Regarding payment of taxes according to laws as the most basic requirement for fulfilment of social responsibility and repaying the society, the Company has always faithfully declared tax and made timely payment of taxes.

In operating activities, the Company follows the principle of voluntariness, fairness, honesty and credibility, complies with social morality and business ethics, takes the initiative to accept the supervision and inspection by government departments and regulators, and attaches importance to the supervision and comments of the public and news media for the Company.

# Environmental, Social and Governance Report

## GIVING TOP PRIORITY TO ENHANCEMENT OF CORPORATE GOVERNANCE

The Company is proactively committed to achieving and maintaining high standard of corporate governance and constantly improving corporate governance. A decision and operation system has been established based on the Articles of Association and mainly structured with the general meeting, the Board, the Supervisory Committee and the management to improve various internal management systems. An internal control and prevention system has been built, with risk management as the start, clear division of responsibility as the core, improved institutional construction as the guarantee and process streamlining and standardizing as the basis. The standardization and implementation of corporate internal control system reasonably guarantee the legality and compliance of the Company's operation and management, assets safety, authenticity and completeness of financial report and relevant information, improvement of operating efficiency and effects, and promotion of the realisation of the Company's development strategy.

### Compliance with Corporate Governance Code

The Company has adopted the principles under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

### Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions set out in Appendix 10 to the Listing Rules.

Having made specific enquiry by the Company, all Directors and supervisors have confirmed that they had fully complied with relevant requirements of the Model Code for Securities Transactions during the reporting period.

As at 31 December 2017, none of the Directors, supervisors or senior management of the Company and their connected persons to the knowledge of the Directors had any interest nor short position in the shares, underlying shares or debentures of the Company or its associated corporations which was required to be entered in the register of interest kept by the Company pursuant to section 352 of the Securities and Futures Ordinance.

The changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in the annual report.

### Board

As at 31 December 2017, the eighth session of the Board of the Company consisted of 9 members including 4 executive Directors, 1 non-executive Directors and 4 independent non-executive Directors. On 17 July 2017, Mr. Tang Liwei and Mr. Zhang Chengong, being non-executive Directors of the Company, voluntarily resigned as the non-executive Directors and members of the strategic committee due to work rearrangement. The personal information of relevant Directors are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in the annual report.

# Environmental, Social and Governance Report

Members of the eighth session of the Board of the Company and composition of special committees

<b>Committees</b> <b>Members of the Board</b>	<b>Strategic Committee</b>	<b>Nomination Committee</b>	<b>Remuneration and Review Committee</b>	<b>Compliance Committee</b>	<b>Audit Committee</b>
<b>Executive Directors</b>					
Mr. Zhang Chong (Chairman)	Chairman	Member	Member		
Mr. Ni Zhisen (General Manager)	Member				
Mr. Ma Yan (Deputy General Manager, Chief Financial Officer)					
Mr. Wang Guoqiang (Deputy General Manager)					
<b>Non-executive Directors</b>					
Mr. Xie Jun (Deputy Chairman)				Member	
<b>Independent Non-executive Directors</b>					
Mr. Jin Zhanping	Member	Chairman			
Mr. Liu Tianni			Member	Chairman	Member
Mr. Ye Shuhua			Chairman		Member
Mr. He Baofeng		Member			Chairman

The Board convenes meetings on a regular basis and also calls upon irregular meetings depending on actual conditions. During the reporting period, the Board convened 22 meetings and all Directors proactively attended the meetings in person or by way of communication. The attendance of Board meetings and the meetings of special committees in 2017 is set out in the section headed "Corporate Governance" in the annual report.

## Special Committees of the Board

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

The work and meetings of the special committees in 2017 are set out in the section headed "Corporate Governance" in the annual report.

# Environmental, Social and Governance Report

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## **Risk Management and Internal Control**

The Board is responsible for the risk management and internal control system and the review of the effectiveness thereof. The Supervisory Committee supervises the establishment and implementation of internal control by the Board.

The Audit Committee of the Board is responsible for reviewing the Company's financial position, implementation and effects of internal control system, and risk management and control as well as the communication, supervision and inspection in respect of internal and external audit of the Company.

The management is in charge of organizing and leading the daily operation of risk management and internal control and the Audit Department of the Company is responsible for the specific implementation, supervision and inspection of the risk management and internal control system. The Company has engaged WUYIGE Certified Public Accountants LLP. to audit effectiveness of internal control of annual financial statements of the Company, who presented the audit report and disclosure.

The Board, through the Audit Committee, reviewed the adequacy and effectiveness of the Company's risk management and internal control. It prepared the Report on Comprehensive Risk Management of Luoyang Glass Company Limited for 2018. In 2017, it organized and conducted comprehensive monitoring and evaluation for the internal control management system of 7 functional departments and 4 important subsidiaries in accordance with the Measures for Management of Internal Control Evaluation and the Plan on Implementation of Self Evaluation for 2017, and issued the Report on Evaluation of Internal Control for 2017 of Luoyang Glass Company Limited. On 22 March 2017, the report was published on the websites of the Hong Kong Stock Exchange, Shanghai Stock Exchange and the Company.

## **Relationship with Shareholders**

The Board considers that it is very important to engage in effective communication with shareholders, strengthen management of investor relations and facilitate them to have an understanding of the Company's business and development prospects. The Company strengthened communications among its investors via investors exchange meetings, performance presentations, interactive internet platforms, etc. and highly valued the creation of harmonious relations among investors. Questions brought up by investors were timely replied to. Secretariat of Board of Directors of the Company appointed a special person to answer consulting phone calls from investors and receive their emails as well as reply to their questions and inquiries. The specially appointed person also received visiting investors and assisted them in conducting researches. The Company's files, annual reports, half-year reports, quarterly reports, temporary announcements, circulars, etc. were publicized on the website of the Company so that shareholders and other investors could obtain updated information about the Company.

The Company respects and protects legal rights of medium and small investors. The Articles of Association sets out that, shareholders shall participate in making major decisions of the Company by exercising the voting rights at the general meetings; While convening the general meeting, the Shareholders individually or jointly holding more than 10% shares of the Company, have right to request the Board to convene the extraordinary general meeting; the Shareholders individually or jointly holding more than 3% (including 3%) of the shares of the Company are entitled to submit a proposal in writing to the Company.

The Company operates independently, has sole decision-making right for operations and does not depend on any controlling shareholders and their connected enterprises.

# Environmental, Social and Governance Report

During the reporting period, the Company convened the 2016 annual general meeting and 4 extraordinary general meetings. Information on the general meetings of the Company in 2017 and inquiry index are as follows:

Session	Date	Inquiry index on the website on which the resolutions are publicized	Date of disclosure
2017 First Extraordinary General Meeting	10 April 2017	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	11 April 2017 10 April 2017
2016 Annual General Meeting	5 June 2017	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	6 June 2017 5 June 2017
2017 Second Extraordinary General Meeting	21 August 2017	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	22 August 2017 21 August 2017
2017 Third Extraordinary General Meeting, 2017 First A Share Class Meeting, 2017 First H Share Class Meeting	27 October 2017	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	28 October 2017 27 October 2017
2017 Fourth Extraordinary General Meeting	7 December 2017	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	8 December 2017 7 December 2017

## Auditors' Remuneration

The Audit Committee of the Board is responsible for check of the independence of external auditors and the non-audit work undertaken by them. WUYIGE Certified Public Accountants LLP was appointed as the external auditors for the year upon approval by Shareholders at the 2017 Second Extraordinary General Meeting. The auditors' remuneration is set out in the section headed "Significant Events" in the annual report.

## Company Secretary

During the reporting period, the Company Secretary was Mr. Ip Pui Sum from Sum, Arthur & Co. in Hong Kong. The Company Secretary reported corporate governance to the Chairman, ensured smooth information exchange among Directors and between Directors and Shareholders, and complied with the policies and procedures of the Board. In 2017, Mr. Ip accepted no less than 15 hours of professional training to update his skills and knowledge.

Mr. Wu Zhixin, Secretary to the Board, serves as the principal liaison of the Company with the Company Secretary. For her detailed contact information, please refer to the section headed "Company Profile" in the annual report.

April 2018