



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

2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Report

ABOUT LUOYANG GLASS

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. The Company is the place of origin for one of three major float glass production methods “Luoyang Float Glass Technology”, also is 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 several decades. The Company possesses a number of proprietary intellectual property rights and core technologies. 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.

In 2019, the market environment was complicated and volatile, and the opportunities and challenges coexisted in the industrial transformation and upgrading and the structural adjustment. Under the direction of high quality development, the Company made every effort to promote the adjustment and optimization of every business segment, accelerated the research and development of new products, deeply launched “management of three delicacies” so as to continuously increase the management level and profitability. In 2019, the total operating income amounted to RMB1.855 billion, representing an increase of 32.23% year on year; the net profit attributable to the shareholders of the Company amounted to RMB53.9999 million, representing an increase of 245.15% year on year.

Going forward, Luoyang Glass will follow the orientation of technology and product innovation, build core competitive strength and focus on advancing high-quality development to become a pioneer and leader in the new glass industry.

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STEADILY PROMOTING ENVIRONMENTAL PROTECTION AND RESOURCES CONSERVATION

As at the end of the reporting period, the Company has six glass production bases, including 6 wholly-owned subsidiaries and 1 controlled subsidiary. Its glass production lines are distributed in six cities in three provinces, namely Henan, Anhui and Jiangsu.

During the reporting period, the Company mainly engaged in two segments, including information display glass and new energy glass.

The main products of the Company belong to key basic materials in the upstream of the relevant industry chain, which are in line with the requirements of the industrial policies and technical improvement. Its product are mainly distributed across Guangdong, Zhejiang, Jiangsu, Anhui, Henan, Hebei, Shanghai in the PRC and some areas in southeast Asia.

The information display glass segment mainly produces ultra-thin electronic glass substrate. It currently has three wholly-owned subsidiaries producing such products, including CLFG Longhai Electronic Glass Limited ("**Longhai Glass**") and CLFG Longmen Glass Co. Ltd. ("**Longmen Glass**") in Luoyang City, Henan; and Bengbu China National Building Materials Information Display Materials Company Limited ("**Bengbu CNBM Information Display**") in Bengbu City, Anhui.

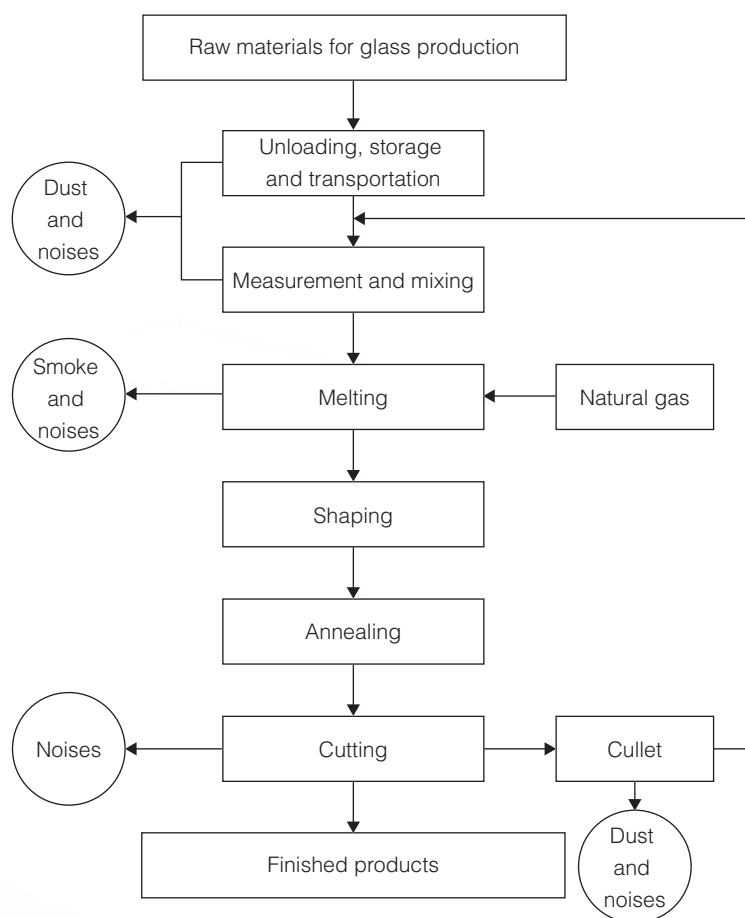
The new energy glass segment mainly produces photovoltaic original glass and its further processed products. It currently has 3 wholly-owned subsidiaries and 1 controlled subsidiary producing such products, including Puyang China National Building Materials Photovoltaic Materials Company Limited ("**Puyang CNBM Photovoltaic Materials**") in Puyang County, Henan (the company's production line is not yet put into production); CNBM (Tongcheng) New Energy Materials Co., Ltd.* ("**Tongcheng New Energy**") in Tongcheng City, Anhui; CNBM (Hefei) New Energy Co., Ltd.* ("**Hefei New Energy**") in Hefei City, Anhui and CNBM (Yixing) New Energy Resources Co., Ltd ("**Yixing New Energy**") in Yixing City, Jiangsu.

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ENVIRONMENTAL PROTECTION

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.

- Glass production process and analysis on major pollutants



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- Greenhouse gas emitted from the manufacture facility and in the manufacture process 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 – 2019

	2016	2017	2018	2019
Total annual CO2 emission for the year (<i>tCO₂</i>)	183,104.19	126,225.67	633,344.86	550,357.89
Total emission from burning of fossil fuel	109,731.83	65,493.34	355,064.70	242,623.62
Emission from oxidation of carbon powder of raw materials	106.99	60.35	47.74	68.51
Emission from decomposition of carbonate raw material	13,256.99	9,420.38	93,216.75	96,333.81
Emission from use of purchased net electricity	60,022.61	51,251.60	185,015.67	211,331.95

Data on Greenhouse Gas Emission from Production Lines for 2019

	Total annual CO2 emission for the year (<i>tCO₂</i>)	Total emission from burning of fossil fuel (<i>tCO₂</i>)	Emission from oxidation of carbon powder of raw materials (<i>tCO₂</i>)	Emission from decomposition of carbonate raw material (<i>tCO₂</i>)	Emission from use of purchased net electricity (<i>tCO₂</i>)
Total	550,357.89	242,623.62	68.51	96,333.81	211,331.95
Longhai Glass	34,936.31	18,171.89	18.61	7,747.25	8,998.56
Longmen Glass	45,512.48	21,814.41	31.57	6,885.38	16,781.12
Bengbu CNBM Information Display	56,250.14	25,053.44	18.33	1,957.95	29,220.42
Tongcheng New Energy	82,673.17	39,951.17	–	10,309.09	32,412.91
Hefei New Energy	189,105.79	91,580.71	–	40,408.14	57,116.94
Yixing New Energy	141,880.00	46,052.00	–	29,026.00	66,802.00

(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.)

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

Data on Major Pollutants Emitted of Luoyang Glass for 2016 –2019

	2016	2017	2018	2019
Waste gas (0'000 standard cubic meters)	84,270	57,461	225,606	210,028
SO ₂ (Ton)	49.90	49.00	94.954	80.584
NO _x (Ton)	429.50	145.97	646.504	515.121
Granule (Ton)	14.30	8.26	40.405	26.133
Waste water (Ton)	288,518	143,730	764,538	704,239
COD (Ton)	7.20	2.94	39.068	45.256

Data on Major Pollutants Emitted from Production Lines for 2019

	Waste gas (0'000 standard cubic meters)	SO ₂ (Ton)	NO _x (Ton)	Granule (Ton)	Waste water (Ton)	COD (Ton)
Total	210,028	80.584	515.121	26.133	704,239	45.256
Longhai Glass	21,149	3.160	13.904	2.269	26,396	2.352
Longmen Glass	36,627	11.890	52.419	4.457	78,896	2.189
Bengbu CNBM Information Display	45,623	32.956	262.199	6.734	55,455	8.340
Tongcheng New Energy	28,952	13.599	133.773	1.978	439,932	27.736
Hefei New Energy	34,289	10.363	52.826	8.247	–	0.289
Yixing New Energy	43,388	8.616	0.000	2.448	103,560	4.350

(Note: During the reporting period, the ultra-white solar thermal materials project of Puyang Photoelectric Material (a wholly-owned subsidiary of the Company) has yet to be completed and put into operation.)

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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. Pollutant discharge standards currently observed by production-related subsidiaries of the Company are as follows:

Type of pollutants	Pollutant discharge standards (note)	Major pollutants	Discharge concentration
Exhaust	Emission Standard of Air Pollutants for Electronic Glass Industry (《電子玻璃工業大氣污染物排放標準》) (GB29495-2013)	Atmospheric particulate (dust) SO ₂ NO _x	Atmospheric particulate ≤50mg/m ³ SO ₂ ≤400mg/m ³ NO _x ≤700mg/m ³
	Emission Standard of Air Pollutants for Plate Glass Industry (《平板玻璃工業大氣污染物排放標準》) (GB26453-2011)		Atmospheric particulate ≤50mg/m ³ SO ₂ ≤400mg/m ³ NO _x ≤700mg/m ³
	Emission Standard for Industrial Enterprises Noise at Boundary of Henan Province (《河南省工業企業廠界環境噪聲排放標準》) (DB41/1066-2015)		Atmospheric particulate ≤30mg/m ³ SO ₂ ≤200mg/m ³ NO _x ≤400mg/m ³
	Relevant Emission Standard of "2019 Upgrading and Special Treatment Plan in Non-Electric Industries of Luoyang City"		Atmospheric particulate ≤30mg/m ³ SO ₂ ≤150mg/m ³ NO _x ≤400mg/m ³
Wastewater	Integrated Wastewater Discharge Standard (《污水綜合排放標準》) (GB 8978-1996) Class I	pH, COD, SS, BOD ₅ , NH ₃ -N, petroleum and other relevant pollutants	pH: 6~9 COD ≤100mg/L SS ≤100mg/L BOD ₅ ≤20mg/L NH ₃ -N ≤15mg/L petroleum ≤5mg/L

(Note: The production subsidiaries of the Company which are currently located in Luoyang city implement all the standards set out in the table, and the subsidiaries located in other provinces implement national and industrial standards.)

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Systematic Management

The Company earnestly implemented the national, provincial and municipal environmental protection policies and regulations, and actively responded to the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》), the Comprehensive Work Plan on Energy Conservation and Emission Reduction of the State Council for the "13th Five-Year" Period (《國務院“十三五”節能減排綜合性工作方案》), the Plan for Energy Conservation and Emission Reduction (2016–2020) (《節能減排規劃(2016–2020年)》) and other relevant industry policies. Under the guidance of green development and the premise of ensuring the fulfillment of the various emission standards in a stable manner, the Company follows through the new enterprise growth path featuring low energy consumption, high efficiency, less emissions and recycling. The Company aims to promote its environmental protection capacity and achieve sustainable development through strict management, continuous improvement, and management innovation.

During the reporting period, in order to further strengthen the management and control of environmental protection work, the Company established the environmental protection committee and the leading group for ecological and environmental protection supervision and inspection, and defined the responsibilities of the committee. At the same time, the Company formulated and issued various relevant management systems including "Environmental Protection Responsibility System of Luoyang Glass Company Limited", "Detailed Rules for the Implementation of Environmental Protection Management of Luoyang Glass Company Limited", "Measures for Management of Environmental Emergencies of Luoyang Glass Company Limited", "Supervision and Management System for Energy Conservation and Emission Reduction of Luoyang Glass Company Limited", "Measures for the Management of Environmental Emergency Reports of Luoyang Glass Company Limited", continued to strengthen the management and control of key environmental protection work and increase human, material and financial resources and technical support for environmental protection. The total investment in environmental protection, energy conservation and emission reduction was approximately RMB19,786,600 for 2019.

In its daily production and operation, all production lines of the Company are equipped with relatively complete pollution prevention and control facilities, and the Company continues to strengthen the renewal and renovation and operation and maintenance management for environmental protection facilities. Each subsidiary company seeks to reduce its energy consumption and pollutant discharge level through continuous improvement of process technology, so as to enhance energy utilization efficiency and realize clean production. Major measures include: glass production lines are fueled by natural gas; further reduction of energy consumption and pollutant discharge are achieved by using Oxygen Enriched Combustion technology, thus implementing clean production; the production process parameters are reasonably adjusted to strengthen the kiln body heat preservation, thus reducing the use of natural gas; the Company strengthens the operation and management of environmental protection facilities for desulfurization, denitration and dedusting to guarantee high efficiency of desulfurization, denitration and dedusting and reduce emission of SO₂, NO_x and smoke dust.

The Company strictly implements national and local environmental emission standards, implements its environmental protection responsibility at various levels through standardized systems, ensuring effective operation of the environmental protection facilities and timely taking of measures to rectify when problems are detected.

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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.
- The Company promotes circular economy and the use of new energy. As for the 3MW waste heat power station which is a supporting construction facility of the photovoltaic glass production line of Hefei New Energy and whose annual accumulated self-generated power amounts to approximately 13,755,000KWH, the Company makes full use of waste gas heat from its glass melting kilns to improve the energy using efficiency, meanwhile relieves the shortage of energy supply accordingly and reduces the emission of air pollutants, which can help reduce annual emission of the greenhouse gas, CO₂, by approximately 11,000 tons.

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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》).
- 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 2019, it conducted learning activities across the whole Company and held a total of 308 trainings with 6,033 participants. It actively carried out “Model Work Innovation Workshop” and established platforms for the growth of “craftsman” to reinforce their passion in and devotion to the work. Six innovative studios were named after model workers and craftsmen of the Company, and 42 agreements for “mentoring apprentices” were signed.
- The Company carries on the “Heart-warming” themed activities. In 2019, it visited 42 employees of the Company and distributed subsidies of RMB50,410.
- 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》).

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- The Company organizes various cultural and recreational activities to enrich the cultural life of employees after work. The Company's Workers' Union hosted a series of cultural and recreational activities such as the "New Year Celebration", the "Outing Themed on 'Being with Nature and Fly Your Dream'", the "Essay and Photo Exhibition with the Theme of 'Magnificent 70th Anniversary, New Age for Making Contribution'" and the "Speech Themed on 'My Factory and My Country'".

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. In 2019, the Company recorded no accident in production throughout the year.

- 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. In addition, the Company has strengthened its daily supervision and inspection mechanism and implemented the system of monthly safety and environmental protection meetings. It has especially strengthened targeted security supervision and special investigation, to eliminate all hidden dangers, in accordance with seasonal changes and major holiday arrangements.
- 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 onsite 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 has adhered to the concept of "reasonable cost and comprehensive protection" and resolutely forbidden the operation without protection appliances and equipment, to guarantee full purchase and timely handing out of security protection articles. The total investment of safety (including occupational health and fire protection) protection funds for the year was RMB4,402,700.

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- The Company has continued to promote the development of a dual prevention system for safety production risks and hidden dangers, and formulated an implementation plan for the development of the dual prevention system for safety production risks and hidden dangers and urged its implementation. In 2019, Longhai Glass and Longmen Glass, the wholly-owned subsidiaries of the Company, had completed various works including the organization construction, system documentation, training of all workers and staff, inspection and determination of risk points, identification and analysis of risk sources, risk assessment, determination of risk control measures and its level-to-level management and control, as well as hidden risks inspection list compilation and their governance in accordance with the requirements under “the Evaluation Standard for the Development of the Dual Prevention System for Enterprise Safety Production Risks and Hidden Dangers in Henan Province”. The wholly-owned subsidiaries Bengbu CNBM Information Display and Tongcheng New Energy have strengthened the security risk control work, set up “Risk Informing Cards” for key positions, and published “the Risk Classification Distribution Map” and “Level-to-Level Management and Control and the Responsibility List for Major Risk” in accordance with the requirements of the “six mechanisms” established by Anhui Province. The controlled subsidiary Yixing New Energy has preliminarily completed the construction of the dual prevention mechanism, completed the compiling of the risk guidance manual, and standardized the signboard for risk identification in the factory.
- The company has strengthened occupational health management to ensure the health of workers. It has implemented the “three contemporary” safety management system for new construction, reconstruction and expansion projects to prevent and reduce production accidents and ensure the safety of life and property of employees. In 2019, the Company has organized and completed the compilation of the safety and occupational health design section of the relevant new construction and reconstruction projects and passed the expert review; it has organized to participate in the activities including “Week-Long Campaign for Occupational Disease Prevention and Treatment Law in Luoyang City” and “Occupational Health and Safety Training Themed on ‘Love You and Me, Health with us in Central China’”. The Company has regularly conducted physical examination for employees and established occupational disease archives, and timely handed out labor protection articles to protect the health of the staff.
- The Company has enhanced the safety awareness of the staff and improved their emergency response skills, and conducted a total of 2,885 fire safety trainings throughout the year. It has strived to create a good atmosphere of production safety, strengthened the awareness of safety red line and improved the safety awareness of all staff by earnestly organizing and implementing the activity themed on “production safety month”. In addition, based on its actual production conditions, the Company has organized rescue drills for “the melting furnace glass water leakage accident”, “electrical fire”, “fire fighting and extinguishment” and other subjects as scheduled throughout the year to enhance the ability of emergency rescue.

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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.
- The Company takes full advantage of its own technological innovation, devotes efforts to the troubleshooting as well as the marketing and application of process technology to enlarge its product lines and raise the product quality. The Company's 0.2mm-1.3mm series of ultra-thin glass products managed to grab a high share in the domestic market and the mass production and commercialization of the ultra-thin medium-alumina electronic glass has been achieved, whose quality had met the standards on overseas similar products.
- The Research on 0.15mm Thin Float Electronic Glass Process and Key Technology on Its Industrialization (0.15mm極薄浮法電子玻璃工藝及產業化關鍵技術研究) by the Bengbu CNBM Information Display, a wholly-owned subsidiary of the Company, passed the acceptance inspection for major science and technology projects of Anhui Province; the Research, Development and Application of the Key Technologies for Industrialization of the Ultra White and High Transparent Solar Glass with Resistance to Potential Induced Decay (《防電勢誘導衰減·超白高透太陽能玻璃產業化關鍵技術研發及應用》) developed by Tongcheng New Energy, a wholly-owned subsidiary of the Company, won the second prize of 2019 Anhui Provincial Science and Technology Progress Award; Yixing New Energy, a controlled subsidiary of the Company, was awarded as 2019 Potential Unicorn Enterprise in High-tech Zone of Jiangsu Province and Five-Star Cloudified Enterprise in Jiangsu Province.
- In 2019, 10 new national patents and 28 utility model patents were applied.

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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.

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.

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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 the Model Code for Securities Transactions during the reporting period.

As at 31 December 2019, 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

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 11 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 2019 are set out in the section headed "Corporate Governance" in the annual report.

Mr. Zhang Chong was elected as the Chairman of the ninth session of the Board of the Company and Mr. Xie Jun was elected as a deputy Chairman at the first meeting of the ninth session of the Board of the Company convened on 5 March 2019. The personal information of the relevant Directors is set out in the section headed "Directors, Supervisors, Senior Management and Employees" in the annual report.

As at the end of the reporting period, the ninth session of the Board was composed of eleven Directors, including five executive Directors, i.e. Mr. Zhang Chong, Mr. Xie Jun, Mr. Ma Yan, Mr. Wang Guoqiang and Mr. Zhang Rong; two non-executive Directors, i.e. Mr. Ren Hongcan and Mr. Chen Yong; and four independent non-executive Directors, i.e. Mr. Ye Shuhua, Mr. He Baofeng, Mr. Jin Zhanping and Ms. Zhang Yajuan.

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

Committees Members of the Board	Strategic Committee	Nomination Committee	Remuneration and Review Committee	Compliance Committee	Audit Committee
Executive Directors					
Mr. Zhang Chong (Chairman)	Chairman	Member	Member		
Mr. Xie Jun (Deputy Chairman)	Member			Member	
Mr. Ma Yan (General Manager, Chief Financial Officer)	Member				
Mr. Wang Guoqiang (Deputy General Manager)					
Mr. Zhang Rong (Deputy General Manager)					
Non-executive Directors					
Mr. Chen Yong	Member				
Mr. Ren Hongcan					
Independent Non-executive Directors					
Mr. Jin Zhanping	Member	Chairman			
Mr. Ye Shuhua			Chairman		Member
Mr. He Baofeng		Member			Chairman
Ms. Zhang Yajuan			Member	Chairman	Member

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 2019 are set out in the section headed "Corporate Governance" in the annual 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 considered that the Company maintained an effective internal control over the financial reporting in respect of all material aspects according to Basic Standard for Enterprise Internal Control and relevant requirements. On 29 April 2020, the audit report was published on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange.

The Board, through the Audit Committee, reviewed the adequacy and effectiveness of the Company's risk management and internal control. The Company prepared the Report on Comprehensive Risk Management of Luoyang Glass Company Limited for 2020. It organized and conducted comprehensive monitoring and evaluation for the internal control management system of 8 functional departments and its subsidiaries in accordance with the Measures for Management of Internal Control Evaluation and the Plan on Implementation of Self Evaluation for 2019, and prepared the Report on Evaluation of Internal Control for 2019 of Luoyang Glass Company Limited. On 29 April 2020, 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 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 in a timely manner.

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 2019 first extraordinary general meeting and 2018 annual general meeting. Information on the general meetings of the Company and inquiry index are as follows:

Session	Date	Inquiry index on the website on which the resolutions are publicized	Date of disclosure
2019 First Extraordinary General Meeting	4 March 2019	http://www.sse.com.cn http://www.hkexnews.hk	5 March 2019 4 March 2019
2018 Annual General Meeting, 2019 First H Share Class Meeting and 2019 First A Share Class Meeting	21 June 2019	http://www.sse.com.cn http://www.hkexnews.hk	22 June 2019 21 June 2019

Amendments to the Articles of Association

Amendments were made to the Articles of Association of the Company during the reporting period pursuant to the applicable laws and regulations in the PRC as well as the requirements of the Listing Rules. Such amendments were considered and approved by the shareholders at the 2018 Annual General Meeting, 2019 First H Share Class Meeting and 2019 First A Share Class Meeting convened on 21 June 2019.

The principal contents of the amendments were the cancellation of share repurchase of the compensation shares for performance commitment completed by the Company on 12 December 2019 in accordance with the compensation scheme for performance commitment of substantial underlying asset reorganization units in 2018 and amendments to relevant articles of Articles of Association of the Company in respect of changes in total share capital and registered capital of the Company accordingly.

Please refer to the websites of the Company, the Hong Kong Stock Exchange and Shanghai Stock Exchange for the text of the Articles of Association of the Company.

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 reappointed as the external auditors for the year upon approval by Shareholders at the 2018 Annual 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 2019, 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.

May 2020