THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Luoyang Glass Company Limited***, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Luoyang Glass Company Limited*.

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)

(1) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES;
(2) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION FOR A SHARES BY TRIUMPH GROUP;
(3) SPECIFIC MANDATE; AND
(4) PROVISION OF GUARANTEE BY THE COMPANY TO THE SUBSIDIARIES OF THE COMPANY IN 2021

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

VEDA | CAPITAL
智 略 資 本

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those set out in the section headed "Definitions" of this circular.

A notice convening the EGM to be held at 9:00 a.m. on 12 March 2021 (Friday) at the conference room of the Company on 3rd Floor, No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC is set out on pages EGM-1 to EGM-7 of this circular.

A notice convening the H Shareholders' Class Meeting of the Company to be held at the conference room of the Company on 3rd Floor, No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC at 10:00 a.m. on 12 March 2021 (Friday) (or immediately after the A Shareholders' Class Meeting of the Company to be convened and held on the same date and at the same place) is set out on pages HCM-1 to HCM-6 of this circular.

The forms of proxy for use at the EGM and the H Shareholders' Class Meeting were despatched to the Shareholders and published on the website of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) on 22 February 2021. Whether or not you are able to attend the EGM/the H Shareholders' Class Meeting in person, you are requested to complete and return the forms of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, or to the Company's registered address at No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM/the H Shareholders' Class Meeting or any adjournment thereof. Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM/the H Shareholders' Class Meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

24 February 2021

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In this circular, unless the context requires otherwise, the following terms shall have the following meanings:

"A Share(s)"	the ordinary share(s) issued by the Company, with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Shareholder(s)"	holder(s) of A Share(s)
"A Shareholders' Class Meeting"	the class meeting of the A Shareholders to be convened at 9:00 a.m. on 12 March 2021 by the Company for the A Shareholders to consider and, if thought fit, approve, among other things, (i) the Non-public Issuance of A Shares; (ii) the Proposed Triumph Group Subscription; and (iii) the Specific Mandate
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Bengbu Institute"	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd* (中建材蚌埠玻璃工業設計研究院有限公司), a company incorporated in the PRC with limited liability, the substantial shareholder of the Company and a wholly-owned subsidiary of Triumph Group
"Board"	the board of Directors of the Company
"Class Meetings"	the A Shareholders' Class Meeting and the H Shareholders' Class Meeting
"CLFG"	China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), a company incorporated in the PRC with limited liability, and the substantial shareholder of the Company
"CNBMG"	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), a wholly state-owned enterprise incorporated in the PRC and an indirect controlling shareholder of the Company
"Company"	Luoyang Glass Company Limited* (洛陽玻璃股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the main board of the Stock Exchange (stock code: 1108) and the SSE (stock code: 600876) respectively
"connected person"	has the meaning as ascribed to it under the Listing Rules

"controlling shareholder"	has the meaning as ascribed to it under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of the Company, including the independent non-executive director(s)
"EGM"	the extraordinary general meeting of the Company to be convened at 9:00 a.m. on 12 March 2021 for the Shareholders to consider and, if thought fit, approve, among other things, (i) the Non-public Issuance of A Shares; (ii) the Proposed Triumph Group Subscription; (iii) the Specific Mandate; and (iv) the provision of guarantee by the Company to the subsidiaries of the Company in 2021
"H Share(s)"	the ordinary share(s) issued by the Company, with a par value of RMB1.00 each, which are listed on the Stock Exchange
"H Shareholder(s)"	holder(s) of H Share(s)
"H Shareholders' Class Meeting"	the class meeting of the H Shareholders to be convened at 10:00 a.m. on 12 March 2021 (or immediately after the A Shareholders' Class Meeting) by the Company for the H Shareholders to consider and, if thought fit, approve, among other things, (i) the Non-public Issuance of A Shares; (ii) the Proposed Triumph Group Subscription; and (iii) the Specific Mandate
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huaguang Group"	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司), a company incorporated in the PRC with limited liability
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Jin Zhanping, Mr. Ye Shuhua, Mr. He Baofeng and Ms. Zhang Yajuan, being all the independent non-executive Directors of the Company, which is formed to advise the Independent Shareholders on the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate in accordance with the Listing Rules

"Independent Financial Adviser" or "Veda Capital"	Veda Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed in accordance with Listing Rules to the Independent Board Committee and the Independent Shareholders on the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate
"Independent Shareholders"	Shareholders other than (i) Triumph Group and its associate(s); (ii) parties acting in concert with Triumph Group; and (iii) all other parties (if any) who are materially interested or involved in the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription
"International Engineering"	China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司), a company incorporated in the PRC with limited liability
"Issue Date"	the date on which the A Shares are issued under the Non-public Issuance of A Shares
"Issue Price"	the issue price at which the A Shares are issued under the Non-public Issuance of A Shares
"Latest Practicable Date"	18 February 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Non-public Issuance of A Shares"	the proposed non-public issuance of a maximum of 164,562,129 (inclusive) new A Shares in aggregate by the Company to not more than 35 (35 inclusive) specific target subscribers, including Triumph Group
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Price Determination Date"	the first day of the offering period of the Non-public Issuance of A Shares

"Proposed Triumph Group Subscription"	the subscription of A Shares to be issued under the Non-public Issuance of A Shares by Triumph Group according to the Triumph Group Subscription Agreement (as amended and supplemented by the Supplemental Agreement), as part of the Non-public Issuance of A Shares
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of nominal value of RMB1.00 each in the existing share capital of the Company
"Shareholder(s)"	the holder(s) of the Shares
"Specific Mandate"	according to Rule 13.36 of the Listing Rules (as amended by Chapter 19A of the Listing Rules), the specific mandate to be granted by the Independent Shareholders at the EGM and the Class Meetings to issue A Shares under the Non-public Issuance of A Shares
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement to the Triumph Group Subscription Agreement which was entered into between Triumph Group and the Company on 20 January 2021
"substantial shareholder(s)"	has the same meaning as ascribed to it under the Listing Rules
"trading day"	a day on which the SSE is open for dealing or trading in securities
"Triumph Group"	Triumph Technology Group Company Limited* (凱盛科技集團有限公司), a company incorporated in the PRC with limited liability and an indirect controlling shareholder of the Company
"Triumph Group Subscription Agreement"	the conditional subscription agreement entered into between Triumph Group and the Company on 30 December 2020, pursuant to which, Triumph Group agreed to conditionally subscribe for, and the Company agreed to conditionally issue, not less than 13.62% (inclusive) of the A Shares to be issued under the Non-public Issuance of A Shares, and not exceeding 70,975,646 A Shares
"%"	percent

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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)

Executive Directors:
Mr. Zhang Chong *(Chairman)*
Mr. Xie Jun *(Vice Chairman)*
Mr. Ma Yan *(General Manager)*
Mr. Wang Guoqiang
Mr. Zhang Rong

Non-executive Directors:
Mr. Ren Hongcan
Mr. Chen Yong

Independent Non-executive Directors:
Mr. Jin Zhanping
Mr. Ye Shuhua
Mr. He Baofeng
Ms. Zhang Yajuan

Registered and principal office:
No. 9 Tang Gong Zhong Lu
Xigong District
Luoyang Municipal
Henan Province
The PRC

24 February 2021

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES;
(2) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION FOR A SHARES BY TRIUMPH GROUP;
(3) SPECIFIC MANDATE; AND
(4) PROVISION OF GUARANTEE BY THE COMPANY TO THE SUBSIDIARIES OF THE COMPANY IN 2021

* *For identification purposes only*

I. INTRODUCTION

References are made to the announcement and the relevant overseas regulatory announcements of the Company dated 30 December 2020 (the "**Announcements**"), and the supplemental announcement and the relevant overseas regulatory announcements dated 20 January 2021.

As disclosed in the Announcements, on 30 December 2020, the Board has approved the proposed issuance of a maximum of 164,562,129 (inclusive) new A Shares by the Company to not more than 35 (35 inclusive) specific target subscribers, including Triumph Group. It is expected that the gross proceeds to be raised from the Non-public Issuance of A Shares will not exceed RMB2 billion (inclusive).

As part of the Non-public Issuance of A Shares, on 30 December 2020, the Company entered into the Triumph Group Subscription Agreement with Triumph Group, pursuant to which Triumph Group conditionally agreed to subscribe for not less than 13.62% (inclusive) of the A Shares to be issued under the Non-public Issuance of A Shares in cash, and the number of A Shares to be subscribed for shall not exceed 70,975,646 shares, and the proportion of total shareholdings held in the Company, either directly or indirectly, by Triumph Group and parties acting in concert with it upon the completion of the Non-public Issuance of A Shares shall not exceed 36.81% of the total issued Shares of the Company upon the completion of the Non-public Issuance of A Shares. Triumph Group will not participate in the market bidding process but has undertaken to accept the market bidding results and subscribe for the A Shares to be issued under the Non-public Issuance of A Shares at the same price as other specific investors.

On 20 January 2021, the Board has approved the amendment to the plan for the Non-public Issuance of A Shares, and the Company (as the issuer) and Triumph Group (as the subscriber) entered into the Supplemental Agreement for the amendment to the Triumph Group Subscription Agreement regarding the lock-up period of A Shares of the Company obtained by Triumph Group through the Non-public Issuance of A Shares from the original 18 months to 36 months from the date of completion of Non-public Issuance of A Shares.

The purpose of this circular is to provide you with details of, among others:

(a) further details of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription, the Specific Mandate and the authorization to the Board and its authorized person(s) to handle all matters (including but not limited to the amendments to the Articles of Association) relating to the Non-public Issuance of A Shares;

(b) further details in relation to the provision of guarantee by the Company to the subsidiaries of the Company in 2021;

(c) a letter from the Independent Board Committee to Independent Shareholders containing its recommendation in respect of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate;

(d) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate; and

(e) the notice of EGM and the notice of H Shareholders' Class Meeting, for the purpose of considering, and if thought fit, approving (amongst others), the matters referred to in (a) and (b).

II. NON-PUBLIC ISSUANCE OF A SHARES

On 30 December 2020, the Board has approved the proposed issuance of a maximum of 164,562,129 (inclusive) new A Shares by the Company to not more than 35 (35 inclusive) specific target subscribers, including Triumph Group. It is expected that the gross proceeds to be raised from the Non-public Issuance of A Shares will not exceed RMB2 billion (inclusive).

(i) Details of the Non-Public Issuance of A Shares

Details of the Non-public Issuance of A Shares are set out below. Upon consideration and approval by the Shareholders at the EGM and Class Meetings, relevant matters in respect of the Non-public Issuance of A Shares shall be submitted to the CSRC in accordance with relevant procedures, and the final plan shall be the one as approved by the CSRC. The specific details of the Non-public Issuance of A Shares, including but not limited to the Issue Price and the final amount of gross proceeds to be raised, will be announced separately by the Company upon final determination.

Class and par value of the Shares to be issued:	A Shares with a par value of RMB1.00 each.
Method and time of issuance:	The Non-public Issuance of A Shares will be carried out by way of non-public issuance to not more than 35 (35 inclusive) specific target subscribers, including Triumph Group. The Company will choose the appropriate opportunity to issue the A Shares to specific target subscribers within the validity period of the approval documents regarding the Non-public Issuance of A Shares from the CSRC.

Price Determination Date, Issue Price, and pricing principles:

The Issue Price of the A Shares under the Non-public Issuance of A Shares will be determined through bidding. The Price Determination Date of the Non-public Issuance of A Shares is the first day of the offering period of the Non-public Issuance of A Shares.

The Issue Price shall not be lower than (i) 80% of the average trading price of the Company's A Shares over the 20 trading days preceding the Price Determination Date (excluding such date) (the average trading price of the A Shares over the 20 trading days preceding the Price Determination Date = the total turnover of A Shares over the 20 trading days preceding the Price Determination Date/the total trading volume of A Shares over the 20 trading days preceding the Price Determination Date) and (ii) the net asset value per Share attributable to the Shareholders of ordinary shares of the Company as set out in the latest audited consolidated financial statements of the Company before the issuance under the Non-public Issuance of A Shares, whichever is higher.

The Company's Non-public Issuance of A Shares and the pricing principle of the Issue Price were mainly based on the "Administrative Measures on Securities Issuance of Listed Companies (revised in 2020)"* (《上市公司證券發行管理辦法》(2020年修正)) (hereinafter referred to as the "**Administrative Measures**") and the "Detailed Rules for the Implementation of Non-public Issuance of Shares (revised in 2020)*(《非公開發行股票實施細則》(2020年修正)) (hereinafter referred to as the "**Implementation Rules**") as issued by the CSRC.

According to Article 38 of the Administrative Measures, the non-public issuance of shares by a listed company shall comply with the following requirement, among others, the issue price shall not be less than 80% of the average price of the company's shares on the 20 trading days before the price determination date. According to Article 7 of the Implementation Rules, the "price determination date" is the reference date for calculating the floor price of the issuance. The Price Determination Date for this non-public issuance of shares is the first day of the offering period. The listed company shall not issue shares at a price lower than the floor price of the issuance.

According to the Administrative Measures and the Implementation Rules, the Issue Price shall not be lower than 80% of the average trading price of the Company's A Shares over the 20 trading days preceding the Price Determination Date and the Company's latest audited net asset value per Share attributable to the Shareholders of ordinary shares of the Company before the Non-public Issuance of A Shares, whichever is higher. The Company will liaise with the sponsor of this issuance, to determine the offering period within 12 months after obtaining the approval from the CSRC and take the first day of the offering period as the Price Determination Date and to determine the floor price of the issuance. The Company and the sponsor will issue a subscription invitation letter to the specific target investors which are in compliance with the relevant requirements on the day before the start of the offering period, and organize the investors to declare the quotation of price within the time specified in the subscription invitation letter, and determine the Issue Price of the Non-public Issuance of A Shares base on the price inquiry results in accordance with the price priority principle.

Therefore, the Board is of the view that the pricing basis of the Issue Price of the Non-public Issuance of A Shares complies with requirements of relevant laws and regulations and is reasonable.

As set out in the latest audited consolidated financial statements of the Company before the issuance under the Non-public Issuance of A Shares, the net asset value per Share attributable to the Shareholders of ordinary shares of the Company as disclosed in the audited consolidated financial statements for the year of 2019 of the Company is RMB2.32, on such basis and assuming that the latest audited consolidated financial statements before the issuance under the Non-public Issuance of A Shares is the audited consolidated financial statements for the year of 2019 of the Company, it is expected that the minimum Issue Price would, subject to the approval of the CSRC, be at least RMB2.32.

As at the date of the Announcements, the closing price per A Share quoted on the SSE was RMB17.71; as at the date of the Announcements, the closing price per H Share quoted on the Stock Exchange was HK$6.6.

In the event that during the 20 trading days prior to the Price Determination Date, there occurs ex-right or ex-dividend event, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, causing adjustment to the Share prices, the trading prices for the trading days preceding such adjustment shall be calculated as the adjusted price after such ex-right or ex-dividend event.

The aforementioned net asset value per Share will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the balance sheet date of the latest audited financial report before the issuance to the Issue Date.

The Issue Price shall be adjusted on ex-right or ex-dividend basis in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the Price Determination Date to the Issue Date.

Upon obtaining the approvals from the CSRC for the Non-public Issuance of A Shares by the Company, the final Issue Price shall be determined in accordance with the relevant laws and regulations and the requirements by the regulatory bodies, and having regard to the bidding results, through negotiation by the Board or other authorized person(s) of the Board under the authorization granted at the EGM, with the sponsor (the lead underwriter) of the Non-public Issuance of A Shares.

Triumph Group will not participate in the market bidding process of the Non-public Issuance of A Shares but has undertaken to accept the bidding results and agree to subscribe for the A Shares to be issued under the Non-public Issuance of A Shares at the same price as other specific investors.

Target subscribers: The target subscribers for the Non-public Issuance of A Shares will not be more than 35 (inclusive) investors who are in compliance with the requirements of the CSRC as the specific target subscribers (including Triumph Group, an indirect controlling shareholder of the Company). The target subscribers other than Triumph Group include securities investment fund management companies, securities companies, trust investment companies, finance companies, asset management companies, insurance institution investors, trust companies, qualified foreign institutional investors (including self-operated accounts of or investment product accounts managed by the above investors), Renminbi qualified foreign institutional investors and other qualified investors. Securities investment fund management companies, securities companies, qualified foreign institutional investors, Renminbi qualified foreign institutional investors which subscribe for the A Shares with two or more of the products managed by them, shall each be taken as one single subscriber. Trust companies, as subscribers, may only subscribe for the A Shares with their own funds.

Within the above scope, the final list of the other subscribers, other than Triumph Group, will be determined by the Board within the scope of authorization at the EGM, through negotiation with the sponsor (the lead underwriter) of the Non-public Issuance of A Shares based on the bidding results and pursuant to the Specific Rules for Implementation of the Non-public Issuance of Shares by Listed Companies (as amended in 2020)* (《上市公司非公開發行股票實施細則》(2020年修正)) after the Company has obtained approvals from the CSRC for the Non-public Issuance of A Shares. If the laws, regulations and regulatory documents of the PRC have new requirements in relation to target subscribers of the Non-public Issuance of A Shares, the Company will make adjustments according to the new requirements.

All the target subscribers of the Non-public Issuance of A Shares will subscribe for A Shares under the Non-public Issuance of A Shares in cash on a one-off basis.

As at the Latest Practicable Date, apart from the Triumph Group Subscription Agreement and the Supplemental Agreement, the Company has not entered into any agreements with any potential subscribers in respect of the Non-public Issuance of A Shares. The Company currently expects that, except the Triumph Group, the A Shares to be issued under the Non-public Issuance of A Shares will be issued to subscribers who are and whose ultimate beneficial owners are third parties independent of the Company and its connected persons and none of them will become substantial Shareholders of the Company upon their respective completion of subscription for A Shares pursuant to the Non-public Issuance of A Shares.

Number of A Shares to be issued: The number of A Shares to be issued under the Non-public Issuance of A Shares will not exceed 164,562,129 (inclusive). The maximum number of shares to be issued will not exceed 30% of the total share capital of the Company (being 548,540,432 Shares) prior to this issuance.

The number of A Shares to be issued under the Non-public Issuance of A Shares being not exceeding 164,562,129 (inclusive), represents (i) approximately 55.12% of the number of the existing issued A Shares as at the Latest Practicable Date and approximately 30% of the number of existing total issued Shares as at the Latest Practicable Date; and (ii) approximately 35.53% of the number of issued A Shares and approximately 23.08% of the number of total issued Shares upon completion of the Non-public Issuance of A Shares, in each case, the shares as enlarged by the number of A Shares to be issued.

Out of which Triumph Group intends to subscribe for not less than 13.62% (inclusive) of the A shares to be issued under the Non-public Issuance of A Shares in cash, and the number of A Shares to be subscribed for shall not exceed 70,975,646 Shares, and the proportion of total shareholdings held, directly and indirectly, by Triumph Group and parties acting in concert with it in the Company upon the completion of the Non-public Issuance of A Shares shall not exceed 36.81% of the total issued Shares of the Company upon the completion of the Non-public Issuance of A Shares.

The number of A Shares to be issued under the Non-public Issuance of A Shares will be adjusted accordingly if there occurs any ex-right or ex-dividend event, such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves, between the date of the Announcement and the Issue Date.

The final number of A Shares to be issued will be determined by the Board or authorized person(s) of the Board under the authorization granted at the EGM through negotiation with the sponsor (the lead underwriter) of the Non-public Issuance of A Shares in accordance with the price offered by the target subscribers after the Company has obtained approvals from the CSRC in relation to the Non-public Issuance of A Shares.

Use of proceeds: The gross proceeds to be raised from the Non-public Issuance of A Shares are expected to be not more than RMB2,000,000,000 (inclusive) and the net proceeds after deducting issuance costs are intended to be used for investment in the following projects:

No.	Project name	Total amount of investment *(RMB0'000)*	Proposed amount of proceeds to be utilized *(RMB0'000)*
1	**Project of Photovoltaic Cell Encapsulating Material for Solar Equipment**	**179,457.00**	**140,000.00**
1.1	CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Encapsulating Material for Solar Equipment	77,968.00	60,000.00
1.2	CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment	101,489.00	80,000.00
2	**Repayment of interest-bearing liabilities and replenishment of working capital**	**–**	**60,000.00**
	Total	**179,457.00**	**200,000.00**

If the net proceeds to be raised from the Non-public Issuance of A Shares are lower than proposed amount to be used from the proceeds for the above projects, the shortfall will be covered by the Company through self-raised funds. Meanwhile, under the premise of not changing the projects to be invested in with the proceeds, the Board may make appropriate adjustment to the order and the amount to be used from the proceeds for the above projects according to the actual condition of the projects to be invested in with the proceeds.

In particular, in the event that the amount of the net proceeds to be raised from the Non-public Issuance of A Shares is less than the amount to be used for the projects above, the Company will, based on the actual fund raised, adjust and decide the application arrangement such as the order of priority of the projects to be invested and the specific investment amount to each project in accordance with the importance and urgency of the projects. In such case, the Company shall make further announcement(s) when the net proceeds raised from the Non-public Issuance of A Shares and the use of proceeds is determined upon the completion of the Non-public Issuance of A Shares.

Before the proceeds to be raised from the Non-public Issuance of A Shares are available to be used, the Company may invest in advance with self-owned funds or self-raised funds according to the progress of the projects to be invested in with the proceeds, which will be subsequently replaced according to the relevant procedures as stipulated after the proceeds are available to be used.

Lock-up Period arrangement: In compliance with the requirements of relevant laws, regulations and regulatory documents, Triumph Group shall not transfer the A Shares which it subscribed for under the Non-public Issuance of A Shares within 36 months from the date of completion of the Non-public Issuance of A Shares.

All the other target subscribers shall not transfer the A Shares which they subscribed for under the Non-public Issuance of A Shares within 6 months from the date of completion of the Non-public Issuance of A Shares.

Relevant requirements by the CSRC and the SSE shall be followed upon expiry of the above lock-up period. If there are subsequent changes in relevant laws, regulations, and regulatory documents of securities regulatory authorities, the lock-up period will be adjusted accordingly.

Place of listing of the A Shares to be issued: The Company will make an application to the SSE for the granting of the listing and trading of all the new A Shares to be issued under the Non-public Issuance of A Shares. Upon expiry of the above lock-up period, the new A Shares will be listed and traded on the SSE.

Conditions for the Non-public Issuance of A Shares: The Non-public Issuance of A Shares is subject to:

(1) the approvals for the plan of Non-public Issuance of A Shares by the Shareholders at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting;

(2) the approval for the application for Non-public Issuance of A Shares by the CSRC; and

(3) the issuance of the approval for the plan of Non-public Issuance of A Shares by CNBMG.

Specific Mandate of the issuance of A Shares: The Company will issue the A Shares under the Specific Mandate to be sought from the Independent Shareholders at the EGM and the A Shareholders and H Shareholders in the Class Meetings.

Arrangement relating to the accumulated undistributed profits of the Company prior to the Non-public Issuance of A Shares: All the existing and new Shareholders upon completion of the Non-public Issuance of A Shares will be entitled to the accumulated undistributed profits of the Company before the Non-public Issuance of A Shares in accordance with their respective shareholding proportion at that time.

Validity period of the resolution: The resolution with respect to the Non-public Issuance of A Shares shall be valid for 12 months from the date of the consideration and passing of such resolutions at the EGM and the Class Meetings.

Rights of A Shares to be issued: The A Shares to be issued under the Non-public Issuance of A Shares, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the A Shares in issue at the time of the issuance of such A Shares.

(ii) The resolution in relation to the satisfaction of the criteria for the 2020 Non-public Issuance of A Shares by the Company

Pursuant to the requirements of relevant laws, regulations and regulatory documents in the PRC, the Board, by taking into account the actual situation of the Company, considers that the Company satisfies all the requirements under the relevant laws, regulations and regulatory documents in relation to the Non-public Issuance of A Shares, and the criteria for the Non-public Issuance of A Shares.

The resolution in relation to the satisfaction of the criteria for the 2020 Non-public Issuance of A Shares of the Company will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the EGM.

(iii) The resolution in relation to the plan for the 2020 Non-public Issuance of A Shares of the Company

Pursuant to the requirements of relevant laws, regulations and regulatory documents in the PRC and based on the actual situation of the Company, the Company intends to implement the plan for the Non-public Issuance of A Shares with a total capital to be raised not exceeding RMB2 billion (inclusive). Each of the following 10 resolutions under the plan for the Non-public Issuance of A Shares will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM, the A Shareholders' Class Meeting, and the H Shareholders' Class Meeting:

(i) Class and par value of shares to be issued;

(ii) Method and time of issuance;

(iii) Price determination date, issue price, and pricing principles;

(iv) Target subscribers and method of subscription;

(v) Number of Shares to be issued;

(vi) Use of proceeds;

(vii) Lock-up period arrangements;

(vii) Place of listing;

(ix) Arrangement relating to the accumulated undistributed profits; and

(x) Validity period of the resolution in relation to the Non-public Issuance of A Shares.

Each of the above 10 resolutions under the resolution in relation to the plan for the 2020 Non-public Issuance of A Shares of the Company will be submitted, by way of separate special resolution, for the Independent Shareholders' consideration and approval at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

(iv) The resolution in relation to the proposal for the 2020 Non-public Issuance of A Shares of the Company (Revised)

Pursuant to the requirements under relevant laws, regulations and regulatory documents in the PRC, the Company has prepared the "Proposal for the 2020 Non-public Issuance of A Shares of Luoyang Glass Company Limited* (Revised)" (the "**Proposal for the Non-public Issuance of A Shares (Revised)**") in respect of the 2020 Non-public Issuance of A Shares. The "Proposal for the Non-public Issuance of A Shares (Revised)", which was prepared in Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 20 January 2021, and the full text of its English translation is set out in Appendix I to this circular. In the event of any discrepancy between the Chinese version and the English translation of the "Proposal for the Non-public Issuance of A Shares (Revised)", the Chinese version shall prevail.

The resolution in relation to the "Proposal for the Non-public Issuance of A Shares (Revised)" will be submitted by way of special resolution for the Independent Shareholders' consideration and approval at the EGM, the A Shareholders' Class Meeting, and the H Shareholders' Class Meeting.

(v) The resolution in relation to the feasibility analysis report on the use of proceeds from the 2020 Non-public Issuance of A Shares of the Company

For the purpose of implementing the Non-public Issuance of A Shares, the Company has formulated the "Feasibility Analysis Report on the Use of Proceeds from the 2020 Non-public Issuance of A Shares of Luoyang Glass Company Limited*" (the "**Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares**") in accordance with the requirements under relevant laws, regulations and regulatory documents in the PRC. The "Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares", which was prepared in Chinese, was disclosed in the overseas regulatory announcement of the Company dated 30 December 2020, and the full text of its English translation is set out in Appendix II to this circular. In the event of any discrepancy between the Chinese version and the English translation of the "Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares", the Chinese version shall prevail.

The resolution in relation to the feasibility analysis report on the use of proceeds from the Non-public Issuance of A Shares will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM.

(vi) The resolution in relation to the report on the utilisation of previously raised proceeds

In accordance with the requirements under relevant laws, regulations and regulatory documents in the PRC, the Company has prepared the "Special Report on Utilisation of Previously Raised Proceeds of Luoyang Glass Company Limited*" (the "**Report on Utilisation of Previously Raised Proceeds**"). WUYIGE Certified Public Accountants LLP has conducted a review on the report and issued the "Review Report on the Utilisation of Previously Raised Proceeds of Luoyang Glass Company Limited*" (the "**Review Report on Utilisation of Previously Raised Proceeds**"). The "Report on Utilisation of Previously Raised Proceeds" and the "Review Report on Utilisation of Previously Raised Proceeds", which were prepared in Chinese, were disclosed in the overseas regulatory announcements of the Company dated 30 December 2020. The full text of the English translation of the "Report on Utilisation of Previously Raised Proceeds" is set out in Appendix III to this circular. In the event of any discrepancy between the Chinese version and the English translation of the "Report on Utilisation of Previously Raised Proceeds", the Chinese version shall prevail.

The resolution in relation to the "Report on Utilisation of Previously Raised Proceeds" will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the EGM.

(vii) The resolution in relation to the conditional subscription agreement and the Supplemental Agreement in respect of the Non-public Issuance of A Shares entered into between Triumph Group and the Company

As part of the Non-public Issuance of A Shares, on 30 December 2020, the Company entered into the Triumph Group Subscription Agreement with Triumph Group, pursuant to which Triumph Group agreed to conditionally subscribe for not less than 13.62% (inclusive) of the A Shares to be issued under the Non-public Issuance of A Shares in cash, and the number of A Shares to be subscribed for shall not exceed 70,975,646 shares, and the proportion of total shareholdings held in the Company, either directly or indirectly, by Triumph Group and parties acting in concert with it upon the completion of the Non-public Issuance of A Shares shall not exceed 36.81% of the total issued Shares of the Company upon the completion of the Non-public Issuance of A Shares. Triumph Group will not participate in the market bidding process but has undertaken to accept the market bidding results and subscribe for the A Shares to be issued under the Non-public Issuance of A Shares at the same price as other specific investors.

On 20 January 2021, the Company and Triumph Group entered into the Supplemental Agreement for the amendment to the Triumph Group Subscription Agreement regarding the lock-up period of A Shares of the Company obtained by Triumph Group through the Non-public Issuance of A Shares from the original 18 months to 36 months from the date of completion of Non-public Issuance of A shares. Save and except for the changes set out in the Supplemental Agreement, all the other terms and conditions set out in the Triumph Group Subscription Agreement shall remain in full force and effect.

1. Principal terms of the Triumph Group Subscription Agreement (as amended and supplemented by the Supplemental Agreement)

Parties:	(1) the Company (as the issuer); and (2) Triumph Group (as the subscriber)
Subscription price and pricing principles:	The subscription price and pricing principles are consistent with Issue Price and pricing principles of the above-mentioned Non-Public Issuance of A Shares. In the event that during the 20 trading days prior to the Price Determination Date, there occurs ex-right or ex-dividend event, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, causing adjustment to the Share prices, the trading prices for the trading days preceding such adjustment shall be calculated as the adjusted price after such ex-right or ex-dividend event. The aforementioned net asset value per Share will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the balance sheet date of the latest audited financial report before the issuance to the Issue Date.

The Issue Price shall be subject to ex-right or ex-dividend in the event that any ex-right or ex-dividend event of the Company, such as dividend distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from Price Determination Date to the Issue Date.

The final Issue Price shall be determined based on the principle of price priority according to the price offered by investors after the Company has obtained approvals from the CSRC for the Non-public Issuance of A Shares.

Triumph Group will not participate in the market bidding process of the Non-public Issuance of A Shares but has undertaken to accept the bidding results and subscribe for A Shares under the Non- public Issuance of A Shares at the same price as other specific investors.

Number of subscription and subscription amount: Triumph Group intends to subscribe for not less than 13.62% (inclusive) of the A Shares to be issued under the Non-public Issuance of A Shares in cash, and the number of A Shares to be subscribed shall not exceed 70,975,646 shares, and the proportion of total shareholdings held in the Company, directly and indirectly, by Triumph Group and parties acting in concert with it upon the completion of the Non-public Issuance of A Shares shall not exceed 36.81% of the total issued Shares of the Company upon the completion of the Non-public Issuance of A Shares.

The total amount of the final subscription price payable by the Triumph Group will equal to the Issue Price per share multiplied by the number of shares ultimately determined to be issued to the Triumph Group.

The maximum number of A Shares to be issued under the Non-public Issuance of A Shares will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the date of the Announcements to the Issue Date. The final number of A Shares to be issued will be determined by the Board under the authorization granted at the EGM through negotiation with the sponsor (the lead underwriter) of the Non-public Issuance of A Shares in accordance with the price offered by the target subscribers after the Company has obtained approvals from the CSRC for the Non-public Issuance of A Shares.

Time of Payment and Payment Method of Subscription Price: Triumph Group agrees to subscribe for A Shares under this Non-public Issuance of A Shares in cash. After all the conditions precedent of the Triumph Group Subscription Agreement have been fulfilled and upon the receipt of the payment notice for the subscription, Triumph Group will transfer the entire amount of the final subscription price payable by Triumph Group to the special account for this Non-public Issuance of A Shares opened by the sponsor (the lead underwriter) by one-off payment in cash within five (5) working days from the date of receipt of the payment notice and in accordance with the requirements (including the payment time and other matters) as specified in the payment notice, which will then be transferred into the Company's special deposit account for raised funds after the completion of capital verification and deduction of relevant expenses.

Share Delivery:	Within 15 working days from the date of receipt of the subscription price paid by Triumph Group for the Non-public Issuance of A Shares, the Company shall engage an accounting firm with securities-related business qualifications to verify Triumph Group's payment for the subscription price and go through the corresponding industrial and commercial change registration procedures and the share registration procedures with China Securities Depository and Clearing Corporation Limited promptly so that Triumph Group will become the legal holder of the Shares subscribed by it.
Conditions precedent:	Unless the Company and Triumph Group otherwise agree to expressly waive and within the permission of the applicable laws and regulations, Triumph Group Subscription Agreement will come into existence after the legal representative of the Company or its authorized representative have signed and sealed and the legal representative of Triumph Group or its authorized representative have signed and sealed the Triumph Group Subscription Agreement, and take effect after all the following conditions precedent are fulfilled: (1) the Non-public Issuance of A Shares and other relevant matters are approved by the Board, at the EGM and Class Meetings of the Company; (2) Triumph Group (as a subscriber) approves the relevant matters of the Non-public Issuance of A Shares, including the Proposed Triumph Group Subscription through its internal decision-making; (3) the relevant matters of the Non-public Issuance of A Shares are approved by the state-owned assets supervision and administration authority (or its authorized agencies);

(4) the non-connected Shareholders (as defined under the Rules Governing the Listing of Stocks on the SSE) resolve at the EGM of the Company to agree that Triumph Group is exempted from increasing its holding in A Shares by way of offer (as defined under the Rules Governing the Listing of Stocks on the SSE); and

(5) the relevant matters of the Non-public Issuance of A Shares are approved by the CSRC.

As at the Latest Practicable Date, the Company has submitted the application for the approval of the proposed Non-public Issuance of A Shares to the state-owned assets supervision and administration authority or its authorized agencies, but has not submitted the application for the approval of the proposed Non-public Issuance of A Shares to the CSRC. According to applicable laws and regulations in the PRC, the Company shall submit application for approval (i) to the state-owned assets supervision and administration authority or its authorized agencies after the Board approves the proposed Non-public Issuance of A Shares, and (ii) to the CSRC after Independent Shareholders approve the proposed Non-public Issuance of A Shares at the EGM and Class Meetings.

Lock-up period and future exit arrangement: Triumph Group intends to hold the Shares of the Company for a long term. According to the Supplemental Agreement, Triumph Group shall not transfer the A Shares subscribed under the Triumph Group Subscription Agreement within 36 months from the date of completion of the Non-public Issuance of A Shares.

If the aforementioned lock-up arrangement does not conform to the latest regulatory opinions or regulatory requirements of the securities regulatory authorities of the PRC, the arrangement will be adjusted accordingly in accordance with the regulatory opinions or regulatory requirements of the relevant securities regulatory authorities.

The additional Shares of the Company being obtained from bonus issue, capitalisation of capital reserves and otherwise upon completion of the Non-public Issuance of A Shares shall also be subject to the aforementioned lock-up period arrangement. Such Shares shall comply with the relevant requirements of regulatory authorities such as the CSRC and the SSE upon expiry of the lock-up period.

2. *Information on the Parties to the Triumph Group Subscription Agreement*

The Company

The principal activities of the Company are production and sales of information display glass and new energy glass. The scope of business includes development, production, manufacture and installation of information display glass, new energy glass, photoelectric material for functional-glass category and its processed products and components, relevant materials, mechanical equipment and its electric appliances and accessories, relevant technical consultancy and technical services, as well as sales and after-sales services of self-produced products.

Triumph Group

As at the Latest Practicable Date, Triumph Group is an indirect controlling shareholder of the Company and a company incorporated in the PRC with limited liability. Triumph Group is principally engaged in glass sector, new materials sector, new energy sector, new equipment sector and project management sector. As at the Latest Practicable Date, Triumph Group is a direct wholly-owned subsidiary of CNBMG, which is principally engaged in production and manufacturing of construction materials and relevant raw materials, research, development and sales of production technologies and equipment; sale of decorative materials; design and construction of building engineering; investment and assets operations relating to building materials and related sectors, etc.

3. Connected Transaction

As at the Latest Practicable Date, Triumph Group directly and indirectly holds 191,133,987 A Shares of the Company, representing approximately 34.84% of the Company's total issued share capital. Accordingly, Triumph Group is an indirect controlling shareholder of the Company and thus a connected person of the Company. According to Chapter 14A of the Listing Rules, the Proposed Triumph Group Subscription constitutes a connected transaction of the Company, therefore the Company shall comply with the relevant reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The resolution in relation to the Triumph Group Subscription Agreement and the Supplemental Agreement will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

(viii) The resolution in relation to the connected transaction (as defined under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the "Shanghai Listing Rules")) related to the Non-public Issuance of A Shares of the Company

As at the Latest Practicable Date, Triumph Group, an indirect controlling shareholder of the Company, directly holds approximately 1.12% of the Shares of the Company, and indirectly holds (i) approximately 20.27% of the Shares of the Company through CLFG, its direct controlled subsidiary; (ii) approximately 12.81% of the Shares of the Company through Bengbu Institute, its direct wholly-owned subsidiary; (iii) approximately 0.63% of the Shares of the Company through Huaguang Group, its wholly-owned subsidiary; (iv) approximately 0.07% of the Shares of the Company through International Engineering, an indirect controlled subsidiary of CNBMG, therefore, Triumph Group and parties acting in concert with it directly and indirectly hold approximately 34.91% of the Shares of the Company in aggregate. Upon the completion of the issue, Triumph Group will directly and indirectly hold not less than 30% of the Shares of the Company and will remain as an indirect controlling shareholder of the Company, and therefore a connected person (as defined under the Shanghai Listing Rules) of the Company. Accordingly, the Proposed Triumph Group Subscription constitutes a connected transaction (as defined under the Shanghai Listing Rules) of the Company.

The resolution in relation to the connected transaction (as defined under the Shanghai Listing Rules) related to the Non-public Issuance of A Shares of the Company will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM.

Effects of the Non-public Issuance of A Shares on the Shareholding Structure of the Company

As at the Latest Practicable Date, the total issued share capital of the Company is 548,540,432 Shares, which comprises of 298,540,432 A Shares and 250,000,000 H Shares.

The following table sets out the shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after the completion of the Non-public Issuance of A Shares, (assuming that (i) 164,562,129 A Shares will be issued under the Non-public Issuance of A Shares; (ii) Triumph Group subscribes for a maximum of 70,975,646 A Shares; (iii) the other specific target subscribers (other than Triumph Group) subscribe for a maximum of 93,586,483 A Shares; and (iv) there is no other change in the shareholding structure of the Company since the Latest Practicable Date save for the issue of the A Shares under the Non-public Issuance of A Shares):

Shareholders	(i) Shareholding as at the Latest Practicable Date		(ii) Shareholding immediately after the completion of the Non-public Issuance of A Shares	
	Number of shares	Approximate percentage of the total issued shares *(%)*	Number of shares	Approximate percentage of the total issued shares *(%)*
A Shares				
Triumph Group and parties acting in concert with it *(Note 1)*				
Triumph Group	6,170,699	1.12	77,146,345	10.82
CLFG	111,195,912	20.27	111,195,912	15.59
Bengbu Institute	70,290,049	12.81	70,290,049	9.86
Huaguang Group	3,477,327	0.63	3,477,327	0.49
International Engineering	386,370	0.07	386,370	0.05
Sub-total of Triumph Group and parties acting in concert with it	191,520,357	34.91	262,496,003	36.81
Other specific target subscribers (not more than 34)	–	–	93,586,483	13.12
Other A Shareholders	107,020,075	19.51	107,020,075	15.01
Sub-total of A Shares	298,540,432	54.42	463,102,561	64.94
H Shares				
Public H Shareholders	250,000,000	45.48	250,000,000	35.06
Total issued Shares	548,540,432	100	713,102,561	100

The following table sets out the shareholding structure of the Company immediately after the completion of the Non-public Issuance of A Shares, (assuming that (i) 164,562,129 A Shares will be issued under the Non-public Issuance of A Shares; (ii) Triumph Group subscribes for 13.62% of the A Shares (being 22,413,362 A Shares) under the Non-public Issuance of A Shares; (iii) the other target subscribers (other than Triumph Group) subscribe for 142,148,767 A Shares; and (iv) there is no other change in the shareholding structure of the Company since the Latest Practicable Date save for the issue of the A Shares under the Non-public Issuance of A Shares):

Shareholders	**(iii) Shareholding immediately after completion of the Non-public Issuance of A Shares**	
	Number of shares	**Approximate percentage of the total issued shares** *(%)*
A Shares		
Triumph Group and parties acting in concert with it *(Note 1)*		
Triumph Group	28,584,061	4.01
CLFG	111,195,912	15.59
Bengbu Institute	70,290,049	9.86
Huaguang Group	3,477,327	0.49
International Engineering	386,370	0.05
Sub-total of Triumph Group and parties acting in concert with it	213,933,719	30
Other specific target subscribers (not more than 34)	142,148,767	19.93
Other A Shareholders	107,020,075	15.01
Sub-total of A Shares	463,102,561	64.94
H Shares		
Public H Shareholders	250,000,000	35.06
Total issued Shares	713,102,561	100

Note:

(1) As at the Latest Practicable Date, Triumph Group, an indirect controlling shareholder of the Company, directly holds approximately 1.12% of the Shares of the Company, and indirectly holds (i) approximately 20.27% of the Shares of the Company through CLFG, its direct controlled subsidiary; (ii) approximately 12.81% of the Shares of the Company through Bengbu Institute, its direct wholly-owned subsidiary; (iii) approximately 0.63% of the Shares of the Company through Huaguang Group, its wholly-owned subsidiary; (iv) approximately 0.07% of the Shares of the Company through International Engineering, an indirect controlled subsidiary of CNBMG, therefore, Triumph Group and parties acting in concert with it directly and indirectly hold approximately 34.91% of the Shares of the Company in aggregate.

FUNDRAISING ACTIVITIES FOR THE PAST 12 MONTHS

The Company did not conduct any fundraising activities involving the issuance of equity securities in the 12 months preceding the Latest Practicable Date.

In particular, the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of the Announcements, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offer and/or specific mandate placing within such 12-month period. Since the Non-public Issuance of A Shares does not result in a theoretical dilution effect of 25% or more on its own, the theoretical dilution effect of the Non-public Issuance of A Shares is in compliance with the requirements under Rule 7.27B of the Listing Rules.

REASONS FOR AND BENEFITS OF THE NON-PUBLIC ISSUANCE OF A SHARES AND THE ENTERING INTO OF THE TRIUMPH GROUP SUBSCRIPTION AGREEMENT (INCLUDING THE SUPPLEMENTAL AGREEMENT)

(1) The Non-public Issuance of A Shares is conducive for the Company to capture the market opportunities and improve its industrial position

The Board considers that the proposed Non-public Issuance of A Shares is conducive for the Company to capture the market opportunities and improve its industrial position. According to the estimate from the China Photovoltaic Industry Association, the penetration rate of double-panel glass module market is expected to increase by 2025. As an essential key material of double-panel glass modules, the packaging materials for photovoltaic cells have a broad market space. With the steady development of the photovoltaic industry and the continuous increase in the penetration rate of double-panel glass module market, the market demand for cell packaging materials in the photovoltaic glass segment will rise rapidly. Therefore, the Company will firmly seize this market opportunity to construct the new energy photovoltaic cell packaging materials projects, so as to quickly seize the photovoltaic backplane glass market segment, and continuously expand the Company's leading edge in the photovoltaic glass field to achieve the Company's stable and rapid development. After the proceeds have been raised, with the smooth implementation of investment projects, the Company will effectively enhance its product competitiveness through economies of scale, and further enhance the dominant position of the Company in the photovoltaic glass industry, which is consistent with the needs of the industrial development strategy of the Company.

(2) To optimize capital structure to alleviate working capital pressure

Raising proceeds through the Non-public Issuance of A Shares is beneficial for the Company to further optimize the structure of assets and liabilities, reduce financial risks, and enhance the Company's ability to resist risks. In addition, after the capital strength of the Company has been dramatically improved, the Company will lay a solid foundation for the sustainable development in numerous aspects, such as business layout, financial capacity and long-term strategy, creating a sound condition for the improvement of the Company's core competitiveness and the realization of leap-forward development.

(3) A more firm confidence and support of Triumph Group to the Company

The entering into the Triumph Group Subscription Agreement and Supplemental Agreement between the Triumph Group and the Company fully demonstrates a more firm confidence and support to the Company from the Triumph Group as the indirect controlling shareholder of the Company, and the continuous support of the Triumph Group to the Company's future development, which is beneficial to boosting the confidence of the Shareholders and potential investors in the Company, at the same time, it is beneficial for the Company to promote the Non-public Issuance of A Shares in a timely, compliant and orderly manner to realize a great leap forward development. The terms and conditions of the Proposed Triumph Group Subscription were agreed after arm's length negotiations between the Company and Triumph Group.

The Directors consider that the terms of the Non-public Issuance of A Shares and the Triumph Group Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, after considering the aforementioned reasons and the advice from Veda Capital, is of the view that the Company's Non-public Issuance of A Shares complies with the relevant laws, regulations, regulatory documents and the Articles of Association, and the price and pricing method in relation to connected transaction in respect of the Proposed Triumph Group Subscription are reasonable and fair, in the interests of the Company and the Shareholders as a whole, and there is no situation that harms the interests of the Company and all Shareholders.

(ix) The resolution in relation to the dilution of current returns, remedial measures and relevant parties' undertaking with respect to the Non-public Issuance of A Shares of the Company

In accordance with the requirements under relevant laws, regulations and regulatory documents in the PRC, in order to guarantee the right to know of the minority investors and protect their interests, the Company has conducted a careful, cautious and objective analysis regarding the impact of the Non-public Issuance of A Shares on the dilution of current returns, and analysed and explained the impact of the dilution of current returns on the Company's major financial indicators and the remedial measures.

The Directors and senior executives of the Company have made the following undertakings to ensure the implementation of the remedial measures for the dilution of current returns resulting from the Non-public Issuance of A Shares:

1. Commit not to deliver benefits to other units or individuals with no consideration or under unfair conditions, or to harm the interests of the Company or Shareholders in other ways;

2. Commit to restrain the behavior of personal consumption in relation to their duty;

3. Commit not to use the Company's assets to engage in investment and consumption activities that are not related to their duty performance;

4. Commit that the remuneration system established by the Board or the remuneration and evaluation committee will be combined with the implementation of measures of compensating for the current return dilution of the Company; and

5. Commit that the exercise conditions of the proposed equity incentive plan will be combined with the implementation of measures of compensating for the current return dilution of the Company if the Company implements equity incentives in the future.

In accordance with the relevant requirements by CSRC, CLFG (the controlling shareholder of the Company), Triumph Group (an indirect controlling shareholder of the Company) and CNBMG (the de facto controller of the Company) have undertaken not to interfere with the operation and management activities of the Company beyond their authority, and not to encroach on the interests of the Company, to ensure the implementation of the remedial measures.

The "Risk Alert on the Dilution of Current Returns Due to the Non-public Issuance of Shares and the Remedial Measures", which was prepared in Chinese, was disclosed in the overseas regulatory announcement of the Company dated 30 December 2020, and the full text of its English translation is set out in Appendix IV to this circular.

The resolution in relation to the dilution of current returns, remedial measures and relevant parties' undertaking with respect to the Non-public Issuance of A Shares of the Company will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM.

(x) The resolution in relation to the proposal to the Company to consider and approve the application for the waiver in respect of the general offer obligation (as defined under the Shanghai Listing Rules) over the A Shares by Triumph Group and parties acting in concert with it to be triggered as a result of the Proposed Triumph Group Subscription and the proposed Non-public Issuance of A Shares under the relevant laws and regulations in the PRC

The proportion of total shareholdings held by Triumph Group and parties acting in concert with it in the Company before the Non-public Issuance of A Shares has exceeded 30%. Triumph Group intends to subscribe for not less than 13.62% (inclusive) of the A shares under the Non-public Issuance of A Shares in cash, and the number of Shares to be subscribed for shall not exceed 70,975,646 shares, and the proportion of shareholdings held by Triumph Group and parties acting in concert with it upon the completion of the Non-public Issuance of A Shares shall not exceed 36.81%. Triumph Group has provided an undertaking regarding the lock-up period, and the shares to be subscribed for by it will not be transferred in any way within the 36 months from the completion of the Non-public Issuance, which meets the conditions for exemption from offer as stipulated in Article 63 under the "Administrative Measures for the Acquisition by Listed Companies"* (《上市公司收購管理辦法》) promulgated by CSRC, and therefore the proposal to the shareholders' meeting to approve the waiver from an offer (as defined under the Shanghai Listing Rules) made by Triumph Group (an indirect controlling shareholder of the Company) and parties acting in concert with it has been approved.

For details, please refer to the overseas regulatory announcement of the Company dated 30 December 2020, which is titled "Announcement of Luoyang Glass Company Limited* on the Proposal to the General Meeting to Approve the Waiver from an Offer made by Triumph Group (an Indirect Controlling Shareholder of the Company) and Parties Acting in Concert with it to Increase its Shareholding in the Company".

The resolution in relation to the proposal to the Company to consider and approve the application for the waiver in respect of the general offer obligation (as defined under the Shanghai Listing Rules) over the A Shares by Triumph Group and parties acting in concert with it to be triggered as a result of the Proposed Triumph Group Subscription and the proposed Non-public Issuance of A Shares under the relevant laws and regulations in the PRC will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM.

(xi) The resolution in relation to the shareholders' return plan for the next three years (2021–2023) of the Company

To improve the scientificity, sustainability, stability of the dividend distribution policy and the monitoring mechanism of the Company, and provide proactively the investors with returns, by taking into overall consideration such factors as the Company's profitability, development planning, shareholders' request for returns and their wills, social capital costs and external financing environment, according to the requirements under relevant laws, regulations, departmental regulations in the PRC, the Company agrees to formulate the Shareholders' Return Plan for the Next Three Years (2021–2023) of Luoyang Glass Company Limited*.

The "Shareholders' Return Plan for the Next Three Years (2021–2023)", which was prepared in Chinese, was disclosed in the overseas regulatory announcement of the Company dated 30 December 2020, and the full text of its English translation is set out in Appendix V to this circular. In the event of any discrepancy between the Chinese version and the English translation of the "Shareholders' Return Plan for the Next Three Years (2021–2023)", the Chinese version shall prevail.

The resolution in relation to the shareholders' return plan for the next three years (2021–2023) will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the EGM.

(xii) The resolution in relation to proposing to the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting of the Company to grant to the Board of the Company the specific mandate in relation to the issuance of additional A shares and authorize the Board and its authorized representative(s) to handle specific matters relating to the Non-public Issuance of A Shares

The Board intends to propose to the EGM and the Class Meetings to authorize the Board and its authorized representative(s) to handle all matters relating to the Non-public Issuance of A Shares to the extent permitted under relevant laws and regulations, including but not limited to:

1. To agree to propose to the general meeting of the Company to grant to the Board the following Specific Mandate in relation to the issuance of shares under the Company's proposal of Non-public Issuance of A Shares in accordance with the relevant provisions of the Company Law of the PRC, the Listing Rules and the Articles of Association: to issue not more than 164,562,129 A Shares (inclusive) to not more than 35 (inclusive) target subscribers (including Triumph Group) in the Non-public Issuance of A Shares, representing not more than 30% of the total share capital of the Company prior to the non-public issuance, at the Issue Price not lower than 80% of the average trading price of the Company's A Shares for the 20 trading days preceding the Price Determination Date (excluding such date) and the Company's latest audited net asset value per Share attributable to the Shareholders of ordinary shares of the Company before the issuance, whichever is higher;

2. To determine specific terms of the issuance and formulate and implement the detailed proposal of the Non-public Issuance of A Shares to specific target subscribers before issuance based on the actual circumstances of the Company as well as the opinions from the regulatory authorities, and subject to the requirements under laws, regulations and regulatory documents, including but not limited to determining the time of issuance, number of shares to be issued, issue period, pricing principles and Price Determination Date (subject to changes of the pricing principles and Price Determination Date arising from amendment to or newly enacted relevant laws, regulations and regulatory documents), Issue Price, method of issuance, target subscribers, use of proceeds, specific methods of subscription, proportion of subscription, method of pricing and other matters related to the proposal of the Non-public Issuance of A Shares;

3. To amend the proposal (other than matters subject to re-voting at the general meeting according to the requirements of relevant laws and regulations and the Articles of Association) in compliance with the requirements of relevant laws, regulations, regulatory documents or relevant securities regulatory authorities, and make corresponding adjustments to the detailed proposal for the issuance according to the opinions from the securities regulatory authorities, including but not limited to adjustment to, postponement, suspension or termination of the plan of the Non-public Issuance of A Shares;

4. To handle the tasks with respect to the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares, and to sign major contracts and other relevant legal documents in the course of implementation of the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares; to adjust or determine the detailed arrangements for the use of proceeds according to the actual progress and the actual capital needs of the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares, to the extent considered and approved at the general meeting; to implement the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares with self-raised funds before the proceeds are available, according to the actual progress and operational needs of the projects, and replace the self-raised funds with the proceeds from the Non-public Issuance of A Shares after the proceeds are available; and to make necessary adjustments to the investment projects to be funded by the proceeds according to the requirements of relevant laws, regulations and regulatory authorities and the market condition;

5. To handle the reporting matters in relation to the issuance, including but not limited to preparing, amending, signing, reporting, supplementing, submitting, executing and announcing the proposal of the issuance and the reporting materials in relation to the issuance and listing according to the requirements by the relevant governmental departments and regulatory institutions, to handle relevant procedures and implement the lock-up and other process in relation to the issuance and listing, and to handle information disclosure matter in relation to the issuance according to the regulatory requirements;

6. To sign, amend, supplement, complete, submit and execute all agreements, contracts and documents in relation to the Non-public Issuance of A Shares (including but not limited to sponsor agreement, engagement agreements of intermediary institutions, agreements relating to the issuance proceeds, subscription agreements entered into with investors, circulars, announcements and other disclosure documents);

7. To amend the relevant provisions in the Articles of Association, handle the increase of registered capital, handle the changes of the industrial and commercial registration and handle other filing matters related to the Non-public Issuance of A Shares in accordance with the result of the Non-public Issuance of A Shares;

8. To handle the registration, lock-up and listing of shares issued and other relevant matters with the SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the issuance;

9. To deal with other matters in relation to the Non-public Issuance of A Shares subject to laws, regulations, relevant regulatory documents and the Articles of Association;

10. To authorize the chairman of the Company and other persons authorized by him/her to specifically handle relevant matters and sign relevant documents within the scope of the above authorization, and to propose a resolution at the general meeting of the Company for approval for delegation of the above authorization by the Board to the chairman of the Company, on condition that the Board has obtained the above authorization, unless otherwise provided by relevant laws and regulations, and such authorization shall be effective from the date of the consideration and approval of the same at the general meeting of the Company;

11. Items 7 and 8 of the above authorizations shall be effective from the date of approval at the general meeting of the Company to the date on which the subsisting period of the relevant matters expires, and other authorizations shall be effective within 12 months since the date of the consideration and approval at the general meeting of the Company.

The proposal in relation to the grant to the Board of the Company the specific mandate in relation to the issuance of additional A shares and authorizing the Board and its authorized representative(s) to handle all matters relating to the Non-public Issuance of A Shares to the extent permitted under relevant laws and regulations will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

III. Specific Mandate

The A Shares under the Non-public Issuance of A Shares will be issued under the Specific Mandate. The Non-public Issuance of A Shares and the Triumph Group Subscription Agreement are subject to the approvals from the relevant state-owned assets supervision and administration authority or its authorized agencies and the CSRC, and the approvals by the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

IV. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Triumph Group directly and indirectly holds 191,133,987 A Shares of the Company, representing approximately 34.84% of the Company's total issued share capital. Accordingly, Triumph Group is an indirect controlling shareholder of the Company and therefore a connected person of the Company. According to Chapter 14A of the Listing Rules, the Proposed Triumph Group Subscription constitutes a connected transaction of the Company, therefore the Company shall comply with the relevant reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang Chong, the chairman of the Board, Mr. Xie Jun, an executive Director, Mr. Chen Yong and Mr. Ren Hongcan, non-executive Directors of the Company, have abstained from voting in respect of the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription at the Board meeting(s) due to the fact that they have connected relationship with Triumph Group and parties acting in concert with it and are therefore not regarded as independent to make any recommendation to the Board in respect thereof. Save as aforementioned, none of the other Directors has a material interest in the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription and hence no other Director has abstained from voting on such Board resolutions.

The Specific Mandate is sought from the Independent Shareholders of the Company as required under Rule 13.36 of the Listing Rules, as modified by Chapter 19A of the Listing Rules.

V. PROVISION OF THE GUARANTEE BY THE COMPANY TO THE SUBSIDIARIES OF THE COMPANY IN 2021

An ordinary resolution will be proposed at the EGM for the Shareholders' consideration and approval of the provision of guarantee by the Company to its subsidiaries. For details of the resolution, please refer to Appendix VII to this circular.

VI. EGM AND CLASS MEETINGS

The EGM and Class Meetings will be convened to consider and approve, as appropriate, (among others) (i) the Non-public Issuance of A Shares; (ii) the Proposed Triumph Group Subscription; (iii) the Specific Mandate; and (iv) the provision of guarantee by the Company to the subsidiaries of the Company in 2021. The EGM and Class Meetings will be convened to consider and approve, as appropriate, the authorization to the Board and its authorized representative(s) to handle all matters relating to the Non-public Issuance of A Shares, including but not limited to, the amendments to the Company's Articles of Association.

The EGM will be held at 9:00 a.m. on 12 March 2021 (Friday), at the conference room of the Company on 3rd Floor, No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC. Notice of the EGM is set out on pages EGM-1 to EGM-7 of this circular. Voting at the EGM will be taken by poll.

The H Shareholders' Class Meeting will be held at 10:00 a.m. on 12 March 2021 (Friday) (or immediately after the conclusion of A Shareholders' Class Meeting of the Company to be convened and held on the same date and at the same place), at the conference room of the Company on 3rd Floor, No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC. Notice of the H Shareholders' Class Meeting is set out on pages HCM-1 to HCM-6 of this circular. Voting at the H Shareholders' Class Meeting will be taken by poll.

Whether or not you are able to attend the EGM/H Shareholders' Class Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, or to the Company's registered address at No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM/H Shareholders' Class Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM/H Shareholders' Class Meeting or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Announcement of the poll results will be made by the Company after the EGM and the H Shareholders' Class Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Triumph Group and its associates, the parties acting in concert with it and the Shareholders having material interest in the Non-public Issuance of A Shares, Proposed Triumph Group Subscription and/or Specific Mandate or involved therein will be required to abstain from voting on the corresponding resolutions to be proposed at the EGM and/or Class Meetings. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders have a material interest in the corresponding resolutions and therefore no other Shareholders are required to abstain from voting at the EGM and/or the Class Meetings.

VII. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee contained on pages 37 to 38 of this circular, containing its recommendation on the Proposed Non-public issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate; and (ii) letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders contained on pages 39 to 58 of this circular, containing its recommendation on the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate. The Independent Board Committee, after considering the advice from Independent Financial Adviser, is of the view that while the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription, though not in the ordinary and usual course of business of the Company, the terms of the Non-public Issuance of A Shares, Proposed Triumph Group Subscription and the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM and the Class Meetings to approve the proposed Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate.

In addition, the Board is of the view that since (1) the provision of guarantee by the Company for its wholly-owned subsidiaries is in line with the needs of the operation and development of the Company and will offer timely and effective support for the capital needs of the guaranteed subsidiaries; (2) all the guaranteed subsidiaries are subsidiaries of the Company with stable production and operation, and the risk under the guarantees is within control and will not prejudice the interests of the Company and all of its Shareholders; and (3) the resolution in relation to the provision of guarantees by the Company to the guaranteed subsidiaries is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole, the Board recommends the Shareholders to vote in favour of the resolution in relation to the provision of guarantee by the Company to its subsidiaries in 2021 at the EGM.

VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

IX. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

* *For identification purposes only*

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)

24 February 2021

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES;
(2) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED TRIUMPH GROUP SUBSCRIPTION; AND
(3) SPECIFIC MANDATE

We refer to the circular of the Company dated 24 February 2021 (the "**Circular**"), of which this letter forms part. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate, details of which are set out in the "Letter from the Board" in the Circular. Veda Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the "Letter from the Board" set out on pages 1 to 36 of the Circular, the "Letter from Veda Capital" set out on pages 39 to 58 of the Circular and the additional information set out in the appendices of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the "Letter from Veda Capital" in the Circular, we concur with the view of Veda Capital and consider that the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription, though not in the ordinary and usual course of business of the Company, are in the interests of the Company and the Shareholders as a whole, and the terms of the

Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend you to vote in favour of all the resolutions to be proposed at the EGM and the Class Meetings for approving the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate.

Yours faithfully,

For and on behalf of
Independent Board Committee

Mr. Jin Zhanping, Mr. Ye Shuhua, Mr. He Baofeng, Ms. Zhang Yajuan

Independent Non-executive Directors

* *For identification purposes only*

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Non-public Issuance of A Shares, Triumph Group Subscription Agreement and the Specific Mandate, which has been prepared for the purpose of inclusion in the Circular.

VEDA | CAPITAL
智略資本

Suites 1001-1002, 10/F., 299 QRC
299 Queen's Road Central, Hong Kong

24 February 2021

To: Independent Board Committee and the Independent Shareholders of Luoyang Glass Company Limited

Dear Sirs or Madam,

(i) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES;
(ii) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION FOR A SHARES BY TRIUMPH GROUP; AND
(iii) SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular to the Shareholders dated 24 February 2021 (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

As set out in the Board Letter, among other matters, (i) the Board has approved the proposed issuance of a maximum of 164,562,129 (inclusive) new A Shares by the Company to not more than 35 (35 inclusive) specific target subscribers, including Triumph Group; and (ii) the Company entered into the Triumph Group Subscription Agreement with Triumph Group, pursuant to which Triumph Group conditionally agreed to subscribe for not less than 13.62% of the A Shares to be issued under the proposed Non-public Issuance of A Shares in cash, and the number of A Shares to be subscribed shall not exceed 70,975,646 Shares, and the proportion of total equity interests held, either directly or indirectly, by Triumph Group and parties acting in concert with it in the Company upon the completion of the proposed Non-public Issuance of A Shares shall not exceed 36.81% of the total issued Shares of the Company upon the completion of the proposed Non-public Issuance of A Shares;

As at the Latest Practicable Date, Triumph Group directly and indirectly holds 191,133,987 A Shares of the Company, representing approximately 34.84% of the Company's total issued share capital. Accordingly, Triumph Group is an indirect controlling shareholder of the Company and thus a connected person of the Company. According to Chapter 14A of the Listing Rules, the Proposed Triumph Group Subscription constitutes a connected transaction of the Company, therefore the Company shall comply with the relevant reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang Chong, the chairman of the Board, Mr. Xie Jun, an executive Director, Mr. Chen Yong and Mr. Ren Hongcan, non-executive Directors, have abstained from voting in respect of the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription at the Board meeting(s) due to the fact that they have connected relationship with Triumph Group and parties acting in concert with it and are therefore not regarded as independent to make any recommendation to the Board in respect thereof. Save as aforementioned, none of the other Directors has a material interest in the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription and hence no other Director has abstained from voting on such Board resolutions.

The Specific Mandate is sought from the Independent Shareholders of the Company as required under Rule 13.36 of the Listing Rules, as modified by Chapter 19A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been formed by the Company in accordance with the Listing Rules to advise the Independent Shareholders on the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate and the transactions contemplated thereunder, there were no other engagements between us and the Group in the past two years. Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true at the time when they were made and continue to be true as at the Latest Practicable Date.

We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and/or the Management.

This letter is issued to Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons:

1. Information on the Company

The Company is principally engaged in the (i) information display glass segment which mainly produces and sells ultra-thin electronic glass substrate (the "**Ultra-thin Glass Segment**"); and (ii) new energy glass segment which mainly produces and sells photovoltaic original glass and its further processed products (the "**Photovoltaic Glass Segment**").

Set out below is a summary of the Group's unaudited consolidated financial information for the six months ended 30 June 2019 and 2020 as extracted from the Company's interim report for the six months ended 30 June 2020.

	For the six months ended		
	30 June 2020	**30 June 2019**	**Changes**
	RMB'000	*RMB'000*	*%*
	(unaudited)	*(unaudited)*	
Revenue	957,734	859,386	11.44
– the Ultra-thin Glass Segment	135,307	131,323	3.0
– the Photovoltaic Glass Segment	821,826	728,063	12.9
Profit for the period attributable to Shareholders	16,145	15,631	3.3

	As at		
	30 June 2020	**30 June 2019**	**Changes**
	RMB'000	*RMB'000*	*%*
	(unaudited)	*(unaudited)*	
Total assets	5,506,588	4,875,724	12.94
Net assets	1,437,007	1,363,922	5.36
Net assets attributable to Shareholders	1,315,361	1,260,848	4.32

For the six months ended 30 June 2020, the Group recorded a revenue in the amount of approximately RMB957.7 million, representing an increase of approximately 11.4% as compared to that for the six months ended 30 June 2019 in the amount of approximately RMB859.4 million. As advised by the Company, the increase in revenue was mainly due to the increase in revenue generated from the Photovoltaic Glass Segment of approximately RMB93.8 million due to the release of the Group's production capacity of photovoltaic glass during the six months ended 30 June 2020.

For the six months ended 30 June 2020, the Group recorded a profit attributable to Shareholders in the amount of approximately RMB16.1 million, representing an increase of approximately 3.3% as compared to that for the six months ended 30 June 2019 in the amount of approximately RMB15.6 million. As advised by the Company, the increase was mainly due to the increase in revenue of the Photovoltaic Glass Segment as mentioned in the above.

The Group's unaudited total assets and net assets as at 30 June 2020 amounted to approximately RMB5,506.6 million and approximately RMB1,437.0 million respectively. The Group's unaudited net assets attributable to Shareholders increased by approximately 4.3% to approximately RMB1,315.4 million as at 30 June 2020 from approximately RMB1,260.8 million as at 30 June 2019.

Set out below is a summary of the Group's audited consolidated financial information for the financial years ended 31 December 2018 and 2019 as extracted from the Company's annual report for the financial year ended 31 December 2019.

	For the financial years ended		
	31 December 2019	**31 December 2018**	**Changes**
	RMB'000	*RMB'000*	*%*
	(audited)	*(audited)*	
Revenue	1,854,842	1,402,748	32.2
– the Ultra-thin Glass Segment	280,258	343,891	(18.5)
– the Photovoltaic Glass Segment	1,574,207	1,081,897	45.5
Profit/(loss) for the year attributable to Shareholders	54,000	15,645	245.2

	As at 31 December 2019 RMB'000 (audited)	As at 31 December 2018 RMB'000 (audited)	Changes %
Total assets	5,241,040	4,504,182	16.36
Net assets	1,413,943	1,345,341	5.10
Net assets attributable to Shareholders	1,299,216	1,245,216	4.34

For the year ended 31 December 2019, the Group recorded a revenue of approximately RMB1,854.8 million, representing an increase of approximately 32.2% as compared to that of the year ended 31 December 2018 of approximately RMB1,402.7 million. As advised by the Company, the increase in revenue was mainly attributable to the increase in revenue generated from the Photovoltaic Glass Segment of approximately RMB492.3 million, which is due to the increased sales volume and product price as a result of the recovery in photovoltaic glass market in 2019.

The Group recorded a profit attributable to Shareholders for the year ended 31 December 2019 in the amount of approximately RMB54.0 million, representing an increase of approximately 246.2% as compared to that for the year ended 31 December 2018 in the amount of approximately RMB15.6 million. As advised by the Company, the increase was mainly due to the increase in revenue of the Photovoltaic Glass Segment as mentioned in the above.

2. Information on Triumph Group

As at the Latest Practicable Date, Triumph Group is an indirect controlling shareholder of the Company and a company incorporated in the PRC with limited liability. Triumph Group is principally engaged in glass sector, new materials sector, new energy sector, new equipment sector and project management sector. As at the Latest Practicable Date, Triumph Group is a direct wholly-owned subsidiary of CNBMG, which is principally engaged in production and manufacturing of construction materials and relevant raw materials, research, development and sales of production technologies and equipment; sale of decorative materials; design and construction of building engineering; investment and assets operations relating to building materials and related sectors, etc.

3. Reasons for and benefits of the proposed Non-Public Issuance of A Shares and the entering into the Proposed Triumph Group Subscription Agreement

As mentioned in the Board Letter, (i) the proposed Non-public Issuance of A Shares is conducive for the Company to capture the market opportunities and improve its industrial position; (ii) raising proceeds through the Non-public Issuance of A Shares is beneficial for the Company to further optimize the structure of assets and liabilities, reduce financial risks, and enhance the Company's ability to resist risks; and (iii) the entering into the Triumph Group Subscription Agreement and Supplemental Agreement between the Triumph Group and the Company fully demonstrates a more firm confidence and support to the Company from the Triumph Group in the capacity of an indirect controlling shareholder of the Company. The continuous support of the Triumph Group to the Company's future development is beneficial in boosting the confidence of the Shareholders and potential investors of the Company, and thus, it is beneficial for the Company to promote the Non-public Issuance of A Shares in a timely, compliant and orderly manner to realize a great leap forward development.

We were given to understand from the Company that the net proceeds to be raised from the Non-public Issuance of A Shares are intended to be used for (i) investment in the Group's major production projects located in the cities of Hefei and Tongcheng, which are principally engaged in producing glass products that will be processed into photovoltaic glass products of the Group's Photovoltaic Glass Segment; and (ii) repayment of interest-bearing liabilities and replenishment of working capital of the Group.

With references to the annual financial report of the Company for the year ended 31 December 2019, the Company has a diversified photovoltaic glass product portfolio including but not limited to double-glass components and high transparent photovoltaic original glass. It's development strategy is to, centering on new glass, new material and new energy market, expand application fields and optimizes product mix and it aims to achieve production volume of 109 million square meters. The main photovoltaic glass products of the Group belong to key basic materials in the upstream of the photovoltaic glass and solar power industry chain and are ultimately used for, including but not limited to, the generation of electricity with solar power.

According to our research, we noted that the Central Committee of Communist Party of China* (中國共產黨中央委員會) in October 2020 proposed "Proposals of the Central Committee of the Communist Party of China on Formulating the Fourteenth Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035*" (中共中央關於制定國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標的建議) and stated that the PRC government will continue to focus on the development of new energy industry, including but not limited to, the solar energy and photovoltaic glass industry. We also noticed from the "2050 Roadmap of China Solar Power Development*" (中國太陽能發展路線圖2050) published by, among others, the PRC National Development and Reform Commission Research Centre* (國家發展改革委能源研究所)

(http://www.cvig.org.cn/), the PRC government have long and sustainable plans to leverage on the trend of renewable and environmentally friendly energy, including the use of photovoltaic glasses for solar power which targets to generate approximately 40% of all the electricity demand of the PRC by 2050.

Apart from the Non-public Issuance of A Shares, we were also given to understand that the Company has considered other sources of financing, including debt financings and other equity financings. As mentioned in the interim report of the Company for the six months ended 30 June 2020, the monetary funds of the Group amounted to approximately RMB563.4 million as at 30 June 2020 while the aggregate amount of the Group's short term borrowings and non-current liabilities due within one year was approximately RMB1,528.9 million as at 30 June 2020. Accordingly, further debt financing will result in additional interest burden and higher gearing ratio of the Group. Whereas, as compared to the other equity financing such as Open Offer or Right Issues, which in general are more time-consuming in administrative and reviewing procedures given the Company's dual listing status, the Non-public Issuance of A Shares is a more desirable solution for the Group to improve its financial position and enlarge its capital base for business development.

Having considered that (i) the entering into the Triumph Group Subscription Agreement and Supplemental Agreement between the Triumph Group and the Company fully demonstrates a firm confidence and continuous support to the Company's future development from the Triumph Group which is beneficial in boosting the confidence of the Shareholders and potential investors of the Company; (ii) the main photovoltaic glass products of the Group belong to key basic materials in the upstream of the photovoltaic glass and solar power industry which is expected to prosper in the future; (iii) the PRC government has implemented various favourable policies to promote the usage of photovoltaic glass products and photovoltaic technology to develop the solar power industry in the coming years; and (iv) the Non-public Issuance of A Shares is a more desirable fund-raising solution for the Group as compared to other alternatives such as debt financings and other equity financings, we consider that the Non-public Issuance of A Shares including the Proposed Triumph Group Subscription and the use of proceed of the Non-public Issuance of A Shares are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

4. Principal terms of the Non-public Issuance of A Shares and the Triumph Group Subscription Agreement (as amended and supplemented by the Supplemental Agreement)

As extracted from the Board Letter, the major terms and conditions of the Triumph Group Subscription Agreement are summarised as follows:

Parties

(1) the Company (as the issuer); and

(2) Triumph Group (as the subscriber)

Subscription price and pricing principles

The subscription price and pricing principles are consistent with Issue Price and pricing principles of the Non-Public Issuance of A Shares.

The Issue Price of the A Shares under the Non-public Issuance of A Shares will be determined through bidding. The Price Determination Date of the Non-public Issuance of A Shares is the first day of the offering period of the Non-public Issuance of A Shares.

The Issue Price shall not be lower than (i) 80% of the average trading price of the Company's A Shares over the 20 trading days preceding the Price Determination Date (excluding such date) (the average trading price of the A Shares over the 20 trading days preceding the Price Determination Date = the total turnover of A Shares over the 20 trading days preceding the Price Determination Date/the total trading volume of A Shares over the 20 trading days preceding the Price Determination Date) (the "**80% Pricing Criteria**"); and (ii) the net asset value per Share attributable to the Shareholders of ordinary shares of the Company as set out in the latest audited consolidated financial statements of the Company before the issuance under the Non-public Issuance of A Shares (the "**NAV Pricing Criteria**"), whichever is higher.

Please refer to the sub-sections headed under "Details of the Non-Public Issuance of A Shares" and "Principal terms of the Triumph Group Subscription Agreement (as amended and supplemented by the Supplemental Agreement)"of the Board Letter in this Circular for the full details of the terms in relation to the Non-public Issuance of A Shares and the Triumph Group Subscription Agreement.

As set out in the latest audited consolidated financial statements of the Company before the issuance under the Non-public Issuance of A Shares, the net asset value per Share attributable to the Shareholders of ordinary shares of the Company as disclosed in the audited consolidated financial statements for the year of 2019 of the Company is RMB2.32 per Share, on such basis and assuming that the latest audited consolidated financial statements before the issuance under the Non-public Issuance of A Shares is the audited consolidated financial statements for the year of 2019 of the Company, it is expected that the minimum Issue Price would, subject to the approval of the CSRC, be at least RMB2.32 per A Share.

As at the date of the Announcements, the closing price per A Share quoted on the SSE was RMB17.71 per A Share and the closing price per H Share quoted on the Stock Exchange was HK$6.6 per H Share.

In the event that during the 20 trading days prior to the Price Determination Date, there occurs ex-right or ex-dividend event, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, causing adjustment to the Share prices, the trading prices for the trading days preceding such adjustment shall be calculated as the adjusted price after such ex- right or ex-dividend event.

The aforementioned net asset value per Share will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the balance sheet date of the latest audited financial report before the issuance to the Issue Date.

The Issue Price shall be adjusted on ex-right or ex-dividend basis in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the Price Determination Date to the Issue Date.

Upon obtaining the approvals from the CSRC for the Non-public Issuance of A Shares by the Company, the final Issue Price shall be determined in accordance with the relevant laws and regulations and the requirements by the regulatory bodies, and having regard to the bidding results, through negotiation by the Board or other authorized person(s) of the Board under the authorization granted at the EGM, with the sponsor (the lead underwriter) of the Non-public Issuance of A Shares.

Triumph Group will not participate in the market bidding process of the Non-public Issuance of A Shares but has undertaken to accept the bidding results and agree to subscribe for the A Shares to be issued under the Non-public Issuance of A Shares at the same price as other specific investors.

We noted that the Issue Price was not fixed as at the date of the Triumph Group Subscription Agreement, which is complied with the "Implementation Rules for Non-public Issuance of Shares by Listed Companies" (《上市公司非公開發行股票實施細則》) promulgated by the CSRC. In light of this, we have discussed with the Management and understood that the pricing principles are in compliance with the "Decision on Amending Implementing Rules on Non-Public Issuance of Shares by Listed Companies" (《關於修改〈上市公司非公開發行股票實施細則〉的決定》) published by CSRC and the Issuance Regulatory Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Listed Companies' Financing Activities (《發行監管問答－關於引導規範上市公司融資行為的監管要求》) published by the CSRC on 14 February 2020 and the Management acknowledged that the pricing principles are in compliance with the regulations of the PRC.

In light of the above, to further assess the reasonableness and fairness of the non-fixed Subscription Price under the Triumph Group Subscription Agreement, we have searched over the Stock Exchange's website to identify new non-public new A shares issuance proposal or revised non-public new A shares issuance proposal as announced by companies listed on the Stock Exchange since 31 December 2019 up to and including the date of the Triumph Group Subscription Agreement (the "**Comparable Transactions**"), for comparison purpose. Based on the above criteria, we have identified an exhaustive list of 13 Comparable Transactions of which we considered as fair and representative because (i) the purpose of the comparison is to examine the prevailing market practice in pricing mechanism of non-public A shares issuance of companies listed on the Stock Exchange; (ii) the Comparable Transactions are selected from transactions in the past one year are sufficient to show the recent the prevailing market practice in pricing mechanism; and (iii) the Comparable Transactions represented exhaustive list of samples available under the current selection criteria. Despite that the businesses, operations and prospects of the Group are not exactly the same as the subject companies of the Comparable Transactions, the Comparable Transactions are adequate and appropriate to demonstrate the market practices regarding issuance of new A-shares after the implementation of the relevant regulations since their effective date.

Summarised below is our relevant findings:

Company name (stock code)	Date of announcement	Basis for A share issue price	Other basis to determine issue price	Involving non-public issuance of A shares to connected person?
Weichai Power Co., Ltd. (2338)	24 December 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
China Suntien Green Energy Corporation Limited (956)	21 December 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	Last audited net asset value per share, whichever is higher	Yes
Postal Savings Bank of China Co., Ltd (1658)	30 November 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	Last audited net asset value per share, whichever is higher	Yes

Company name (stock code)	Date of announcement	Basis for A share issue price	Other basis to determine issue price	Involving non-public issuance of A shares to connected person?
Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (2196)	25 November 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
ZTE Corporation (763)	28 October 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
Tianjin Capital Environmental Protection Group Company Limited (1065)	13 July 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	Yes
First Tractor Company Limited (38)	7 July 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	Yes
Zoomlion Heavy Industry Science and Technology Co., Ltd. (1157)	5 July 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
Flat Glass Group Co., Ltd. (6865)	12 June 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
Red Star Macalline Group Corporation Ltd. (1528)	3 June 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
Dynagreen Environmental Protection Group Co., Ltd. (1330)	29 May 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	Last audited net asset value per share, whichever is higher	No

Company name (stock code)	Date of announcement	Basis for A share issue price	Other basis to determine issue price	Involving non-public issuance of A shares to connected person?
Bank of Zhengzhou Co., Ltd. (6196)	30 March 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No
WuXi AppTec Co., Ltd. (2359)	24 March 2020	not less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date	N/A	No

As shown in the above table, the pricing principles of all of the 13 Comparable Transactions included that the issue price shall not be less than 80% of the average trading price of the A shares for the 20 trading days preceding the pricing benchmark date, which is identical to the 80% Pricing Criteria. In addition to the above, we noticed that the pricing principle of 3 of the Comparable Transactions included last audited net asset value per share which is identical to the NAV Pricing Criteria, representing a floor price of issue price in the event that the trading price of A shares trades below their respective net asset value per share. In addition, 4 of the Comparable Transactions involved the non-public issuance of A shares to connected person and we noted that their respective pricing mechanism of the issue of A shares to connected person were the same as the pricing mechanism of their respective non-public issuance of A shares as a whole. Given the above (i) and that the pricing principle of the Triumph Group Subscription Agreement includes both the 80% Pricing Criteria and the NAV Pricing Criteria; and (ii) the pricing mechanism of the Triumph Group Subscription Agreement and the Non-public Issuance of A Shares are the same, we consider that the basis in determining the Issue Price is not less favourable than those of the Comparable Transactions, is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Lock-up period and future exit arrangement

Triumph Group intends to hold the Shares for a long term. According to the Supplemental Agreement, Triumph Group shall not transfer the A Shares subscribed under the Triumph Group Subscription Agreement within 36 months from the date of completion of the Non-public Issuance of A Shares.

If the aforementioned lock-up arrangement does not conform to the latest regulatory opinions or regulatory requirements of the securities regulatory authorities of the PRC, the arrangement will be adjusted accordingly in accordance with the regulatory opinions or regulatory requirements of the relevant securities regulatory authorities.

The additional Shares being obtained from bonus issue, capitalisation of capital reserves and otherwise upon completion of the Non-public Issuance of A Shares shall also be subject to the aforementioned lock-up period arrangement. Such Shares shall comply with the relevant requirements of regulatory authorities such as the CSRC and the SSE upon expiry of the lock-up period.

5. Dilution effect on the shareholding interests of the existing public Shareholders

As at the Latest Practicable Date, the total issued share capital of the Company is 548,540,432 Shares, which comprises of 298,540,432 A Shares and 250,000,000 H Shares.

The following table sets out the shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after the completion of the Non-public Issuance of A Shares, (assuming that (i) 164,562,129 A Shares will be issued under the Non-public Issuance of A Shares; (ii) Triumph Group subscribes for a maximum of 70,975,646 A Shares; (iii) the other specific target subscribers (other than Triumph Group) subscribe for a maximum of 93,586,483 A Shares; and (iv) there is no other change in the shareholding structure of the Company since the Latest Practicable Date save for the issue of the A Shares under the Non-public Issuance of A Shares):

	(i) Shareholding as at the Latest Practicable Date		**(ii) Shareholding immediately after the completion of the Non-public Issuance of A Shares**	
Shareholders	**Number of Shares**	**Approximate percentage of the total issued Shares** *(%)*	**Number of Shares**	**Approximate percentage of the total issued Shares** *(%)*
A Shares				
Triumph Group and parties acting in concert with it *(Note 1)*				
Triumph Group	6,170,699	1.12	77,146,345	10.82
CLFG	111,195,912	20.27	111,195,912	15.59
Bengbu Institute	70,290,049	12.81	70,290,049	9.86
Huaguang Group	3,477,327	0.63	3,477,327	0.49
International Engineering	386,370	0.07	386,370	0.05
Sub-total of Triumph Group and parties acting in concert with it	191,520,357	34.91	262,496,003	36.81

Shareholders	(i) Shareholding as at the Latest Practicable Date		(ii) Shareholding immediately after the completion of the Non-public Issuance of A Shares	
	Number of Shares	Approximate percentage of the total issued Shares	Number of Shares	Approximate percentage of the total issued Shares
		(%)		*(%)*
Other specific target subscribers (not more than 34)	–	–	93,586,483	13.12
Other A Shareholders	107,020,075	19.51	107,020,075	15.01
Sub-total of A Shares	298,540,432	54.42	463,102,561	64.94
H Shares				
Public H Shareholders	250,000,000	45.48	250,000,000	35.06
Total issued Shares	548,540,432	100	713,102,561	100

The following table sets out the shareholding structure of the Company immediately after the completion of the Non-public Issuance of A Shares, (assuming that (i) 164,562,129 A Shares will be issued under the Non-public Issuance of A Shares; (ii) Triumph Group subscribes for 13.62% of the A Shares (being 22,413,362 A Shares) under the Non-public Issuance of A Shares; (iii) the other target subscribers (other than Triumph Group) subscribe for 142,148,767 A Shares; and (iv) there is no other change in the shareholding structure of the Company since the Latest Practicable Date save for the issuance of the A Shares under the Non-public Issuance of A Shares):

Shareholders	(iii) Shareholding immediately after completion of the Non-public Issuance of A Shares Number of Shares	Approximate percentage of the total issued Shares *(%)*
A Shares		
Triumph Group and parties acting in concert with it *(Note)*		
Triumph Group	28,584,061	4.01
CLFG	111,195,912	15.59
Bengbu Institute	70,290,049	9.86
Huaguang Group	3,477,327	0.49
International Engineering	386,370	0.05
Sub-total of Triumph Group and parties acting in concert with it	213,933,719	30
Other specific target subscribers (not more than 34)	142,148,767	19.93
Other A Shareholders	107,020,075	15.01
Sub-total of A Shares	463,102,561	64.94
H Shares		
Public H Shareholders	250,000,000	35.06
Total issued Shares	713,102,561	100

Note:

As at the Latest Practicable Date, Triumph Group, an indirect controlling shareholder of the Company, directly holds approximately 1.12% of the Shares of the Company, and indirectly holds (i) approximately 20.27% of the Shares of the Company through CLFG, its direct controlled subsidiary; (ii) approximately 12.81% of the Shares of the Company through Bengbu Institute, its direct wholly-owned subsidiary; (iii) approximately 0.63% of the Shares of the Company through Huaguang Group, its wholly-owned subsidiary; (iv) approximately 0.07% of the Shares of the Company through International Engineering, an indirect controlled subsidiary of CNBMG, therefore, Triumph Group and parties acting in concert with it directly and indirectly hold approximately 34.91% of the Shares of the Company in aggregate.

Based on publicly available information and to the best knowledge of the Directors, assuming that a total of 164,562,129 A Shares will be issued pursuant to the Non-public Issuance of A Shares and that there are no other changes to the share capital of the Company prior to the completion of the Non-public Issuance of A Shares, the public float percentage of the Company upon the completion of the Non-public Issuance of A Shares will continue to satisfy the requirements under Rule 8.08 of the Listing Rules.

The number of A Shares to be issued under the Non-public Issuance of A Shares, being not exceeding 164,562,129 (inclusive), represents (i) approximately 55.12% of the number of the existing issued A Shares as at the Latest Practicable Date and approximately 30.00% of the number of existing total issued Shares as at the Latest Practicable Date; and (ii) approximately 35.53% of the number of issued A Shares and approximately 23.08% of the number of total issued Shares upon completion of the Non-public Issuance of A Shares, in each case, the shares as enlarged by the number of A Shares to be issued. The Company will issue the A Shares under the Specific Mandate to be sought from the Independent Shareholders at the EGM and the Class Meetings.

The shareholding of public H Shareholders will also be decreased from approximately 45.48% to approximately 35.06% immediately after the completion of the Non-public Issuance of A Shares, representing a possible maximum dilution effect of approximately 22.91%.

In light of the above, to further assess whether the dilution effect on the shareholding of public H Shareholders under the Non-public Issuance of A Shares are acceptable, we have obtained the shareholdings of public H shareholders of the 13 Comparable Transactions and compute their respective maximum dilution effect for comparison purpose. Set out below is our finding:

	Shareholding of public H shareholders		
Company name (stock code)	**prior to non-public issuance of A shares**	**immediately after completion of non-public issuance of A shares**	**possible maximum dilution effect**
	(%)	*(%)*	*(%)*
Weichai Power Co., Ltd. (2338)	24.49	22.26	9.11
China Suntien Green Energy Corporation Limited (956)	47.77	36.74	23.09
Postal Savings Bank of China Co., Ltd (1658)	22.28	20.97	5.88
Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (2196)	19.52	18.59	4.76
ZTE Corporation (763)	16.33	15.75	3.55

	Shareholding of public H shareholders		
Company name (stock code)	prior to non-public issuance of A shares	immediately after completion of non-public issuance of A shares	possible maximum dilution effect
	(%)	*(%)*	*(%)*
Tianjin Capital Environmental Protection Group Company Limited (1065)	23.82	19.42	18.47
First Tractor Company Limited (38)	39.76	34.88	12.27
Zoomlion Heavy Industry Science and Technology Co., Ltd. (1157)	17.57	15.17	13.66
Flat Glass Group Co., Ltd. (6865)	23.05	18.73	18.74
Red Star Macalline Group Corporation Ltd. (1528)	18.98	15.10	20.44
Dynagreen Environmental Protection Group Co., Ltd. (1330)	32.68	27.23	16.68
Bank of Zhengzhou Co., Ltd. (6196)	25.63	21.93	14.44
WuXi AppTec Co., Ltd. (2359)	10.33	10.33	0.00
		Maximum	**23.09**
		Minimum	**0.00**
		Average	**12.39**
The Company	**45.48**	**35.06**	**22.91**

As shown in the above table, the possible maximum dilution effect on the shareholding of public H shareholders of the Comparable Transactions ranged from approximately 0.00% to approximately 23.09% with an average of approximately 12.39%. Therefore, the possible maximum dilution effect on the shareholding of public H Shareholders of approximately 22.91% is within the range of the Comparable Transactions but above the average of the Comparable Transactions.

Despite that the possible maximum dilution effect on the shareholding of public H Shareholders under the Non-public Issuance of A Shares is close to the upper range of the dilution effect on the shareholding of public H shareholders of the Comparable Transactions, the dilution effect of the Non-public Issuance of A Shares in exchange (i) will allow the Group to develop and expand its photovoltaic glass products portfolio which belong to key basic materials in the upstream of the photovoltaic glass and solar power industry with prosperous future, and (ii) fully demonstrates a firm confidence and continuous support to the Company's future development from the Triumph Group which is beneficial in boosting the confidence of the Shareholders and potential investors of the Company. Having also considered (i) the shortcomings of other alternative fund-raising methods such as debt financings and other equity financings and that the Non-public Issuance of A Shares is a more desirable fund-raising solution for the Group as mentioned; and (ii) that the principal terms of the Triumph Group Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable and justifiable.

6. Financial effects of the Issuance on the Group

Cash position

According to interim report of the Company for the six months ended 30 June 2020, the Group had monetary funds as at 30 June 2020 of approximately RMB563.4 million. Upon completion of the Proposed Non-Public Issuance of A Shares and save for the expenses in relation to the Proposed Non-Public Issuance of A Shares, the cash position of the Group will be improved as the Proposed Non-Public Issuance of A Shares will increase the cash and cash equivalents by approximately RMB2,000 million. Accordingly, the cash position, net current assets and current ratio of the Company are expected to be improved upon Completion.

Earnings

Save for the expenses in relation to the Proposed Non-Public Issuance of A Shares, the Proposed Non-Public Issuance of A Shares will not have any immediate material impact on the earnings of the Company.

Net Asset Value

According to the interim report of the Company for the six months ended 30 June 2020, the net asset attributable to the Company was approximately RMB1,315.4 million. Upon completion of the Proposed Non-Public Issuance of A Shares and save for the expenses in relation to the Proposed Non-Public Issuance of A Shares, the net asset attributable to the Company will increase as the Proposed Non-Public Issuance of A Shares will increase the cash balance of the Company.

Gearing

According to the interim report of the Company for the six months ended 30 June 2020, the gearing ratio of the Group as at 30 June 2020, as derived by total liabilities over the total assets of the Group as at 31 December 2019, was approximately 73.90%. Upon completion of the Proposed Non-Public Issuance of A Shares, the total debt of the Group will decrease, while the total assets of the Group will increase. Thus, the gearing level of the Group will decrease upon completion of the Proposed Non-Public Issuance of A Shares.

Based on the above, the Proposed Non-public Issuance of A Shares would have an overall positive effect on the financial position of the Group in terms of cash position, net asset value, and gearing upon completion of the Proposed Non-Public Issuance of A Shares. On such basis, we are of the view that the Proposed Non-public Issuance of A Shares is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that (i) the Non-public Issuance of A Shares and the Proposed Triumph Group Subscription were on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend Independent Shareholders to vote in favor of the relevant resolution for approving Non-public Issuance of A Shares, the Proposed Triumph Group Subscription and the Specific Mandate at the EGM and the Class Meetings.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 24 years of experience in corporate finance industry.

Stock Code of A Shares : 600876 Abbreviation of A Shares: Luoyang Glass
Stock Code of H Shares: 1108 Abbreviation of H Shares: Luoyang Glass

LUOYANG GLASS COMPANY LIMITED*

PROPOSAL FOR THE 2020 NON-PUBLIC ISSUANCE OF A SHARES

(REVISED VERSION)

JANUARY 2021

COMPANY STATEMENT

1. The Company and all members of the Board warrant that the contents of the Proposal are true, accurate and complete and do not contain false information, misleading statements or material omissions, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.

2. Upon the completion of the Non-public Issuance of A Shares, the Company shall be responsible for any changes in its operation and revenue, while the investment risks arising from the Non-public Issuance of A Shares shall be borne by the investors.

3. The Proposal is the description of the Board of the Company on the Non-public Issuance of A Shares, and any other statements to the contrary shall be misrepresentation.

4. Investors should consult their own stockbrokers, lawyers, professional accountants or other professional advisers if in doubt.

5. The matters mentioned in the Proposal do not represent the substantive judgment, confirmation or approval of the approving authorities on the matters related to the Non-public Issuance of A Shares. The effectiveness and completion of the matters related to the Non-public Issuance of A Shares mentioned in the Proposal shall be subject to the approval or verification of the relevant approving authorities.

IMPORTANT NOTICE

1. The Non-public Issuance of A Shares is in compliance with the provisions under the Company Law, the Securities Law, the Administrative Measures for the Issuance, the Implementation Rules and other laws, administrative regulations, departmental rules and normative documents. The Company satisfies various conditions on the non-public issuance of A Shares.

2. The plan for the Non-public Issuance of A Shares has been considered and approved at the twenty-third meeting of the ninth session of the Board and the twenty-fifth meeting of the ninth session of the Board of the Company. According to the provisions of the relevant laws and regulations, the Non-public Issuance of A Shares is subject to the implementation of the regulatory approval procedures in relation to the state-owned assets, the consideration and approval at the general meeting of the Company and the approval by the CSRC.

3. The Price Determination Date of the Issuance is the first day of the offering period. The Issue Price shall not be lower than 80% of the average price of the shares of the Company over the 20 trading days preceding the Price Determination Date and the latest audited net asset value per share attributable to the shareholders of ordinary shares of the parent company before the Issuance, whichever is higher.

   The average trading price of the shares over the 20 trading days preceding the Price Determination Date = the total turnover of the shares over the 20 trading days preceding the Price Determination Date/the total trading volume of the shares over the 20 trading days preceding the Price Determination Date. In the event that during the 20 trading days, there occurs ex-right or ex-dividend event, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, causing adjustment to the share prices, the trading prices for the trading days preceding such adjustment shall be calculated at the adjusted price after such ex-right or ex-dividend event.

   The net asset value per share mentioned above will be adjusted in the event that any ex-right or ex-dividend event, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from the balance sheet date of the Company's latest audited financial report before the Issuance to the Issue Date.

The Issue Price shall be subject to ex-right or ex-dividend in the event that any ex-right or ex-dividend event of the Company, such as dividend distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from Price Determination Date to the Issue Date of the Issuance.

The final Issue Price shall be determined based on the principle of price priority according to the price offered by investors after the approval for Issuance has been obtained from the CSRC. Triumph Group will not participate in the market bidding process of the Issuance but has undertaken to accept the bidding results and subscribe for the shares under the Issuance at the same price as other investors.

4. The target subscribers for the Non-public Issuance of A Shares will not be more than 35 (inclusive) investors (including Triumph Group, an indirect controlling shareholder of the Company). The target subscribers other than Triumph Group are no more than 34 specific target subscribers, including securities investment fund management companies who are in compliance with the requirements of the CSRC, securities companies, trust investment companies, finance companies, asset management companies, insurance institution investors, qualified foreign institutional investors (including self-operated accounts of or investment product accounts managed by the above investors) and other institutional investors, and other legal persons, natural persons or other qualified investors who are in compliance with the requirements of the CSRC. Securities investment fund management companies, which subscribe for the A Shares with two or more of the funds managed by them, shall each be taken as one single subscriber. Trust investment companies, as subscribers, may only subscribe for the A Shares with their own funds.

5. The number of A Shares under the Non-public Issuance shall not exceed 30% of the total capital of the Company prior to the Non-Public Issuance, that is, no more than 164,562,129 shares (inclusive). In the Issuance, Triumph Group intends to subscribe for not less than 13.62% of the shares to be issued under the Issuance in cash (inclusive), the number of subscribed shares shall not exceed 70,975,646 shares, and the proportion of shareholdings held by Triumph Group and parties acting in concert with it upon the completion of the Issuance shall not exceed 36.81%.

   The maximum number of shares to be issued under the Issuance will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the date of the board resolutions to the Issue Date. The final number of shares to be issued will be determined by the Board of the Company under the authorization granted at the general meeting through negotiation with the sponsor (the lead underwriter) in accordance with the price offered by the target subscribers after the Company has obtained approvals from the CSRC for the Issuance.

6. The proceeds to be raised by the Non-Public Issuance of A Shares will not exceed RMB2 billion (inclusive). After deducting issuance costs, all of the net proceeds will be used for the following projects:

Unit: RMB0'000

No.	Project name	Total amount of investment	Proposed amount to be used from the proceeds
1	**Project of Photovoltaic Cell Packaging Material for Solar Equipment**	**179,457.00**	**140,000.00**
1.1	CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment	77,968.00	60,000.00
1.2	CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment	101,489.00	80,000.00
2	**Repayment of interest-bearing liabilities and replenishment of working capital**	**–**	**60,000.00**

Project of Photovoltaic Cell Packaging Material for Solar Equipment has been filed by Hefei High-tech Industrial Development Zone and Tongcheng Development and Reform Commission, respectively, and the relevant Environmental Impact Assessment procedure is in process.

7. In compliance with the requirements of relevant laws, regulations and regulatory documents, Triumph Group shall not transfer the shares which it subscribed for within 36 months from the date of completion of the Non-public Issuance of A Shares. The other target subscribers shall not transfer the shares which they subscribed for within 6 months from the date of completion of the Issuance. Relevant requirements by the CSRC and the Shanghai Stock Exchange shall be followed upon expiry of the lock-up period.

8. According to the provisions of the Notice on Further Implementation of Matters in Relation to the Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No. 37)《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號) and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (CSRC Announcement [2013] No. 43)《上市公司監管指引第3號－上市公司現金分紅》(證監會公告[2013]43號) issued by the CSRC, the Company has formulated the Shareholders' Return Plan for the Next Three Years (2021–2023) of Luoyang Glass Company Limited* to further improve the profit distribution policy. For the profit distribution policy and dividends of the Company in the recent three years, please refer to "Chapter 6 Profit Distribution Policy of the Company and Its Implementation" of the Proposal.

9. According to the relevant requirements of the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market issued by the State Council (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), the Opinion of General Office of the State Council on Further Enhancing Protection of Rights and Interests of Minority Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)) and the Guiding Opinion on Matters concerning the Dilution of Current Return in Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)), the Company has developed the mitigation and remedial measures for the current return dilution resulting from the Non-Public Issuance of A Shares. In addition, the controlling shareholder, indirect controlling shareholder, beneficial controller, directors and senior executives of the Company have made corresponding undertakings for the implementation of the relevant mitigation and remedial measures. For details of the relevant measures and undertakings, please refer to "Chapter 7 Description of the Dilution of Current Return Resulting from This Issuance and the Mitigation and Remedial Measures" of the Proposal.

10. The Controlling Shareholder and De Facto Controller of the Company will not be changed, and the shareholding structure of the Company will remain in compliance with the listing requirements upon the completion of the Non-Public Issuance of A Shares.

CONTENTS

DEFINITIONS

Luoyang Glass/Listed Company/ Company	Luoyang Glass Company Limited* (洛陽玻璃股份有限公司)
CLFG/Controlling Shareholder	China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司)
CNBMG/De Facto Controller	China National Building Material Group Co., Ltd.*(中國建材集團有限公司)
Triumph Group	Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司), an indirect controlling shareholder of the Company
Tongcheng New Energy	CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司)
Hefei New Energy	CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司)
Bengbu Institute	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd* (中建材蚌埠玻璃工業設計研究院有限公司)
Issuance/Non-public Issuance	the non-public issuance of A Shares by Luoyang Glass Company Limited* (洛陽玻璃股份有限公司)
Proposal	the proposal for the Non-public Issuance of A Shares by Luoyang Glass Company Limited* (洛陽玻璃股份有限公司)
Conditional Subscription Agreement on the Non-public Issuance of A Shares	the Conditional Subscription Agreement on the Non-public Issuance of A Shares between Luoyang Glass Company Limited* (洛陽玻璃股份有限公司) and Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司)
Price Determination Date	the first day of the offering period of the Non-public Issuance
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Administrative Measures for the Issuance	the Administrative Measures for the Issuance of Securities by Listed Companies (revised in 2020)

Implementation Rules	the Implementation Rules for Non-public Issuance of Shares by Listed Companies (revised in 2020)
Listing Rules	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Articles of Association	the articles of association of Luoyang Glass Company Limited* (洛陽玻璃股份有限公司)
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
RMB/RMB0'000/ RMB100 million	RMB, RMB0'000, RMB100 million

Note: *In the Proposal, two decimal places are reserved for the key values. There may be a discrepancy between the total and the sum of the breakdowns due to rounding.*

CHAPTER 1 OVERVIEW OF THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES

I. BASIC INFORMATION ON THE ISSUER

Company name:	洛陽玻璃股份有限公司
English name:	Luoyang Glass Company Limited*
Listing places:	Shanghai Stock Exchange and Hong Kong Stock Exchange
A-share abbreviation:	Luoyang Glass
A-share stock code:	600876
H-share abbreviation:	Luoyang Glass
H-share stock code:	1108
Legal representative:	Zhang Chong
Registered office:	No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang, Henan Province
Postal code:	471009
Registered capital:	RMB552,396,509
Share capital:	548,540,432 Shares
Tel.:	0379–63908833
Fax:	0379–63251984
Website:	www.zhglb.com
Business scope:	Development, production, manufacture and installation of information display glass, new energy glass, photoelectric material for functional-glass category and its processed products and components, relevant materials, mechanical equipment and its electric appliances and accessories, relevant technical consultancy and technical services, as well as sales and after-sales services of self-produced products.

1 As the Company completed the cancellation of the repurchased Shares on 6 November 2020, the total share capital of the Company has been changed from 552,396,509 Shares to 548,540,432 Shares. The Company is in the process of the industrial and commercial registration for the change of the registered capital from RMB552,396,509 to RMB548,540,432.

II. BACKGROUND AND PURPOSE OF THE NON-PUBLIC ISSUANCE OF A SHARES OF THE LISTED COMPANY

(I) Background of the Non-public Issuance

1. During the period of "14th Five-Year Plan", the proportion of non-fossil energy will increase significantly, and photovoltaic glass will have important market development opportunities

On 9 April 2020, the National Energy Administration issued the Notice on the Preparation of the "14th Five-Year" Plan for Renewable Energy Development (《關於做好可再生能源發展"十四五"規劃編製工作有關事項的通知》), which clarified the development strategy of "marketization, low cost and prioritized development of renewable energy". In 2020, the consumption of the non-fossil energy accounts for approximately 15% of the total energy consumption in China. It is estimated that the proportion of the consumption of the non-fossil energy in the total energy consumption will be not less than 50% in China by 2050. Among various non-fossil energy resources, photovoltaic energy is expected to gain broad market space due to the advantage of abundant resources and relatively low cost. As an essential raw material for photovoltaic modules, photovoltaic glass will have important market development opportunities accordingly.

2. The production capacity and output in photovoltaic glass of China lead the world

Due to the great capital needs of the photovoltaic glass industry and the high industry threshold, the early global photovoltaic industry was monopolized by foreign companies from France, Japan and other countries. In recent years, with the rapid development of the photovoltaic module industry in China, the photovoltaic glass industry in China has seen a significant increase in production capacity after undergoing the technological improvements and expansion of production scale, and has basically completed the transformation from relying on imports to replacing imports. Since 2011, China has become the largest producer of photovoltaic glass worldwide. In 2019, the production capacity and output of photovoltaic glass of China accounted for more than 90% of that of the world. Meanwhile, it is also the largest exporter of photovoltaic glass worldwide.

3. Photovoltaic cell packaging materials for solar equipment ushers in an opportunity period

On the one hand, the growth of photovoltaic installations promotes the demand for photovoltaic cell packaging materials for solar equipment. On the other hand, the increase in the penetration rate of double-glass components will also drive the rapid growth of the demand for photovoltaic cell packaging materials for solar equipment. According to calculations, as compared with conventional modules, double-glass components drive an increase of 56% in the unit demand for photovoltaic cell packaging materials for solar equipment in the unit installed capacity. As the market share of double-glass components increases, the demand for photovoltaic cell packaging materials for solar equipment will further enhance. Therefore, driven by dual demand, photovoltaic cell packaging materials are expected to usher in a market opportunity period.

(II) Purpose of the Non-public Issuance

1. The Non-public Issuance is conducive for the Company to capture the market opportunities and improve the industrial position

According to the estimate from the China Photovoltaic Industry Association, the market penetration rate of double-glass components is expected to reach 60% by 2025. As a key material essential for double-glass components, the photovoltaic cell packaging materials have a broad market space.

With the steady development of the photovoltaic industry and the continuous increase in the market penetration rate of double-glass components, the market demand for cell packaging materials in the photovoltaic glass segment will rise rapidly. Therefore, the Company will firmly seize this market opportunity to construct the projects of new energy photovoltaic cell packaging materials, so as to quickly seize the photovoltaic backplane glass market segment, and continuously expand the Company's leading edge in the photovoltaic glass field to achieve the Company's stable and rapid development. After the proceeds have been raised, with the smooth implementation of investment projects, the Company will effectively enhance its product competitiveness through economies of scale, and further enhance the dominant position of the Company in the photovoltaic glass industry, which is consistent with the needs of the industrial development strategy of the Company.

2. *Optimize capital structure to alleviate working capital pressure*

Raising proceeds through the Non-public Issuance of A Shares is beneficial to the Company to further optimize the structure of assets and liabilities, reduce financial risks, and enhance the Company's ability to resist risks. In addition, after the capital strength of the Company has been dramatically improved, the Company will lay a solid foundation for the sustainable development in numerous aspects, such as business layout, financial capacity and long-term strategy, creating a sound condition for the improvement of the Company's core competitiveness and the realization of leap-forward development.

III. RELATIONSHIP BETWEEN THE TARGET SUBSCRIBERS AND THE COMPANY

The target subscribers for the Non-public Issuance of A Shares will not be more than 35 (inclusive) investors, including Triumph Group, an indirect controlling shareholder of the Company. In particular, Triumph Group intends to subscribe for not less than 13.62% (inclusive) of the actual number of A Shares to be issued under the Non-public Issuance of A Shares in cash, and the remaining Shares will be subscribed by other target subscribers in cash. Triumph Group will not participate in the market bidding process but has undertaken to accept the market bidding results and subscribe for the A Shares to be issued under the Non-public Issuance of A Shares at the same price as other specific investors.

The target subscribers other than Triumph Group include not more than 34 specific investors, namely securities investment fund management companies, securities companies, trust investment companies, finance companies, asset management companies, insurance institution investors, qualified foreign institutional investors (including self-operated accounts of or investment product accounts managed by the above investors) and other institutional investors who are in compliance with the requirements of the CSRC as well as other legal persons, natural persons or other qualified investors who are in compliance with the requirements of the CSRC. Securities investment fund management companies which subscribe for the A Shares with two or more of the funds managed by them, shall each be taken as one single subscriber. Trust investment companies, as target subscribers, may only subscribe for the A Shares with their own funds.

IV. OVERVIEW OF THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES

(I) Type and nominal value of shares to be issued

The shares to be issued under the Non-public Issuance are domestic listed RMB ordinary shares (A Shares) with a nominal value of RMB1.00 per share.

(II) Issuance method and issuance time

All the A Shares under the Non-public Issuance will be issued to the target subscribers through non-public issuance, which will be implemented in good time within the validity period of the approval on the Non-public Issuance by the CSRC.

(III) Pricing Benchmark Date, issue price, and pricing principles

The Price Determination Date for the Non-public Issuance is the first day of the offering period of the Non-public Issuance of A Shares. The Issue Price shall not be lower than 80% of the average trading price of the Company's A Shares over the 20 trading days preceding the Price Determination Date and the latest audited net asset value per Share attributable to the shareholders of ordinary shares of the parent company before the Issuance, whichever is higher.

The average trading price of A Shares over the 20 trading days preceding the Price Determination Date = total turnover of A Shares over the 20 trading days preceding the Price Determination Date/the total trading volume of A Shares over the 20 trading days preceding the Price Determination Date. In the event that during the 20 trading days, there occurs ex-right or ex-dividend event to the Company, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, causing adjustment to the Share prices, the trading prices for the trading days preceding such adjustment shall be calculated as the adjusted price after such ex-right or ex-dividend event.

The net asset value per Share mentioned above will be adjusted in the event that any ex-right or ex-dividend event to the Company, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from the balance sheet date of the Company's latest audited financial report before the Issuance to the Issue Date.

The Issue Price shall be subject to ex-right or ex-dividend in the event that any ex-right or ex-dividend event of the Company, such as dividend distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from Price Determination Date of the Issuance to the Issue Date.

The final Issue Price shall be determined in accordance with the relevant laws and regulations and the requirements by the regulatory bodies, and by the Board or other authorized person(s) of the Board under the authorization granted at the general meeting, through negotiation with the sponsor (the lead underwriter) of the Non-public Issuance of A Shares having regard to the bidding results after the Company has obtained approvals from the CSRC for the Non-public Issuance of A Shares. Triumph Group will not participate in the market bidding process of the Issuance, but it undertakes to accept the bidding results and participates in the subscription at the same price as other investors does.

(IV) Target subscribers and subscription method

The target subscribers for the Non-public Issuance of A Shares will not be more than 35 (inclusive) investors (including Triumph Group, an indirect controlling shareholder of the Company). The target subscribers other than Triumph Group are no more than 34 specific target subscribers, including securities investment fund management companies who are in compliance with the requirements of the CSRC, securities companies, trust investment companies, finance companies, asset management companies, insurance institution investors, qualified foreign institutional investors (including self-operated accounts of or investment product accounts managed by the above investors) and other institutional investors, and other legal persons, natural persons or other qualified investors who are in compliance with the requirements of the CSRC. Securities investment fund management companies, which subscribe for the A Shares with two or more of the funds managed by them, shall each be taken as one single subscriber. Trust investment companies, as subscribers, may only subscribe for the A Shares with their own funds.

Within the above scope, the final list of the other subscribers, other than Triumph Group, will be determined by the Board within the scope of authorization at the general meeting, through negotiation with the sponsor (the lead underwriter) of the Issuance based on the bidding results and pursuant to the Specific Rules for Implementation of the Non-public Issuance of Shares by Listed Companies (as amended in 2020) (《上市公司非公開發行股票實施細則》(2020年修正)) after the Company has obtained approvals from the CSRC for the Issuance. If relevant laws, regulations and normative documents have new requirements in relation to target subscribers of the Non-public Issuance of A Shares, the Company will make adjustments according to the new requirements.

All the target subscribers of the Non-public Issuance of A Shares will make one-off subscription for A Shares in cash.

(V) Number of Shares to be issued

The number of A Shares under the Non-public Issuance shall not exceed 30% of the total capital of the Company prior to the Non-Public Issuance, that is, no more than 164,562,129 shares (inclusive). In the Issuance, Triumph Group intends to subscribe for not less than 13.62% (inclusive) of the shares to be issued under the Issuance in cash, the number of subscribed shares shall not exceed 70,975,646 shares, and the proportion of shareholdings held by Triumph Group and parties acting in concert with it upon the completion of the Issuance shall not exceed 36.81%.

The maximum number of Shares to be issued under the Issuance will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in the Company during the period from the date of the board resolutions to the Issue Date. The final number of Shares to be issued will be determined by the Board of the Company under the authorization granted at the general meeting through negotiation with the sponsor (the lead underwriter) in accordance with the price offered by the target subscribers after the Company has obtained approvals from the CSRC for the Issuance.

(VI) Use of proceeds

The gross proceeds to be raised from the Non-public Issuance are not more than RMB2,000,000,000 (inclusive) and the net proceeds after deducting issuance costs are intended to be used for investment in the following projects:

Unit: RMB0,000

No.	Project name	Total amount of investment	Proposed amount to be used from the proceeds
1	**Project of Photovoltaic Cell Encapsulating Material for Solar Equipment**	**179,457.00**	**140,000.00**
1.1	CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Encapsulating Material for Solar Equipment	77,968.00	60,000.00
1.2	CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment	101,489.00	80,000.00
2	**Repayment of interest-bearing liabilities and replenishment of working capital**	**–**	**60,000.00**

If the net proceeds to be raised from the Non-public Issuance are lower than proposed amount to be used from the proceeds for the above projects, the shortfall will be covered by the Company through self-raised funds. Meanwhile, under the premise of not changing the projects to be invested in with the proceeds, the Board of the Company may make appropriate adjustment to the order and the amount to be used from the proceeds for the above projects according to the actual condition of the projects to be invested in with the proceeds.

Before the proceeds to be raised from the Non-public Issuance are available to be used, the Company may invest in advance with self-owned funds or self-raised funds according to the progress of the projects to be invested in with the proceeds, which will be subsequently replaced according to the relevant procedures as stipulated after the proceeds are available to be used.

(VII) Lock-up period arrangement

In compliance with the requirements of relevant laws, regulations and regulatory documents, Triumph Group shall not transfer the Shares which it subscribed for within 36 months from the date of completion of the Non-public Issuance of A Shares. The other target subscribers shall not transfer the Shares which they subscribed for within 6 months from the date of completion of the Issuance. Relevant requirements by the CSRC and the SSE shall be followed upon expiry of the lock-up period.

(VIII) Listing place

The Shares will be listed and traded on the SSE upon expiry of the lock-up period of the Issuance.

(IX) Arrangement for accumulated undistributed profits

All the existing and new shareholders upon completion of the Issuance will be entitled to the accumulated undistributed profits before the Issuance in accordance with their respective shareholding proportion at that time.

(X) Validity period of the resolution of this Issuance

The resolution with respect to the Issuance shall be valid for 12 months from the date of the consideration and passing of the issuance plan at the general meeting and the class meetings of the Company.

V. WHETHER THE ISSUANCE CONSTITUTES A CONNECTED TRANSACTION

Triumph Group, one of the target subscribers, is an indirect controlling shareholder of the Company, and thus the Issuance constitutes a connected transaction. The Company will perform the approval procedures for connected transactions in strict compliance with laws and regulations as well as the internal regulations of the Company.

When the Board considered the proposals related to the connected transaction of the Non-public Issuance at the Board of the Company, the connected directors abstained from voting, and the independent directors expressed prior approval and independent opinions on this connected transaction. When the general meeting and the shareholders' class meeting considers the relevant proposals, the connected shareholders will abstain from voting.

VI. WHETHER THE ISSUANCE WILL CAUSE ANY CHANGE TO THE CONTROL OF THE COMPANY

Up till now, CLFG, the Controlling Shareholder of the Company, and its concert parties hold 191,520,357 Shares of the Company in total, representing 34.91% equity interest of the Company. Triumph Group is an indirect controlling shareholder of the Company and CNBMG is the De Facto Controller of the Company. CNBMG will remain as the De Facto Controller of the Company upon the completion of the Non-public Issuance. In conclusion, the Non-public Issuance will not cause any change to the control of the Company.

VII. THE APPROVALS FROM THE RELEVANT AUTHORITIES THAT HAVE BEEN OBTAINED AND THE SUBMISSION AND APPROVAL PROCEDURES THAT NEED TO BE IMPLEMENTED FOR THE ISSUANCE PLAN

The plan for Non-public Issuance has been considered and approved at the twenty-third meeting of the ninth session of Board and the twenty-fifth meeting of the ninth session of the Board of the Company, and the approval procedures that need to be implemented are as follows:

1. To have the approval for the plan for Non-public Issuance of A Shares issued by CNBMG;

2. To have the plan for Non-public Issuance of A Shares approved by the general meeting and the shareholders' class meeting of the Company;

3. To have the application for Non-public Issuance of A Shares approved by the CSRC.

CHAPTER 2 PROFILE OF THE TARGET SUBSCRIBERS

The target subscribers for the Non-public Issuance of A Shares will not be more than 35 (inclusive) specific target subscribers (including Triumph Group, an indirect controlling shareholder of the Company) who are in compliance with the requirements of the CSRC. The target subscribers other than Triumph Group include securities investment fund management companies, securities companies, finance companies, asset management companies, insurance institution investors, trust companies, qualified foreign institutional investors, Renminbi qualified foreign institutional investors and other qualified investors. Securities investment fund management companies, securities companies, qualified foreign institutional investors, Renminbi qualified foreign institutional investors which subscribe for the A Shares with two or more of the products managed by them, shall each be taken as one single subscriber. Trust companies, as subscribers, may only subscribe for the A Shares with their own funds.

The final target subscribers shall be determined by the Board under the authorization by the general meeting based on the principle of price priority according to the price offered by investors through negotiation with the sponsor (the lead underwriter) after approvals from the CSRC for the Non-public Issuance have been obtained.

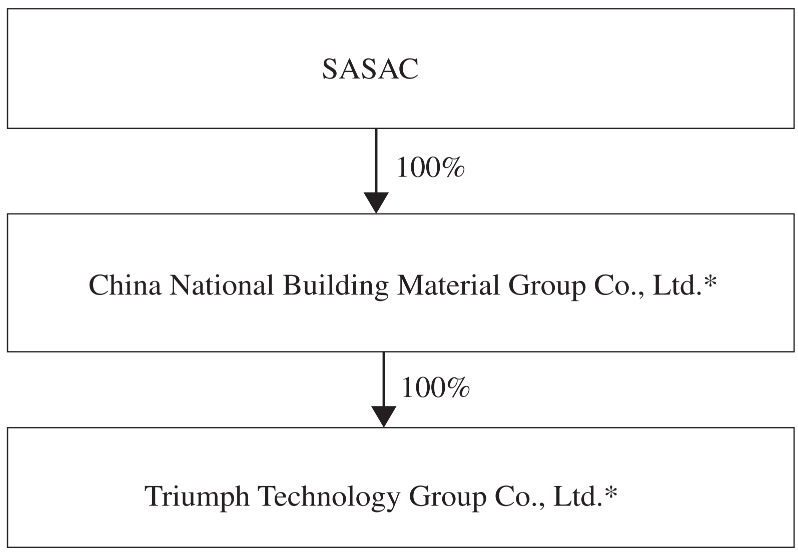
I. BASIC INFORMATION

Company name:	Triumph Technology Group Co., Ltd.*
Legal representative:	Peng Shou
Registered capital:	RMB4,725,129,793
Date of establishment:	9 May 1988
Type of company:	limited liability company (sole proprietorship of legal person)
Registered address:	No. 2 Zizhuyuan South Road, Haidian District, Beijing
Office address:	Floor 11, Tower B, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing
Postal code:	100036
Unified Social Credit Code:	91110000101923517F

Equity structure:	Held as to 100% by China National Building Material Group Co., Ltd.*
Business scope:	Research, manufacture and sales of building materials and complete equipment for light industry; development, transfer, consultation and service of new technology for light industry and the relevant import and export businesses; engineering design and consultation; tendering agency business; applied research and production of green energy technology products; consultation, design, assessment for energy saving and overall contract for construction of green energy projects; development, transfer, consultation and service of technology within the field of new energy; development, promotion, application and installation of new energy and energy saving products; technological development, production, assembly, sales and installation of components of solar energy and building integration houses, integrated houses and new-type houses; research and development, manufacture and sales of glass, raw materials and complete equipment; deep processing, manufacture and sales of glass products; processing and sales of nonmetallic mineral resources and products; development of computer software, technology consultation, physical and chemical analysis, and heat determination; and research and development, manufacture, sales and technology service of electromechanical equipment for building materials, coal mines, electricity, chemical engineering, metallurgy and municipal engineering. (The market entity shall legally and independently select business items and carry out business activities. For items subject to approval according to law, the business activities shall be carried out according to the approved content after the approval of the relevant authorities has been obtained. Business activities prohibited and restricted by the state and local industrial policies shall not be engaged in.)

II. SHAREHOLDING AND CONTROLLING RELATIONSHIP

As of the date of announcement of this Proposal, the controlling shareholder and the de facto controller of Triumph Group are CNBMG and SASAC of the State Council, respectively. The equity controlling relationship between Triumph Group and its controlling shareholder as well as the de facto controller is as follows:



III. MAIN BUSINESSES IN THE LAST THREE YEARS

Triumph Technology Group Co., Ltd.* is a wholly-owned subsidiary of China National Building Material Group Co., Ltd.* and its main businesses include: information display, new energy material, powder material, float glass, equipment, engineering and other relevant businesses.

IV. A SUMMARY OF THE FINANCIAL DATE IN THE LAST YEAR

Unit: RMB100 million

Items	31 December 2019
Current assets	197.08
Non-current assets	257.28
Total assets	454.36
Current liabilities	249.68
Non-current liabilities	80.80
Total liabilities	330.47
Total owners' equity	123.89

Items	Year of 2019
Revenue	144.00
Operating profit	0.18
Total profit	6.87
Net profit	3.34

V. ADMINISTRATIVE PUNISHMENT (EXCEPT FOR THOSE APPARENTLY UNRELATED TO THE SECURITIES MARKET), CRIMINAL PUNISHMENT AND MAJOR CIVIL LITIGATION OR ARBITRATION RELATED TO ECONOMIC DISPUTES IN THE RECENT FIVE YEARS

On 24 May 2018, the CSRC issued the Administrative Penalty Decision [2018] No. 41 (《行政處罰決定書》[2018] 41號), according to which, Tang Liwei, a deputy general manager and the chief accountant of Triumph Group, was found an insider, who had contacted and disclosed the inside information to Guo Wei and Tang Yiwei, both of whom conducted insider trading of shares of Triumph Technology after their contact. Tang Liwei had acted in breach of Paragraph 1 of Article 76 under the Securities Law, which constituted the act of disclosure of inside information as set out in Article 202 under the Securities Law, thus being imposed a fine of RMB200,000.

Save as stated above, Triumph Group and its directors, supervisors and senior management personnel (or key persons in charge) have not been subject to administrative punishment (except for those apparently unrelated to the securities market) or criminal punishment and have not been involved in major civil litigation or arbitration related to economic disputes in the recent five years.

VI. HORIZONTAL COMPETITION AND CONNECTED TRANSACTIONS AFTER THE COMPLETION OF THE ISSUANCE

The issuer is a business platform on which Triumph Group engages in the new energy photovoltaic glass. The proceeds to be raised from the Non-public Issuance of A Shares will mainly be used for expansion of production capacity of the new energy photovoltaic glass business, which will not result in horizontal competition between the businesses operation of the Listed Company and those of the target subscribers and their controlling shareholders and de facto controllers.

Triumph Group, a target subscriber under this Non-public Issuance of A Shares, is another enterprise controlled by the De Facto Controller of the Listed Company, thus being a connected person under the Listing Rules. Triumph Group's participation in the Non-public Issuance is a transaction between the Listed Company and the connected person, which constitutes a connected transaction. After the completion of this Non-public Issuance of A Shares, the Company will carry out the examination and approval procedures for connected transactions in strict accordance with laws and regulations and the internal regulations of the Company, continue to sign connected transaction agreements according to law based on the principles of justice, fairness and openness of the market, fulfil the information disclosure obligation and handle relevant procedures for report and approval according to the relevant laws, regulations, Listing Rules and other provisions, and carry out the transactions in strict accordance with pricing principles under laws and regulations and the related management systems of connected transactions, without prejudice to the interests of the Company and all its Shareholders.

VII. THE MAJOR TRANSACTIONS BETWEEN THE TARGET SUBSCRIBERS, THEIR CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS AND THE COMPANY IN 24 MONTHS PRIOR TO THE ANNOUNCEMENT OF THE PROPOSAL OF THE NON-PUBLIC ISSUANCE OF A SHARES

For details about the connected transactions in 24 months prior to the disclosure of the Proposal, please refer to the periodic reports and provisional announcements disclosed by the Company. Save for the connected transactions as disclosed in the periodic reports or provisional announcements by the Company, there was no other major transaction between Triumph Group, its controlling shareholder and de facto controller and the Company.

VIII. SOURCE OF FUNDS OF THIS SUBSCRIPTION

Triumph Group has issued the Undertaking Letter in Relation to the Source of Subscription Funds (《關於認購資金來源的承諾函》), promising that:

"1. The funds used by Triumph Group to subscribe for shares under the Non-public Issuance of Luoyang Glass are self-owed or self-raised funds, from legitimate sources, and not held on behalf of others, in trust or entrusted as capital contributions. Triumph Group has made no structuring arrangements such as hierarchical income, funding by leverage or other structuring methods, appropriation of funds of the Listed Company and its subsidiaries, or request guarantees from the Listed Company and its subsidiaries. The funds are not derived from asset exchange with the Listed Company or from other transactions.

2. The funds used to subscribe for shares under the Non-public Issuance of Luoyang Glass are not derived, directly or indirectly, from the Listed Company, shareholders of the Listed Company who hold more than 5% equity interest in the Company, directors, supervisors and senior management of the Listed Company, or connected persons of the aforesaid entities. There is no other interest arrangement between the aforesaid entities and their related parties, nor will the aforesaid entities directly or indirectly provide financial support or compensation to Triumph Group.

3. In case Luoyang Glass or other shareholders suffer from losses arising from Triumph Group's violation of its undertakings under this undertaking letter, Triumph Group is willing to assume the corresponding liability for compensation according to law."

CHAPTER 3 SUMMARY OF THE AGREEMENTS FOR THE NON-PUBLIC ISSUANCE OF A SHARES

On 30 December 2020 and 20 January 2021, the Company signed the Conditional Subscription Agreement on the Non-public Issuance of A Shares and Supplemental Agreement with Triumph Group. The main contents of the agreement are as follows:

I. CONTRACTING PARTIES AND SIGNING TIME

Party A (the issuer):	Luoyang Glass
Party B (the target subscriber/ subscriber):	Triumph Group
Signing time:	30 December 2020, 20 January 2021

II. SUBSCRIPTION PRICE, SUBSCRIPTION AMOUNT AND NUMBER OF SHARES TO BE SUBSCRIBED

1. Subscription price

The Price Determination Date of the Issuance is the first date in the period of the Non-public Issuance of A Shares of Party A. The Issue Price shall not be lower than 80% of the average trading price of A Shares of Party A over the 20 trading days preceding the Price Determination Date and the latest audited net asset per Share attributable to the shareholders of ordinary shares of the parent company before the Issuance, whichever is higher.

The average trading price of A Shares of Party A over the 20 trading days preceding the Price Determination Date = total turnover of A Shares of Party A over the 20 trading days preceding the Price Determination Date/the total trading volume of A Shares of Party A over the 20 trading days preceding the Price Determination Date. In the event that during the 20 trading days, there occurs ex-right or ex-dividend event to Party A, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, causing adjustment to the Share prices, the trading prices for the trading days preceding such adjustment shall be calculated as the adjusted price after such ex-right or ex-dividend event.

The net asset value per Share mentioned above will be adjusted in the event that any ex-right or ex-dividend event to Party A, such as dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from the balance sheet date of the Company's latest audited financial report before the Issuance to the Issue Date.

The Issue Price shall be subject to ex-right or ex-dividend in the event that any ex-right or ex-dividend event of Party A, such as dividend distribution, bonus issue, rights issue and capitalisation of capital reserves, occurs during the period from Price Determination Date of the Issuance to the Issue Date.

The final Issue Price shall be determined based on the principle of price priority according to the price offered by investors after the approvals from the CSRC for this Issuance have been obtained. Party B will not participate in the market bidding process of the Issuance but has undertaken to accept the bidding results and subscribe for Shares to be issued at the same price as other investors.

2. Number of Shares to be subscribed and subscription amount

The number of Shares under the Non-public Issuance of A Shares shall not exceed 30% of the total share capital of Party A prior to the Issuance, i.e. not more than 164,562,129 Shares (inclusive). In this Issuance, Party B intends to subscribe for not less than 13.62% (inclusive) of the Shares to be issued in cash, and the number of Shares to be subscribed shall not exceed 70,975,646 Shares, and the proportion of total equity interests held by Party B and parties acting in concert with it upon the completion of the Issuance hall not exceed 36.81% of the total issued Shares of the Company.

The total amount of the final subscription price by Party B will equal to the Issue Price per Share multiplied by the number of Shares ultimately determined to be issued to Party B.

The maximum number of Shares to be issued will be adjusted accordingly in cases of occurrence of ex-rights or ex-dividend matters such as dividend distribution, bonus issue, rights issue and capitalization of capital reserves in Party A during the period from the date of Board resolution of Party A to the Issue Date. The final number of A Shares to be issued will be determined by the Board of Party A under the authorization granted at the general meeting through negotiation with the sponsor (the lead underwriter) in accordance with the price offered by the target subscribers after Party A has obtained approvals from the CSRC for the Issuance.

III. PAYMENT METHOD AND ARRANGEMENT FOR ACCUMULATED UNDISTRIBUTED PROFITS

1. Party B agrees to subscribe for A Shares under this Non-public Issuance of A Shares in cash.

   After all the conditions precedent of the agreement are fulfilled and upon the receipt of the payment notice for the subscription issued by Party A, Party B will transfer the entire amount to the special account for this Non-public Issuance of A Shares opened by the sponsor (the lead underwriter) at one-off payment in cash within five (5) working days from the date of receipt of the payment notice and in accordance with the requirements (including the payment time and other matters) as specified in the payment notice, which will then be transferred into the special deposit account of Party A for raising funds after the capital verification is completed and relevant expenses are deducted.

2. All the existing and new shareholders upon completion of the Issuance will be entitled to the accumulated undistributed profits of Party A before the Non-public Issuance of A Shares in accordance with their respective shareholding proportion at that time.

IV. REGISTRATION AND LOCK-UP OF THE SHARES ISSUED AND SUBSCRIBED FOR

1. Within fifteen (15) working days from the date of receipt of the subscription price paid by Party B for the Non-public Issuance of A Shares, an accounting firm with securities-related business qualifications should be engaged by Party A to conduct capital verification, and the corresponding industrial and commercial change registration procedures and the share registration procedures with China Securities Depository and Clearing Corporation Limited shall be completed promptly so that Party B can be the legal holder of the shares it subscribed for.

2. From the registration date of the shares subscribed for, Party B shall have legal ownership of the shares it subscribed for and enjoy the corresponding shareholder's rights.

3. Party B shall not transfer the A Shares under the Non-public Issuance of A Shares which it subscribed for within 36 months from the date of completion of the Issuance. If the aforementioned lock-up arrangement does not conform to the latest regulatory opinions or regulatory requirements of the securities regulatory authorities, the arrangement will be adjusted accordingly in accordance with the regulatory opinions or regulatory requirements of the relevant securities regulatory authorities.

The additional shares of Party A being obtained from bonus issue or capitalisation of capital reserves by Party A or otherwise upon completion of the Issuance shall also be subject to the aforementioned lock-up period arrangement. Such shares shall also conform to the relevant requirements of regulatory authorities such as the CSRC and the SSE upon expiry of the lock-up period.

V. EFFECTIVENESS CONDITIONS OF THE AGREEMENT

Both parties agree and confirm that, unless both parties otherwise agree to express waiver and the applicable laws and regulations permit, this agreement will come into existence after the legal representative of Party A or its authorized representative signs and affixes its seal and the legal representative of Party B or its authorized representative signs and affixes its seal, and take effect after all the following conditions precedent are fulfilled:

(1) the relevant matters of the Non-public Issuance of A Shares are approved by the Board and at the general meeting and Class Meetings of Party A;

(2) the relevant matters of the subscription under the Non-public Issuance of A Shares of Party A are approved by Party B through its internal decision-making;

(3) the relevant matters of the Non-public Issuance of A Shares are approved by the state-owned assets supervision and administration authority or its authorized agencies;

(4) the non-connected shareholders resolve at the general meeting of Party A to agree that Party B is exempted from increasing its holding in A Shares by way of offer;

(5) the relevant matters of the Non-public Issuance are approved by the CSRC.

Unless the relevant effectiveness conditions of the agreement listed above are exempt, the date on which all effectiveness conditions of the agreement listed above are fulfilled shall be the effective date of the agreement.

VI. LIABILITY FOR BREACH OF THE AGREEMENT

Save for force majeure stated in the agreement and termination of the agreement due to circumstances stipulated in the agreement, if any party fails to perform its obligations or undertakings under the agreement or the statements or warranties made are untrue or materially inaccurate, the party shall be deemed to be in breach of the agreement. The breaching party shall rectify its behaviors by itself immediately or rectify its behaviors within 15 days from the date on which the notice for rectification is served to the observant party. If the breaching party fails to make rectification in time, the observant party shall have the right to request the breaching party to compensate it for the direct losses suffered by the observant party.

CHAPTER 4 FEASIBILITY ANALYSIS OF THE BOARD OF DIRECTORS ON USE OF PROCEEDS

I. PLAN FOR USE OF PROCEEDS

The gross proceeds will not exceed RMB2 billion (inclusive). After deducting issuance costs, all of the net proceeds will be used for the following projects:

Unit: RMB0'000

No.	Project name	Total amount of investment	Proposed amount to be used from the proceeds
1	**Project of Photovoltaic Cell Packaging Material for Solar Equipment**	**179,457.00**	**140,000.00**
1.1	CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment	77,968.00	60,000.00
1.2	CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment	101,489.00	80,000.00
2	**Repayment of interest-bearing liabilities and replenishment of working capital**	**–**	**60,000.00**

Before the proceeds are available to be used, the Company shall invest in advance with self-owned funds or self-raised funds according to the actual progress of the projects to be invested in with the proceeds, which will be subsequently replaced according to the procedures as stipulated under the relevant laws and regulations after the proceeds are available to be used. If the net proceeds are lower than the proposed amount to be used from the proceeds for the above projects, the shortfall will be covered by the Company through self-raised funds. Subject to compliance with the relevant laws and regulations and base on the condition of the projects, the board of the Company and its authorized persons will adjust and ultimately determine the specific projects to be invested in with the proceeds, the priority and the specific investment amount for each project according to the actual net proceeds.

II. NECESSITY AND FEASIBILITY ANALYSIS ON USE OF PROCEEDS

(I) Project of Photovoltaic Cell Packaging Materials for Solar Equipment

1. Project overview

Driven by the domestic photovoltaic installation demand and the overseas market, the photovoltaic industry shows a stable growing trend. In particular, with the excellent performance such as high generating capacity, strong resistance to PID (potential induced decay) and high reliability, double-glass photovoltaic modules are more suitable for rooftop distributed power plants with higher load capacity and fire prevention requirements, which is an important development direction of crystalline silicon photovoltaic modules. As a key material essential for double-glass photovoltaic modules, there will be a promising market for photovoltaic cell packaging materials.

The Company intends to use the proceeds from the Non-public Issuance of A shares of RMB1,400 million to invest in the project of photovoltaic cell packaging materials for solar equipment.

2. Necessity and feasibility analysis on the project

(1) Necessity analysis

1) Active response to the requirements of the national "13th Five-Year" Plan

In the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China, it is stated that "by targeting cutting-edge technologies, adhering to industrial development trends, focusing on key areas and optimizing the integration of policies, we will create space for the growth of emerging industries and gain a competitive advantage in the future, so as to ensure that the added value of strategic emerging industries reaches 15% of China's GDP" and "we will continue to promote the development of wind power and photovoltaic power generation and actively support solar thermal power generation". This project aims to produce ultra-thin photovoltaic cell packaging materials, which is a key link in the new energy photovoltaic power generation industry chain, and positively responds to the requirements of the 13th Five-Year Plan for the national economic and social development.

2) **Inevitable requirement for sustainable development under the background of the tight global energy supply and the aggravation of greenhouse effect**

With the aggravation of global greenhouse effect, the increasingly tight energy supply and the increasingly stringent requirements on environmental protection in China and abroad, the development and utilization of renewable energy is the only way to cope with the increasingly serious energy and environmental problems, and also the only way to realize sustainable development of human society. The ultra-thin photovoltaic cell packaging materials to be produced in this project are the key materials of the solar double-glass modules, which can convert solar energy into electric energy to reduce human consumption of traditional fossil energy, alleviate the contradiction between energy supply and demand, and realize the harmonious development of human and nature. Therefore, the implementation of this project is in line with the requirements of national sustainable development.

(2) **Feasibility analysis**

1) **Packaging materials for lightweight double-glass photovoltaic modules with outstanding performance and promising market**

With the successive running of the photovoltaic power stations, the issue on the quality of the traditional power stations is exposed accordingly. The double-glass modules have unique advantages in the practical application of photovoltaic power stations, which can better address the issues such as the outbreak of snail pattern, PID attenuation and low power generation, and extend the lifecycle of the modules. The double-glass modules lead the future development direction with outstanding advantages. The lightweight feature is the key development trend of the double-glass modules, in which, the most effective way for achieving the thinner double-glass modules is to reduce the thickness of the packaging materials. The thinner packaging materials for photovoltaic cells not only can reduce the packaging costs and transportation costs of modules, but also can be used in roofs, parking lots, agricultural greenhouses and other projects with limited load-bearing capacity, the application scope of which is wider. Meanwhile, it can also significantly reduce the work intensity of installation and improve the installation efficiency, which is adapted to the development direction of the future photovoltaic market.

In combination with the industry prospect of the packaging materials for ultra-thin photovoltaic cells, the implementation of the project is conductive to grasp the future market demand accurately by the listed company, realize the replacement and upgrading of production capacity, so as to increase the market share and the profitability under the increasingly competitive market.

2) Industrial policies in compliance with the requirements under the governments at national and local levels with strong support

In recent years, various industrial policies supporting photovoltaic cell materials have been promulgated by the State Council, major national ministries and commissions, the government of Anhui Province and other government sectors, which principally include:

No.	Policy document	Document-issuing agency	Release date	Major content
1	Outline of the National Program for Long- and Medium-Term Scientific and Technological Development (2006–2020) (國家中長期科學和技術發展規劃綱要(2006-2020年))	The State Council	December 2005	Major research on the relevant materials for solar cell and its key technology, the key technology of materials for fuel cell, the technology for hydrogen storage materials in high capacity, materials for efficient secondary cell and its key technology, and develop the system of efficient energy transformation and energy storage materials
2	Action Plan for Energy Technical Reform and Innovation (2016–2030) (Fa Gai Neng Yuan [2016] No. 513) (能源技術革命創新行動計劃(2016-2030年)(發改能源[2016]513號)	National Development and Reform Commission and National Energy Administration	June 2016	Deep research on the key technology for the industrialization of the crystalline silicon cell in a more efficient way and with lower cost, develop the key supporting materials Key technology for the industrialization of the crystalline silicon cell in high efficiency and with low cost

No.	Policy document	Document-issuing agency	Release date	Major content
3	13th Five-Year National Technology and Innovation Plan (“十三五”國家科技創新規劃)	The State Council	August 2016	Conduct research and development of key manufacturing equipment in the emerging industries including new optical communication devices, semiconductor lighting, efficient photovoltaic cells, MEMS (micro electro mechanical system) sensor, flexible display, new power devices, and next-generation semiconductor materials production, and enhance the independent research and development capacities of key equipment in emerging sectors Conduct research on the system, component, equipment, material and platform of solar photovoltaic, solar thermal application, wind energy, biomass energy, geothermal energy, marine energy, hydrogen energy, renewable energy comprehensive utilization and other technological aspects
4	Development Strategy of Innovative Improvement to Achieve Breakthroughs and Take the Lead in Construction Material Industry for 2030 (2030年建材工業“創新提升、超越引領”發展戰略)	Former State Administration for Construction Materials	July 2013	Research and development of the new functional materials, high performance structural materials and products of green construction materials surrounded by the development of supportive energy conservation and environmental protection, new energy, new generation of information technology, biology, new materials, new energy vehicles, high-end equipment manufacturing and other strategic emerging industries and green constructions

No.	Policy document	Document-issuing agency	Release date	Major content
5	Action Plan to Facilitate the Production and Application of Green Construction Materials (Gong Xin Bu Lian Yuan [2015] No. 309) (促進綠色建材生產和應用行動方案)(工信部聯原[2015]309號)	Ministry of Industry and Information Technology and Ministry of Housing and Urban-Rural Development	August 2015	Encourage the integration of solar optothermal, photovoltaic and architectural equipment to promote the development of optothermal and photovoltaic glass industry
6	Plan for Development of Innovation Capacity of Industrial Technologies (2016–2020) (Gong Xin Bu Gui [2016] No. 344) (產業技術創新能力發展規劃(2016-2020年)(工信部規[2016]344號)	Ministry of Industry and Information Technology	October 2016	Support the enterprises in strengthening research and development of key technologies and production techniques, improve the efficiency of photovoltaic cells and systems, and reduce the costs of the production and power generation of photovoltaic products to further improve the product quality of the photovoltaic cells and systems
7	Outline of the Thirteenth Five-year Plan of Anhui Province National Economic and Social Development (安徽省國民經濟和社會發展第十三個五年規劃綱要)	Anhui Provincial Government	May 2016	Proactively launch photovoltaic power generation, steadily develop the wind power generation, utilize the biomass energy adapted to local conditions, effectively expand the utilization scale of geothermal energy and air energy, and advance the construction of pumped storage power stations in an orderly manner according to the principle of integrated development combined with distributed utilization

No.	Policy document	Document-issuing agency	Release date	Major content
8	Thirteenth Five-year Plan of Anhui Province of Strategic Emerging Industries (安徽省戰略性新興產業"十三五"發展規劃)	Anhui Provincial Government	February 2017	Accelerate the development of photovoltaic technology with high efficiency and low costs. Support research and development and industrialization of crystalline silicon cells with high efficiency, new thin-film cells, electron grade polysilicon, high-end cutting machine, full-automatic silkscreen printing machine, high purity key material, etc., and improve the technology and equipment level of photovoltaic inverter and smart grid

Therefore, the project is implemented in compliance with the requirements under the national industrial policies and local development plans.

3) Strong technology accumulation

The production technology of the project of photovoltaic cell packaging materials for solar equipment is researched and developed independently by CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司), a subsidiary of Triumph Group (an indirect controlling shareholder of the issuer). This technology was awarded the second prize of the National Science and Technology Progress Awards in 2011, providing strong technology support for the issuer. Meanwhile, the issuer and its subsidiary engaged in the production of the photovoltaic cell packaging materials for solar equipment for several years, independently researched and developed the unique production technology of the anti-PID photovoltaic cell packaging materials for solar equipment. They are equipped with a solid research foundation and have abundant technological achievements, offering a sufficient and reliable technology guarantee for the smooth implementation of the project.

4) Rich experience in management

The issuer has a great number of high-quality engineering management and enterprise management personnel, a sound management system and rich management experience, which provide favorable conditions for the smooth implementation of the project.

3. Details of the project

(1) CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment

1) Details of the construction

The Company proposed to invest RMB600,000,000 of the proceeds raised from the Non-public Issuance into "CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment". Details of the planned construction of the project are as follows: (i) five production lines of photovoltaic cell packaging materials for solar equipment; (ii) equipped with a substrate production line for photovoltaic cell packaging materials for solar equipment; (iii) newly built (expanded) buildings such as joint production workshop, scrap edge system, main substation and waste heat boiler room and shift dormitories, with a total construction area of 122,629 m^2; (iv) equipped with pure water system, power supply and distribution system, HVAC system, waste water treatment system, air compression system and other auxiliary production facilities.

2) Implementation entity of the project

The implementation entity of the project is CNBM (Hefei) New Energy Company Limited*(中建材(合肥)新能源有限公司), 100% equity interest of which is held by the issuer.

3) Implementation site of the project

The implementation site of the project is located in the plant of CNBM (Hefei) New Energy Company Limited*(中建材(合肥)新能源有限公司), i.e. No. 601 Changning Avenue, Hefei High-tech Industrial Development Zone, Anhui Province. There are 3 cases of land use rights in the plant, with a total land area of 269,789.24 square meters, the details of which are set out as follows:

No.	Land Use Right Certificate No.	Nature	Type of Use Right	Area (m^2)
1	He Gao Xin Guo Yong (2012) No. 24	Industrial	Transfer	136,119.04
2	He Gao Xin Guo Yong (2015) No. 078	Industrial	Transfer	130,270.70
3	He Gao Xin Guo Yong (2015) No. 079	Industrial	Transfer	3,399.50
Total				**269,789.24**

In summary, the land use rights of the implementation site of the project are owned by the issuer, and the land rights are complete and clear.

4) Products of the project

The key products of the project are photovoltaic cell packaging materials and their side products, including specifically:

<table>
<tr><th colspan="2">Name of products</th><th>Annual production capacity</th><th>Thickness</th></tr>
<tr><td rowspan="2">Main products</td><td>Photovoltaic cell covering plate packaging material</td><td>25,000,000 m²</td><td>2.0mm</td></tr>
<tr><td>Photovoltaic cell back plate packaging material</td><td>15,000,000 m²</td><td>2.0mm</td></tr>
</table>

5) Examination and Approval Status of the project

As at the announcement date of the Proposal, the project has obtained the project filing form with filing No. 2020-340161-30-03-040762 issued by Economic and Trade Bureau of Hefei High-tech Industrial Development Zone. The first draft of the environmental impact assessment has been published, and the environmental impact assessment approval is in process.

6) Investment Estimate

The total investment amount of the project is RMB779,680,000, the proposed amount to be used from the proceeds is RMB600,000,000, and the remaining part shall be funded by self-owned funds, bank loans and other ways.

7) Implementation schedule of the project

The project is planned to be completed and put into operation in November 2021.

8) Analysis of benefits of the project

The calculation period of the financial evaluation of the project shall be 16 years (including: 1 year of construction period and 15 years of production period). It is calculated that the after-tax financial internal rate of return of the project (after income tax) is 16.82%, and the after-tax payback period of the investment is 6.56 years (including the construction period), and the project has good economic benefits.

(2) CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment

1) Details of the construction

The Company proposed to invest RMB800,000,000 of the proceeds raised from the Non-public Issuance into "CNBM (Tongcheng) New Energy Materials Co., Ltd.*(中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment". Details of the planned construction of the project are as follows: (1) four deep processing production lines of photovoltaic cell packaging materials for solar equipment; (2) relevant supporting facilities: a substrate production line for photovoltaic cell packaging materials for solar equipment; (3) air compression station, circulating water system, substation, waste heat power station, flue gas treatment, shift dormitories and other supporting public auxiliary projects.

2) Implementation entity of the project

The implementation entity of the project is CNBM (Tongcheng) New Energy Materials Co., Ltd.*(中國建材桐城新能源材料有限公司), 100% equity interest of which is held by the issuer.

3) Implementation site of the project

The implementation site of the project is located in the existing plant of CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司), i.e. Economic and Technological Development Zone, Tongcheng, Anhui Province. There are 12 cases of land use rights in the plant, with a total land area of 332,564.36 square meters, the details of which are set out as follows:

No.	Land Use Right Certificate No.	Nature	Type of Use Right	Area (m^2)
1	Wan (2016) Tongcheng Real Estate No. 0000870	Industrial	Transfer	149,617.7
2	Wan (2016) Tongcheng Real Estate No. 0000868	Industrial	Transfer	
3	Wan (2016) Tongcheng Real Estate No. 0000873	Industrial	Transfer	
4	Wan (2016) Tongcheng Real Estate No. 0000867	Industrial	Transfer	
5	Wan (2016) Tongcheng Real Estate No. 0000875	Industrial	Transfer	
6	Wan (2016) Tongcheng Real Estate No. 0000871	Industrial	Transfer	
7	Wan (2016) Tongcheng Real Estate No. 0000869	Industrial	Transfer	
8	Wan (2016) Tongcheng Real Estate No. 0000872	Industrial	Transfer	
9	Wan (2016) Tongcheng Real Estate No. 0000929	Industrial	Transfer	
10	Wan (2016) Tongcheng Real Estate No. 0000874	Industrial	Transfer	182,946.66
11	Wan (2016) Tongcheng Real Estate No. 0000876	Industrial	Transfer	
12	Wan (2016) Tongcheng Real Estate No. 0000877	Industrial	Transfer	
Total				**332,564.36**

In summary, the land use rights of the implementation site of the project are owned by the issuer, and the land rights are complete and clear.

4) Products of the project

The key products of the project are photovoltaic cell packaging materials and their side products, including specifically:

<table>
<tr><th colspan="2">Name of products</th><th>Annual production capacity (0,000 m²)</th></tr>
<tr><td colspan="2">Photovoltaic Cell Packaging Materials for Solar Equipment</td><td>4,000</td></tr>
<tr><td rowspan="2">Including</td><td>Covering plate</td><td>2,700</td></tr>
<tr><td>Back plate</td><td>1,300</td></tr>
<tr><td colspan="2">Substrate</td><td>2,200</td></tr>
</table>

5) Examination and Approval Status of the project

As at the announcement date of the Proposal, the project has obtained the project filing form with filing No. 2020-340899-30-03-041063 issued by Tongcheng Development and Reform Commission. The environmental impact assessment approval is in process.

6) Investment Estimate

The total investment amount of the project is RMB1,014,890,000, the proposed amount to be used from the proceeds is RMB800,000,000, and the remaining part shall be funded by self-owned funds, bank loans and other ways.

7) Implementation schedule of the project

The project is planned to be completed and put into operation in May 2022.

8) Analysis on project benefits

The calculation period of the financial evaluation of the project shall be 16 years (including: 1 year of construction period and 15 years of production period). It is calculated that the after-tax financial internal rate of return of the project (after income tax) is 17.35%, and the after-tax payback period of the investment is 6.49 years (including the construction period), and the project has good economic benefits.

(II) Repayment of Interest-bearing Liabilities and Replenishment of Working Capital

1. Summary of the project

The Company proposed to invest not more than RMB600,000,000 of the proceeds to repay interest-bearing liabilities and replenish working capital so as to promote the business development of the Company, optimize the Company' capital structure and reduce the Company' financial risks.

2. Necessity and feasibility analysis of the project

(1) With the expansion of the Company's business scale, the daily production and operation activities have a greater demand for the working capital

From 2017 to 2019, the operating revenue of the Company was RMB367,047,100, RMB1,402,748,200 and RMB1,854,842,200, respectively, with a compound annual growth rate of 124.80%. At the same time, the Company's accounts receivable scale also kept growing. The carrying amount of accounts receivable increased from RMB105,313,000 at the end of 2017 to RMB562,892,700 at the end of 2019. In the future, the Company's demand for working capital will also be significantly increased due to the further development of the Company's business in the future, the implementation of the investment projects and the extension of the industry chain.

(2) Be conducive to the Company's optimization of the capital structure, and enhancement of its capability to resist financial risks

In recent years, the Company's demand for capital has been increasing and the scale of the interests expenditure is relatively large as the business scale of the Company continues to expand. By the Issuance of shares to specific target subscribers, the Company's gearing ratio will be decreased relatively, the debt-paying ability will be improved and the Company's capital strength and anti-risk capability will be further enhanced. Meanwhile, the Company will reduce the demand on short-term loan by replenishing working capital, so as to reduce financial expenses, decrease financial risks and operation pressure, further improve the Company's profitability and enhance the Company's long-term sustainable development capability.

(3) The Issuance of shares to specific target subscribers to raise proceeds complies with the provisions of laws and regulations

The Issuance of shares to specific target subscribers to raise proceeds by the Company complies with the relevant policies and laws and regulations, and thus it is feasible. After the proceeds from the Issuance of shares to specific target subscribers are available, the Company's gearing ratio will be decreased relatively, which is conducive to reduce the Company's financial risks, improve the quality of assets, enhance profitability, and provide sufficient capital guarantee for the Company's operation and development.

(4) The implementation entity of the investment project for the Issuance of shares to specific target subscribers to raise proceeds has established a sound governance standard and internal control system

The Company has established a modern enterprise system centered on a corporate governance structure in accordance with the governance standards of listed companies and formed a relatively standardized corporate governance system and a comprehensive internal control environment by continuous improvement and optimization.

In terms of the management of the proceeds, the Company has formulated the Measures of Proceeds Management, and it will also make clear provisions on the deposit, investment change, management and supervision of the special account for proceeds in accordance with the latest regulatory requirements. After the proceeds from the Issuance of shares to specific target subscribers are available, the board of the Company will continue to supervise the deposit and use of the proceeds so as to ensure the reasonable and standardized use of the proceeds and prevent risks in the use of the proceeds.

3. Approvals for the project

The project does not involve approval matters such as land use, development and reform commission filing, environmental assessment, etc.

4. Investment estimates

It is expected that not more than RMB600 million of the proceeds from the Non-public Issuance of A Shares is intended to be used for repayment of interest-bearing liabilities and replenishment of working capital.

5. Analysis of benefits of the project

The use of the proceeds raised for repayment of interest-bearing liabilities and replenishment of working capital will alleviate the pressure of working capital on the Company, reduce the related finance expenses and improve the profitability of the Company.

III. IMPACT OF THE ISSUANCE ON THE OPERATION STATUS AND FINANCIAL POSITION OF THE COMPANY

The proceeds from the Non-public Issuance of A Shares shall be used in the project of photovoltaic cell packaging materials for solar equipment, and the project of repayment of interest-bearing liabilities and replenishment of working capital after deducting the relevant issuance costs.

(I) Impact of the Issuance on the Operation Status of the Company

The use of the proceeds from the Non-public Issuance of A Shares for the project of photovoltaic cell packaging materials for solar equipment is beneficial for the issuer to seize opportunities for development in the industry and take the lead in planning for the double-glass photovoltaic modules packaging materials with promising market in the future, which can help the Company to consolidate its leading position in float glass manufacturing and sales industry and establish its long-term competitive advantages and core competitiveness in the market.

The use of the proceeds from the Issuance for repayment of interest-bearing liabilities and replenishment of working capital is beneficial for the Company to further enhance its capital strength, strengthen its competitive advantages and improve its overall strength, as well as optimize its capital structure, reduce financial risks facing by it and achieve its long-term sustainable development.

To sum up, the implementation of the Non-public Issuance of A Shares will further strengthen the Company's capital strength to meet the demand of the Company for capital for its strategic business development, enhance the Company's management and operation efficiency, and strengthen the Company's market competitiveness, thereby helping the Company to achieve its long-term sustainable development and facilitating the rapid and steady growth of the value of the Company and the interests of the shareholders.

(II) Impact of the Issuance on the Financial Position of the Company

The use of the proceeds from the Non-public Issuance of A Shares for the project of photovoltaic cell packaging materials for solar equipment is conducive to increasing the operating income and profit of the Company in the future.

For 2017, 2018, 2019 and January to September 2020, among the finance expenses of the Company, the interest expenses amounted to RMB26,379,500, RMB67,533,800, RMB92,019,500 and RMB81,759,200, respectively, accounting for 78.36%, 210.08%, 106.01% and 59.24% of the total profit of the Company. Not more than RMB600 million of the proceeds from the Non-public Issuance of A Shares project will be used for repayment of interest-bearing liabilities and replenishment of working capital. After the receipt of abovementioned proceeds, the capital strength of the Company will be further consolidated, which will help optimize the capital structure of the Company, reduce its finance expenses and enhance its risk resistance capability. After the repayment of the interest-bearing liabilities, the cash to be paid by the Company for repayment of interest is expected to decrease, which will improve the cash flow in financing activities of the Company in the future. The reduction in finance expenses and the further enhancement in profitability will further strengthen the Company's ability to provide continuous return to its shareholders, which is in line with the goal to maximize shareholders' interests.

CHAPTER 5 DISCUSSION AND ANALYSIS BY THE BOARD OF DIRECTORS ON THE IMPACT OF THE ISSUANCE ON THE COMPANY

I. CHANGES IN THE BUSINESS AND ASSETS, ARTICLES OF ASSOCIATION, SHAREHOLDING STRUCTURE, SENIOR MANAGEMENT STRUCTURE AND BUSINESS STRUCTURE OF THE COMPANY CAUSED BY THE ISSUANCE

(I) Changes in the business and assets of the Company after the Issuance

The Non-public Issuance does not involve the integration of the Company's existing businesses and assets, and will not lead to changes in its main business.

(II) Changes in the Articles of Association after the Issuance

Upon the completion of the Non-public Issuance, the Company will, according to the changes in its share capital, carry out the relevant procedures for the amendment to the Articles of Association, make corresponding amendments to the provisions related to the share capital in the Articles of Association, and handle the relevant business registration procedures.

(III) Impact of the Issuance on the shareholding structure

The target subscribers for the Non-public Issuance will not be more than 35 (inclusive) investors (including Triumph Group, an indirect controlling shareholder of the Company). The shareholding structure of the Company will change to some extent upon the completion of the issuance. Upon the completion of the Non-public Issuance, CLFG will still be the Controlling Shareholder of the Company, and CNBMG will still be the De Facto Controller of the Company. Therefore, the Issuance will not lead to the change in the de facto control of the Company.

(IV) Impact of the Issuance on the senior management structure

The Non-public Issuance does not involve any significant change in the senior management structure of the Company. If the Company intends to adjust the senior management structure, it will perform the necessary legal procedures and information disclosure obligations in accordance with the relevant provisions.

(V) Impact of the Issuance on the business structure

The proceeds from the Non-public Issuance will be used for Tongcheng New Energy Phase I of the Project of Photovoltaic Cell Packaging Material, Hefei New Energy Project of Photovoltaic Cell Packaging Material, replenishment of working capital and repayment of interest-bearing liabilities. The business structure of the Company will remain unchanged. After the completion of the Issuance, the Company's financial strength will be strengthened, which will be conducive to enhancing its market competitiveness in the long run.

II. CHANGES IN THE FINANCIAL CONDITION, PROFITABILITY AND CASH FLOW OF THE COMPANY AFTER THE ISSUANCE

After the proceeds from the Non-public Issuance are received, the total assets and net assets of the Company will increase correspondingly, the financial position will be improved, the asset liability structure will become more reasonable, the profitability will be further improved, and the core competitiveness will be enhanced. The specific impacts of the Non-public Issuance on the financial condition, profitability and cash flow of the Company are as follows:

(I) Impact on the financial condition

After the completion of the Non-public Issuance, the Company's total assets and net assets will increase, its gearing ratio will be reduced, the working capital will be more sufficient, and the current ratio and quick ratio will be improved, which is conducive to enhancing the Company's ability to resist risks.

(II) Impact of the Issuance on the profitability

The proceeds from the Non-public Issuance will be used for Tongcheng New Energy Phase I of the Project of Photovoltaic Cell Packaging Material, Hefei New Energy Project of Photovoltaic Cell Packaging Material, replenishment of working capital and repayment of interest-bearing liabilities after deducting the issuance expenses. The financial strength of the Company will be strengthened, which will further enhance the profitability of the Company. After the completion of the Non-public Issuance, the Company's total share capital will expand, but the earnings per share of the Company may be diluted in the short term, and the return on net assets may decline. However, in the medium and long term, the Issuance is conducive for the Company to optimize its capital structure, alleviate the pressure of debt repayment on it, reduce the finance expenses, and further improve the profitability and the sustainable development ability of the Company.

(III) Impact of the Issuance on the cash flow of the Company

When the proceeds are received after the completion of the Non-public Issuance, the cash flow status of the Company will be improved with the substantial increase in cash inflow. In addition, after the Company pays off a portion of its interest-bearing liabilities, the financing ability will be further enhanced, which is conducive for the Company to improve its business development ability, improve its net operating cash flow in the future, so as to further enhance the sustainable ability to generate return of the Company.

III. CHANGES IN THE BUSINESS RELATIONSHIP, MANAGEMENT RELATIONSHIP, CONNECTED TRANSACTIONS AND HORIZONTAL COMPETITION BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER AND ITS CONNECTED PERSONS

Upon the completion of the Issuance, there will not be any change in the business relationship and management relationship between the Company and the Controlling Shareholder, the De Facto Controller and their connected persons, nor will they have any new horizontal competition or connected transaction due to the Non-public Issuance.

IV. AFTER THE COMPLETION OF THE NON-PUBLIC ISSUANCE OF A SHARES, WHETHER THE COMPANY'S CAPITAL AND ASSETS ARE OCCUPIED BY THE CONTROLLING SHAREHOLDER, THE DE FACTO CONTROLLER AND THEIR CONNECTED PERSONS, OR WHETHER THE COMPANY PROVIDES GUARANTEE FOR THE CONTROLLING SHAREHOLDER, THE DE FACTO CONTROLLER AND THEIR CONNECTED PERSONS

After the completion of the Issuance, the Company's capital and assets will not be occupied by the Controlling Shareholder, the De Facto Controller and their connected persons, nor will the Company provide guarantee for the Controlling Shareholder, the De Facto controller and their connected persons.

V. IMPACT OF THE ISSUANCE ON THE DEBTS OF THE COMPANY

After the proceeds from the Issuance are received, the Company's gearing ratio will be reduced, and the financial structure will become more reasonable, helping to improve the risk resistance ability of the Company. There will not be any significant increase in liabilities (including contingent liabilities) due to the Issuance. The Company's debt ratio will not become too low and no unreasonable finance costs will be incurred.

VI. RISKS RELATED TO THE ISSUANCE

When evaluating the Non-public Issuance of A shares, investors shall particularly, in addition to other information provided in this Proposal, take the following risk factors into account:

(I) Market risk

The development of the photovoltaic glass industry is cyclical and depends to great extent on the downstream photovoltaic modules producers. The changes in macro economy and adjustments to industrial policies will both have a huge impact on the photovoltaic glass industry. After the shock by the “Photovoltaic New Policy” in 2018, the price and sales of photovoltaic glass slumped. In 2019, as the domestic market gradually recovered, and growing demands were seen in the overseas market, the volume and price of photovoltaic glass both welcomed gradual recovery. However, the operation and development of the Company may be adversely affected if there are other significant changes in macro economy or industrial policies in the future.

(II) Business and operation risks

1. Risks arising from price of raw and fuel materials

The major raw and fuel materials of the Company’s products include fuel, sodium carbonate and silicon powder, and the procurement costs represent a significant percentage of the product cost. Price fluctuation of raw and fuel materials might cause certain risks in respect of increase in costs.

2. Risks resulting from COVID-19

Since the beginning of 2020, the COVID-19 pandemic and its prevention and control measures around the world have had a significant negative impact on the national economy, as well as the market development, investment, construction and operation of the Company’s projects. If the pandemic is beyond control outside of the People’s Republic of China or the pandemic recurs in the People’s Republic of China, it will have a further impact on the macro economy and thus adversely affect the Company’s operation and development.

(III) Financial risks

1. Credit risks

The Company's credit risk arises mainly from accounts and bills receivable. The Company assesses the credit quality of customers, taking into account their financial positions, past experience and other factors, and select customers with sound credit history, but there may be circumstances where the payment by the above-mentioned customers are delayed or cannot be collected, which will bring certain financial risks to the Company.

2. Risks of dilution of return on net assets upon the non-public issuance of shares

After the completion of the Non-public Issuance, the size of the total share capital and net assets of the Company will grow, and it may take some time for the proceeds to be utilized and generate returns. With the increase in the total share capital and net assets of Company, if the Company's profit has not yet achieved a corresponding increase, there may be the risk of dilution of the Company's current return for the year in which the Non-public Issuance of Shares is completed.

(IV) Management risks

With the continuous expansion of its business and scale, the Company will face severe challenges in management mode, talent reserve, technological innovation and market development. Although the Company has formed a relatively complete set of internal control management system and improved year by year, due to the differences in the geographical location, cultural characteristics and corporate culture of the branches, management and control risks may be generated. With the expansion of the business scale, if the Company's management level and talent reserve cannot meet the needs of the rapid expansion of its business scale and the organizational model and management model fail to be adjusted and improved in a timely manner with the expansion of the Company's scale, it will be difficult to ensure the Company's safe and efficient operation, which may make the Company face management risks to some extent.

(V) Policy risks

Risks arising from policies are mainly reflected in the following aspects: photovoltaic glass business is substantially influenced by macro-economic conditions, electric power demand, industry policies, etc. Any material changes in relevant industry policies may affect the construction size and progress of photovoltaic power stations, and in turn exert impact on the operating conditions and profitability of the Company's photovoltaic glass business.

(VI) Safety production risks

The Company attaches great importance to ensuring safety in production, and thus has formulated relatively complete safety production management regulations and established a relatively complete safety production management system. However, the production, operation and project construction processes of the Company require relatively high technical skills of operators. Any improper operation, equipment use faults by employees in daily production may result in the Company facing risks of safety hazards due to unforeseen factors or force majeure.

(VII) Environmental protection risks

Major pollutants generated from the glass production process include dust-laden gases, and smoke, waste water and solid waste emitted from furnaces. In the ordinary course of production and operation, the Company has formulated well-equipped pollution prevention and control facilities to enhance the construction of environmental protection facilities and the operation and maintenance management thereof on a continuous basis. Each subsidiary reduces energy consumption and pollutant discharges, improves energy utilization efficiency and achieves clean production in virtue of incessant improvement in processing technology. However, in the ordinary course of production and operation activities, there are still some risks that the Company may be penalized by the relevant environmental protection department for failure to meet the environmental protection requirements or the occurrence of environmental protection accidents, which may adversely affect the Company's production and operation.

(VIII) Other risks

1. Approval risks

The plan for the Non-public Issuance of Shares is subject to the approval of CNBMG, the approval of the general meeting of the Company, and the approval of the CSRC. There is a certain degree of uncertainty whether and when it can be approved or authorized by the relevant authorities ultimately.

2. Stock market risks

The Non-public Issuance of Shares will have certain impact on the production and operation and financial position of the Company, and the change in the Company's fundamentals will affect its stock price. In addition, the stock price fluctuation of the Company depends not only on its business performance and development prospect but also on the international and domestic political and economic situations, national economic policies, economic cycle, inflation, supply and demand of the stock market, occurrence of major natural disasters, psychological expectations of investors, and other factors. Therefore, the Company's stock price is subject to certain uncertainties and may fluctuate due to the above risk factors.

CHAPTER 6 PROFIT DISTRIBUTION POLICY OF THE COMPANY AND ITS IMPLEMENTATION

I. PROFIT DISTRIBUTION POLICY OF THE COMPANY

The Company adopts consistent and stable profit distribution policies, aiming at bringing returns on investment to investors while ensuring the Company's sustainable development. In order to improve its profit distribution policy and enhance the transparency of profit distribution, the Company has further improved its dividend distribution policy according to the requirements of the Notice on Further Implementation of Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) issued on 4 May 2012 and the Guidance on Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies (CSRC Announcement [2013] No. 43) (《上市公司監管指引第3號–上市公司現金分紅》(證監會公告[2013] 43號)) issued on 30 November 2013 by the CSRC:

"Article 210 (I) The profit distribution policy of the Company is

1. Principles of profit distribution: The Company adopts consistent and stable profit distribution policies, aiming at bringing reasonable returns to investors while ensuring the Company's sustainable development as well as integrating the profitability and actual needs of the future development strategy of the Company, so as to establish a consistent and stable return mechanism to investors. The Board, the Supervisory Committee and the general meeting shall, in the decision-making and discussion process in respect of profit policies, fully consider the opinions of independent directors, supervisors and public investors.

   The Company's profit distribution shall not exceed the range of the accumulated distributable profits nor harm the ability of sustainable operation of the Company.

2. Forms of profit distribution: The Company may distribute the profit in the form of cash, shares, a combination of cash and shares and other forms as permitted under laws and regulations. The Company shall adopt cash distribution as the prioritised mean to distribute profit provided that the conditions for cash distribution are satisfied.

3. Principally, if the Company proposes to distribute dividends in cash, the following conditions shall be satisfied:

   (1) the Company recorded profit for the year and accumulated distributable profit is positive after offsetting losses in the previous year and withdrawing capital reserve as required by the laws; (2) the auditor issues a standard and unqualified annual audit report on the financial report of the Company for the year; (3) the Company had no material investment plan or material cash expense for the year.

4. If the aforesaid conditions for cash dividend distribution are satisfied, the Company shall principally distribute dividends in cash once each year. The Board of the Company could propose to distribute interim dividends in cash according to the profit and capital needs of the Company.

5. Proportions of cash distribution: if the aforesaid conditions for cash dividend distribution are satisfied, the Company shall principally distribute dividends in cash each year according to a fixed proportion of the distributable profit for the year, and the accumulated distributed profit in cash in the latest three years shall not be less than 30% of the average annual distributable profit in the latest three years.

   The Board shall take into account its industry characteristics, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and shall propose a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association.

6. If the Board considers that the distribution of stock dividend will not cause an unreasonable share capital scale or shareholding structure, it could propose and implement the stock dividend distribution proposal in addition to satisfaction of the aforesaid cash distribution.

7. In the event of misappropriation of the Company's funds by shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that shareholder as repayment of the misappropriated fund.

(II) Procedures and Mechanism for decision making on profit distribution

1. The annual profit distribution plan of the Company shall be proposed and drafted by the Board after considering the requirements of the Articles of Association, profitability and the capital need, and shall be submitted to the general meeting for approval after it is considered and approved by the Board. Independent directors shall issue an independent opinion in relation to the profit distribution plan.

2. When the Company is drafting a specific cash dividend proposal, the Board shall carefully study and demonstrate matters such as the timing, conditions and minimum ratio, conditions for adjustment and requirements for decision-making process. Independent directors shall provide a clear opinion.

   Independent directors can collect the views from minority shareholders and make a proposal for dividend distribution and directly submit it to the Board for consideration.

3. Before considering a specific cash dividend proposal at the general meeting, active communication and exchanges with shareholders, especially the minority shareholders, through various channels shall be encouraged by the Company in order to fully hear the views and demands of minority shareholders and address the concerns of minority shareholders promptly.

   The Board, the independent directors and shareholders who meet certain conditions may collect voting rights from the Company's shareholders which may be cast by them at the general meeting.

4. The Supervisory Committee shall supervise the implementation of the Company's profit distribution policy by and the decision-making procedures of the Board and the management, and express its specific explanation and opinion when no profit distribution plan is proposed for a profitable year.

5. The general meeting shall vote on the profit distribution plan proposed by the Board in accordance with the law, regulations and the relevant provisions in the Articles of Association.

(III) Adjustment of profit distribution policy

The Company may adjust its profit distribution policy according to the production and operation needs. The adjusted profit distribution policy shall not violate the requirements of relevant laws, regulations, regulatory documents and the Articles of Association. The relevant resolution in relation to adjustment of profit distribution policy shall be first brought to the independent directors and the Supervisory Committee for advice, and submit to, after consideration and approval by the Board, the general meeting for approval by more than two-thirds of the voting rights represented by the shareholders present at the general meeting. The Company shall provide various means to facilitate the public Shareholders to attend and vote at the general meeting.

Article 211 After the profit distribution plan is approved at the shareholders' general meeting of the Company, the Board of the Company shall complete the dividend (or share) distribution within two (2) months after the convening of the shareholders' general meeting.

The Company shall pay the dividend once at least a year and the current dividend shall be distributed within the second quarter in the following year. While distributing the dividend, the Company shall notify the shareholders. While Company pays the dividend to the holder of overseas-listed foreign-invested shares, it shall be priced in RMB and announced to be paid in foreign currency. The foreign share dividends listed in Hong Kong shall be paid in Hong Kong dollars.

Article 212 Unless otherwise stipulated in the relevant laws and administrative regulations, where the dividend is paid in foreign currency, the exchange rate shall adopt the average price of the benchmark currency for RMB against each foreign currency issued by the People's Bank of China in the calendar week prior to the date of dividend announcement.

Article 213 The Board may, besides dividing the annual dividend, at its discretion, decide to distribute the interim dividend. Unless otherwise stipulated in the regulations, the interim dividend shall be no more than 50% of the distributed profits in interim income statement of the Company."

II. CASH DIVIDENDS AND USE OF UNDISTRIBUTED PROFITS OF THE COMPANY IN THE LAST THREE YEARS

(I) Cash dividends of the Company in the last three years

The year of dividend distribution	Number of bonus shares to be distributed for every ten shares (shares)	Amount of dividends to be distributed for every ten shares (RMB) (tax inclusive)	Number of shares to be transferred into share capital for every ten shares (shares)	Amount of cash dividends (tax inclusive)
2019	–	–	–	–
2018	–	–	–	–
2017	–	–	–	–

Since the accumulated undistributed profits of the Company at the end of each year from 2017 to 2019 were negative, the Company did not make any profit distribution, nor did it make capitalisation of capital reserves during the years from 2017 to 2019 according to the requirements of the Articles of Association.

(II) Proportion of cash dividends of the Company in the last three years

The proportions of cash dividends for the last three years in the Company's average annual distributable profits achieved in the last three years are as follows:

Unit: RMB0'000

Years	Total amount of cash dividends (tax inclusive)	Net profit attributable to the parent company	Proportion of cash dividends
2017	–	2,056.81	–
2018	–	1,564.53	–
2019	–	5,399.99	–
The average annual net profit attributable to the parent company attributable to shareholders of the Listed Company in the last three years			3,007.11
The proportion of amount of the accumulated cash dividends (tax inclusive) in the last three years in the average annual distributable profit achieved in the last three years			–

III. SHAREHOLDERS' RETURN PLAN OF THE COMPANY FOR THE NEXT THREE YEARS

To ensure the scientificity, sustainability and stability of the profit distribution policy of Luoyang Glass Company Limited*, as well as to improve and perfect the shareholders' return mechanism, the Board of the Company has formulated the Shareholders' Return Plan for the Next Three Years (2021–2023) of Luoyang Glass Company Limited* (hereinafter referred to as the "**Plan**") according to the requirements under the Notice on Further Implementation of Matters in Relation to the Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and the Regulatory Guidances for Listed Companies No. 3 – Cash Dividends of Listed Companies (CSRC Announcement [2013] No. 43) (《上市公司監管指引第3號－上市公司現金分紅》(證監會公告[2013]43號)) issued by the CSRC. The details are as follows:

"I. CONSIDERATIONS IN THE FORMULATION OF THE PLAN

The Company shall aim at its long-term and sustainable development, and establish a sustained, stable and scientific return plan and mechanism for its shareholders, taking into overall consideration factors such as market condition, profitability, operation and development plans of the Company while attaching importance to providing reasonable investment return to the shareholders, aiming to provide the shareholders with opportunity to share the economic growth achievements, to maintain a sustainable and steady profit distribution policy and at the same time take into consideration the interests of all shareholders as a whole, the Company's long-term interests and its sustainable development.

II. PRINCIPLES FOR THE FORMULATION OF THE PLAN

Subject to the Company Law, the Articles of Association and other laws and regulations and normative documents, full consideration shall be given to the opinions from the shareholders (especially the minority shareholders), the independent directors and the supervisory committee in formulating the Plan. In addition, on the basis of fully protecting the interests of the shareholders while realising the balance between the short-term interests of the Company and its long-term development, a reasonable profit distribution plan shall be prepared to ensure the sustainability and stability of its profit distribution policy.

III. DETAILS OF THE SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2021–2023)

1. Forms of profit distribution

The Company distributes its profits in cash, shares, a combination of both cash and shares, or other forms permitted by laws and regulations.

2. Schedule of the dividend distribution

After the profit distribution plan has been approved at a general meeting of the Company, the Board shall complete the distribution of dividends (or shares) within two (2) months of the general meeting. Where the conditions permit, the Board of the Company may propose to carry out an interim distribution in cash in accordance with the capital position of the Company. Save for special reasons (such as material asset restructuring of the Company, etc.), the Company shall not distribute profits during other periods other than the annual and interim term.

3. Proportion of profit distribution

Between 2021 and 2023, conditional upon the Company recording profit and having no events such as material investment plan or significant cash expenditure, the Company shall, after making up for the losses of previous years and contributing to the statutory reserve, proactively promote dividend distribution by way of cash. The Company's aggregated profit distributable by way of cash for such three consecutive years shall not be less than 30% of the annual distributable profit realized in such three years. The Proposal for specific proportion of cash dividend for each year shall be made by the Board according to the Company's profit for the relevant year and utilization plan for future capital.

4. Decision-making, supervision and disclosure

The Board of the Company shall formulate the profit distribution proposal of the Company, the independent directors of the Company shall express their independent opinions in this regard, and a resolution shall be determined at a general meeting of the Company. The Board, the supervisory committee and the general meeting of the Company shall fully listen to and consider the opinions of the shareholders (especially the minority shareholders), the independent directors and the supervisors during the study, authentication and decision-making process of the profit distribution plan of the Company.

In the event that the Board does not propose any cash dividend distribution proposal for any profitable year, the independent directors shall express their independent opinions in this regard. In addition to an on-site general meeting, the Company shall provide the shareholders with an online voting platform. Meanwhile, the reasons for failing to propose such cash dividend distribution proposal and the application of funds retained by the Company not available for distribution shall be disclosed in its periodic reports.

Where a shareholder misappropriates the funds of the Listed Company, the Company shall deduct the cash bonuses to be distributed to such shareholder accordingly to reimburse the funds such shareholder misappropriates.

The Company shall disclose in detail the formulation and implementation of the cash dividend distribution policy in its periodic reports and state whether or not it is consistent with the requirements of the Articles of Association or the requirements of the general meeting, whether or not the criteria and proportions of dividends are definite and clear, whether or not the relevant decision-making procedures and mechanisms are complete, whether or not the independent directors have fulfilled their responsibilities and duties, whether or not the minority shareholders have the opportunity to fully express their views and demands, whether or not the legitimate rights and interests of minority shareholders are fully protected.

IV. TIME INTERVALS FOR FORMULATION OF THE SHAREHOLDERS' RETURN PLAN AND RELEVANT DECISION-MAKING MECHANISM

In principle, the Company formulates a dividend distribution and return plan once every three years. If there are no material changes in the Company's operating conditions, the Company may execute dividend distribution with reference to the latest dividend distribution and return plan which has been formulated and amended, instead of formulating a new three-year return plan.

The Shareholders' Return Plan for the period shall be formulated by the Board according to the current profit distribution policy of the Company, taking into account the Company's specific operation, cash flows, stage of development and capital needs and fully considering and listening to the opinions of the shareholders (especially the public investors and the minority investors), the independent directors and the supervisory committee, and shall be submitted to the general meeting of the Company for consideration.

V. THIS PLAN SHALL BE EFFECTIVE FROM THE DATE OF ITS APPROVAL AT THE COMPANY'S GENERAL MEETING."

CHAPTER 7 DESCRIPTION OF THE DILUTION OF CURRENT RETURN RESULTING FROM THIS ISSUANCE AND THE MITIGATION AND REMEDIAL MEASURES OF THE COMPANY

According to the relevant requirements of the Opinion of General Office of the State Council on Further Enhancing Protection of Rights and Interests of Minority Investors in the Capital Market (Guo Ban Fa〔2013〕No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發(2013)110號)), the Guiding Opinion on Matters concerning the Dilution of Current Return in Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement [2015] No. 31) (《發於首發及再融資重大資產重組攤薄即期回報有關事項的指導意見》(証監會公告[2015]31號)) as well as other laws, regulations, rules and other regulatory documents, the Company has analyzed the possible influence of the Non-public Issuance of A Shares on ordinary shareholders' equity and current return, and proposed mitigation and remedial measures based on the actual situations, while the relevant parties have made commitments to ensure the fulfillment of the mitigation and remedial measures. Particulars are as follows:

I. IMPACT OF DILUTION OF CURRENT RETURN RESULTING FROM THE NON-PUBLIC ISSUANCE ON THE KEY FINANCIAL INDEXES OF THE COMPANY

(I) Calculation assumptions

1. It is assumed that there are no major adverse changes in the macroeconomic environment and conditions of the stock market as well as the operating environment of the Company;

2. It is assumed that the Non-public Issuance is expected to be completed on July 31, 2021, for which it is only an assumption, does not constitute a commitment to the actual completion date and subject to the final actual completion time after the CSRC has approved the Issuance;

3. The number of shares under this Non-public Issuance of A Shares is 164,562,129 (which is an estimate and subject to the number approved by the CSRC and actually issued); the total proceeds from this Non-public Issuance of A Shares is RMB2 billion (inclusive), without considering the impact of deducting the issue expenses (the scale of the proceeds to be actually received from the Non-Public Issuance is subject to the verification and approval by regulatory departments, the subscription in the issuance and the issuance fees, etc.);

4. It is assumed that except for the Non-public Issuance, there will be no other circumstances that will cause changes to the Company's share capital in 2021;

5. It is assumed that the influence on the business operation and financial position of the Company (such as operating revenue, financial expense, investment income, etc.) upon receipt of the proceeds from the Non-public Issuance is not taken into account;

6. The net profit attributable to the shareholders of the parent company of the Company for the first three quarters of 2020 amounted to RMB82.0114 million, the net profit attributable to the shareholders of the parent company after deducting non-recurring profit or loss amounted to RMB70.6576 million; assuming that the net profit attributable to the shareholders of the parent company and the net profit attributable to the shareholders of the parent company after deducting non-recurring profit or loss for 2020 equal to their respective index for the first three quarters of 2020 multiplied by 4/3 respectively; (such assumption does not represent the Company's judgement on its operating conditions and trends for 2020 and does not constitute a profit forecast of the Company);

7. It is assumed that the net profit of the Company for 2021 will be calculated based on the following 3 circumstances (which are not indicative of the judgment of the Company on its operating conditions and trends for 2021 and do not constitute a profit forecast of the Company):

   Scenario 1: assuming that the net profit attributable to the shareholders of the Listed Company for 2021 is the same as that for 2020;

   Scenario 2: assuming that the net profit attributable to the shareholders of the Listed Company for 2021 is 10% higher than that for 2020;

   Scenario 3: assuming that the net profit attributable to the shareholders of the Listed Company for 2021 is 10% lower than that for 2020;

8. Without taking into account the impact of the proceeds from the Non-public Issuance on the production and operation as well as the financial conditions, such as operating income, financial costs and investment profits, of the Company nor the issuance expense of the calculation;

The above assumptions and the calculation on the impact of the dilution of current return resulting from the Non-public Issuance on the Company's key financial indexes do not represent the Company's judgment on its operating conditions and trends for 2020 and 2021 and do not constitute a profit forecast of the Company. Investors should not make investment decisions in reliance thereon. If investors make investment decision based on these assumptions and suffer losses, the Company shall not be liable.

(II) Influence on the key financial indexes

Impact of the dilution of current return resulting from the Non-public Issuance on the key financial indexes of the Company is calculated based on the assumptions above as follows:

Item	For the year 2020/as at 31 December 2020	For the year 2021/as at 31 December 2021	
		Before the Issuance	After the Issuance
Total share at the end of period *(0'000 shares)*	54,854.04	54,854.04	71,310.26
Total amount of proceeds raised *(RMB0'000)*	200,000.00		
Number of shares under the Issuance *(0'000 shares)*	16,456.21		
Assumption 1: The net profit attributable to shareholders of the Listed Company in 2021 remains unchanged as compared to 2020			
Basic earnings per share *(RMB/share)*	0.1993	0.1993	0.1772
Diluted earnings per share *(RMB/share)*	0.1993	0.1993	0.1772
Basic earnings per share after deduction of non- recurring items *(RMB/share)*	0.1717	0.1717	0.1527
Diluted earnings per share after deduction of non- recurring items *(RMB/share)*	0.1717	0.1717	0.1527
Weighted average return on net assets *(%)*	8.08%	7.47%	4.76%
Weighted average return on net assets after deduction of non-recurring profit or loss *(%)*	7.00%	6.44%	4.10%
Assumption 2: The net profit attributable to shareholders of the Listed Company in 2021 increases by 10% as compared to 2020			
Basic earnings per share *(RMB/share)*	0.1993	0.2193	0.1949
Diluted earnings per share *(RMB/share)*	0.1993	0.2193	0.1949
Basic earnings per share after deduction of non-recurring items *(RMB/share)*	0.1717	0.1889	0.1679
Diluted earnings per share after deduction of non-recurring items (RMB/share)	0.1717	0.1889	0.1679
Weighted average return on net assets *(%)*	8.08%	8.19%	5.23%
Weighted average return on net assets after deduction of non-recurring profit or loss *(%)*	7.00%	7.06%	4.50%

Item	For the year 2020/as at 31 December 2020	For the year 2021/as at 31 December 2021	
		Before the Issuance	After the Issuance
Assumption 3: The net profit attributable to shareholders of the Listed Company in 2021 decreases by 10% as compared to 2020			
Basic earnings per share *(RMB/share)*	0.1993	0.1794	0.1595
Diluted earnings per share *(RMB/share)*	0.1993	0.1794	0.1595
Basic earnings per share after deduction of non-recurring items *(RMB/share)*	0.1717	0.1546	0.1374
Diluted earnings per share after deduction of non-recurring items *(RMB/share)*	0.1717	0.1546	0.1374
Weighted average return on net assets *(%)*	8.08%	6.75%	4.30%
Weighted average return on net assets after deduction of non-recurring profit or loss *(%)*	7.00%	5.82%	3.70%

Note: The basic earnings per share and diluted earnings per share are calculated based on Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (《公開發行證券的公司信息披露編報規則第9號－淨資產收益率和每股收益的計算及披露》).

II. SPECIAL RISK REMINDER FOR THE DILUTION OF CURRENT RETURN RESULTING FROM THE NON-PUBLIC ISSUANCE

After the completion of the Non-public Issuance, the Company's total share capital and net assets will increase in size, and the use of proceeds raised and the relevant benefits delivery will take a certain period. With the increase in the Company's total share capital and net assets, there will be a dilution risk on the Company's current returns for the year after the completion of the Non-public Issuance if the Company's profits do not increase correspondingly. In addition, once the assumptions of the aforementioned analysis or the Company's operating conditions have changed significantly, the dilution of current return resulting from the Non-public Issuance may change.

The investors are reminded especially to make rational investments, and be alert of the risk that the Non-public Issuance may dilute the current return.

III. NECESSITY AND RATIONALITY OF THE NON-PUBLIC ISSUANCE

For details of the necessity and rationality of the Non-public Issuance, please refer to "Chapter 5 Discussion and Analysis of the Board of Directors on the Impact of the Issuance on the Company" in this Proposal.

IV. THE RELATIONSHIP BETWEEN THE PROJECTS FUNDED BY THE PROCEEDS RAISED AND THE EXISTING BUSINESSES OF THE COMPANY, AS WELL AS THE TALENT, TECHNOLOGY AND MARKET RESERVE OF THE COMPANY FOR SUCH PROJECTS

The proceeds raised by the Company from the Non-public Issuance, after deducting the relevant issuance costs, will be used for Tongcheng New Energy Phase I of the Project of Photovoltaic Cell Packaging Material and Hefei New Energy Project of Photovoltaic Cell Packaging Material, and to replenish working capital and repay the interest-bearing liabilities, which will help the Company expand its business scale, increase market share, and enhance its risk resistance capacity, thereby further improving its profitability and core competitiveness.

Upon the completion of the Non-public Issuance of A Shares, the Company's business scope remains unchanged.

V. THE MEASURES OF THE COMPANY WITH RESPECT TO THE DILUTION OF CURRENT RETURN RESULTING FROM THE ISSUANCE

In order to protect the interests of general investors and reduce the possible dilution impact of the Non-public Issuance of A Shares on the current return, the Company intends to take a variety of measures to ensure the effective use of proceeds raised from the Non-public Issuance of A Shares and prevent the risks of current return dilution, so as to provide higher current returns to shareholders. The specific measures the Company intends to take are as follows:

(I) Enhancing the operation management and internal control to improve the operation efficiency and profitability

The Company will continue to improve its business model and consolidate its preponderant business. On the one hand, the Company will continue to promote its technological progress and technological innovation, continuously optimize its production technique with a view to improve its production efficiency and product quality, as well as to control costs; on the other hand, the Company will strengthen project follow-up and risk management. At the same time, the Company will strengthen its daily operation management and internal control, continuously improve the corporate governance structure, strengthen budget and investment management, so as to comprehensively improve the Company's daily operation efficiency, reduce its operating costs, and improve operating performance.

(II) Enhancing the management and usage of the proceeds raised to prevent the risks in connection with the use of proceeds

To standardize the management and usage of proceeds raised and ensure the standard, safe and efficient usage of the proceeds raised, the Company has formulated the Management Method on the Proceeds Raised and the relevant internal control systems in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Usage of Funds Raised by Listed Companies (《上市公司監管指引第2號–上市公司募集資金管理和使用的監管要求》), and other relevant laws and regulations.

Upon the completion of the Issuance, the Company will deposit the proceeds in a special account designated by the Board for the proceeds only in accordance with the regime requirements, and use the proceeds only for their specific purposes, to ensure a reasonable and standardized use of proceeds and prevent the risks in connection with the use of proceeds. In the future, the Company will strive to improve the fund utilization efficiency. To this end, the Company will improve and strengthen the investment decision-making process, design more reasonable fund use plans, and rationally use various financing tools and channels to control the fund cost, improve the fund utilization efficiency, save the Company's various expenses, and then comprehensively and effectively control the Company's operations and control risks, improve operating efficiency and profitability.

(III) Constantly improving corporate governance to provide institutional guarantee for the development of the Company

The Company will strictly comply with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Securities on Shanghai Stock Exchange and the Hong Kong Stock Exchange, and other relevant laws, regulations and normative documents, continuously improve the corporate governance structure, and ensure that shareholders can fully exercise their rights, that the Board of directors can exercise its functions and powers in accordance with the provisions of laws, regulations and Articles of Association, make scientific, prompt and prudent decisions, and that independent directors can earnestly perform their duties. The Company will safeguard the overall interests of the Company, especially the legitimate rights and interests of minority shareholders, and ensure that the supervisory committee can independently and effectively exercise the right to supervise and inspect the directors, managers and other senior executives and the Company's financial affairs, so as to provide institutional guarantee for the development of the Company.

(IV) Continuously improving the profit distribution system to strengthen the investor return mechanism

The Company attaches great importance to the reasonable return on investment of shareholders while paying attention to the Company's own development. To this end, it has formulated the Shareholder Return Plan of Luoyang Glass Company Limited* for the Next Three Years (2021–2023) in accordance with the relevant requirements in the Notice on Further Implementation of Matters in Relation to the Cash Dividend of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (《上市公司監管指引第3號–上市公司現金分紅》) issued by the CSRC and the relevant provisions regarding profit distribution policies in the Articles of Association. The Company will strictly implement the dividend policy and shareholder return plan formulated by the Company, and strive to provide higher investment returns to shareholders.

Investors should note that formulating mitigation and remedial measures does not mean guaranteeing the Company's future profits. The Company will disclose the completion status of the mitigation and remedial measures and the performance of the commitments by the relevant undertakers in the subsequent regular reports.

Given the above, after the completion of the Non-public Issuance, the Company will strengthen its internal management, consolidate its main business, rationally use the proceeds raised, improve the fund utilization efficiency, take various measures to continuously improve its operating performance, and actively promote the profit distribution to shareholders upon the satisfaction of the conditions for profit distribution, so as to improve the Company's ability to return to its investors, and effectively reduce the risks faced by the shareholders in connection with the dilution of current return.

VI. UNDERTAKINGS MADE BY ALL DIRECTORS AND SENIOR EXECUTIVES TO ENSURE THE IMPLEMENTATION OF MITIGATION AND REMEDIAL MEASURES

All of the directors and senior executives of the Company have made the following undertakings to ensure the implementation of the mitigation and remedial measures for the dilution of current return resulting from the Issuance:

"1. I hereby undertake that I shall not provide benefits to other entities or individuals without consideration or on unfair terms nor conduct in any other way that may impair the interest of the Company or the shareholders;

2. I hereby undertake that I shall constrain the expenses in performing my duties;

3. I hereby undertake that I shall not apply the assets of the Company for any investment or expenditure which is unrelated to the performance of my duties;

4. I hereby undertake that the remuneration package formulated by the Board or the Remuneration and Assessment Committee shall be implemented in accordance with the mitigation and remedial measures for the diluted current return of the Company;

5. I hereby undertake that if the Company implements any equity incentives in the future, the proposed vesting exercise conditions of the equity incentive plan terms shall be operated in line with the mitigation and remedial measures for the diluted current return of the Company.

For any new regulatory measures issued by the state and the securities regulatory authorities in relation to the mitigation and remedial measures for the diluted current return of listed companies during the period from the date of this undertaking to the completion of the Non-public Issuance of A Shares of the Company that makes the said undertaking fails to meet such requirements by the state and the securities regulatory authorities, I hereby undertake that I shall then make further undertaking(s) in accordance with those new requirements issued by the state and the securities regulatory authorities.

If I violate or refuse to perform the undertakings mentioned above and cause losses to Luoyang Glass or its shareholders, I agree to bear corresponding legal liabilities according to laws, regulations and relevant provisions of the securities regulatory authorities."

VII. UNDERTAKINGS MADE BY THE CONTROLLING SHAREHOLDER, INDIRECT CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER OF THE COMPANY

CLFG (the Controlling Shareholder of the Company), Triumph (an indirect controlling shareholder of the Company) and CNBMG (the De Facto Controller of the Company) have made the following undertakings to ensure the implementation of the mitigation and remedial measures in accordance with the relevant regulations of the CSRC:

"Not to interfere with the operation and management activities of Luoyang Glass beyond our company's authority, and not to encroach on the interests of Luoyang Glass.

If our company violates or refuses to fulfill the above undertakings and causes losses to Luoyang Glass or its shareholders, our company agrees to bear corresponding legal liabilities according to laws, regulations and relevant provisions of the securities regulatory authorities."

VIII. THE DISPOSAL MECHANISM FOR DISHONEST CONDUCT BY PARTIES WHO MADE UNDERTAKINGS

As the parties responsible for the mitigation and remedial measures, the Controlling Shareholder, indirect controlling shareholder, the De Facto Controller, directors and senior executives of the Company also have made the undertakings: if we violate or refuse to fulfill the above undertakings and cause losses to Luoyang Glass or its shareholders, we agree to bear corresponding legal liabilities according to laws, regulations and relevant provisions of the securities regulatory authorities.

IX. PROCEDURE FOR THE CONSIDERATION OF THE MITIGATION AND REMEDIAL MEASURES FOR THE DILUTION OF CURRENT RETURN RESULTING FROM THIS ISSUANCE AND RELEVANT UNDERTAKINGS

The mitigation and remedial measures for the dilution of the current return resulting from this Issuance and the relevant undertakings have been considered and passed at the twenty-third meeting of the ninth session of Board of the Company, and will be submitted to the general meeting of the Company for consideration.

CHAPTER 8 OTHER MATTERS THAT NEED TO BE DISCLOSED

As at the date of the announcement of this Proposal, there are no other matters that need to be disclosed under the Non-public Issuance of A Shares.

The Board of Luoyang Glass Company Limited*
20 January 2021

* *For identification purposes only*

LUOYANG GLASS COMPANY LIMITED*
FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM THE 2020 NON-PUBLIC ISSUANCE OF A SHARES

I. INVESTMENT PLAN FOR THE PROCEEDS

The gross proceeds will not exceed RMB2 billion (inclusive). After deducting issuance costs, all of the net proceeds will be used for the following projects:

Unit: RMB0'000

No.	Project name	Total amount of investment	Proposed amount to be used from the proceeds
1	**Project of Photovoltaic Cell Packaging Material for Solar Equipment**	**179,457.00**	**140,000.00**
1.1	CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment	77,968.00	60,000.00
1.2	CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment	101,489.00	80,000.00
2	**Repayment of interest-bearing liabilities and replenishment of working capital**	**–**	**60,000.00**

Before the proceeds are available to be used, the Company shall invest in advance with self-owned funds or self-raised funds according to the actual progress of the projects to be invested in with the proceeds, which will be subsequently replaced according to the procedures as stipulated under the relevant laws and regulations after the proceeds are available to be used. If the net proceeds are lower than the proposed amount to be used from the proceeds for the above projects, the shortfall will be covered by the Company through self-raised funds. Subject to compliance with the relevant laws and regulations and based on the condition of the projects, the board of the Company and its authorized persons will adjust and ultimately determine the specific projects to be invested in with the proceeds, the priority and the specific investment amount for each project according to the actual net proceeds.

II. NECESSITY AND FEASIBILITY ANALYSIS ON THE USE OF PROCEEDS

(I) Project of Photovoltaic Cell Packaging Materials for Solar Equipment

1. Project overview

Driven by the domestic photovoltaic installation demand and the overseas market, the photovoltaic industry shows a stable growing trend. In particular, with the excellent performance such as high generating capacity, strong resistance to PID (potential induced decay) and high reliability, double-glass photovoltaic modules are more suitable for rooftop distributed power plants with higher load capacity and fire prevention requirements, which is an important development direction of crystalline silicon photovoltaic modules. As a key material essential for double-glass photovoltaic modules, there will be a promising market for photovoltaic cell packaging materials.

The Company intends to use the proceeds from the Non-public Issuance of shares of RMB1,400 million to invest in the project of photovoltaic cell packaging materials for solar equipment.

2. Necessity and feasibility analysis on the project

(1) Necessity analysis

1) Active response to the requirements of the national "13th Five-Year" Plan

In the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China, it is stated that "by targeting cutting-edge technologies, adhering to industrial development trends, focusing on key areas and optimizing the integration of policies, we will create space for the growth of emerging industries and gain a competitive advantage in the future, so as to ensure that the added value of strategic emerging industries reaches 15% of China's GDP" and "we will continue to promote the development of wind power and photovoltaic power generation and actively support solar thermal power generation". This project aims to produce ultra-thin photovoltaic cell packaging materials, which is a key link in the new energy photovoltaic power generation industry chain, and positively responds to the requirements of the 13th Five-Year Plan for the national economic and social development.

2) Inevitable requirement for sustainable development under the background of the tight global energy supply and the aggravation of greenhouse effect

With the aggravation of global greenhouse effect, the increasingly tight energy supply and the increasingly stringent requirements on environmental protection in China and abroad, the development and utilization of renewable energy is the only way to cope with the increasingly serious energy and environmental problems, and also the only way to realize sustainable development of human society. The ultra-thin photovoltaic cell packaging materials to be produced in this project are the key materials of the solar double-glass modules, which can convert solar energy into electric energy to reduce human consumption of traditional fossil energy, alleviate the contradiction between energy supply and demand, and realize the harmonious development of human and nature. Therefore, the implementation of this project is in line with the requirements of national sustainable development.

(2) Feasibility analysis on the project

1) Packaging materials for lightweight double-glass photovoltaic modules with outstanding performance and promising market

With the successive running of the photovoltaic power stations, the issue on the quality of the traditional power stations is exposed accordingly. The double-glass modules have unique advantages in the practical application of photovoltaic power stations, which can better address the issues such as the outbreak of snail pattern, PID attenuation and low power generation, and extend the lifecycle of the modules. The double-glass modules lead the future development direction with outstanding advantages. The lightweight feature is the key development trend of the double-glass modules, in which, the most effective way for achieving the thinner double-glass modules is to reduce the thickness of the packaging materials. The thinner packaging materials for photovoltaic cells not only can reduce the packaging costs and transportation costs of modules, but also can be used in roofs, parking lots, agricultural greenhouses and other projects with limited load-bearing capacity, the application scope of which is wider. Meanwhile, it can also significantly reduce the work intensity of installation and improve the installation efficiency, which is adapted to the development direction of the future photovoltaic market.

In combination with the industry prospect of the packaging materials for ultra-thin photovoltaic cells, the implementation of the project is conductive to grasp the future market demand accurately by the listed company, realize the replacement and upgrading of production capacity, so as to increase the market share and the profitability under the increasingly competitive market.

2) Industrial policies in compliance with the requirements under the governments at national and local levels with strong support

In recent years, various industrial policies supporting photovoltaic cell materials have been promulgated by major national ministries and commissions, governments of Anhui Province and its subordinate cities, which principally include:

No.	Policy document	Document-issuing agency	Release date	Major content
1	Outline of the National Program for Long- and Medium-Term Scientific and Technological Development (2006–2020) (國家中長期科學和技術發展規劃綱要(2006-2020年))	The State Council	December 2005	Major research on the relevant materials for solar cell and its key technology, the key technology of materials for fuel cell, the technology for hydrogen storage materials in high capacity, materials for efficient secondary cell and its key technology, and develop the system of efficient energy transformation and energy storage materials

No.	Policy document	Document-issuing agency	Release date	Major content
2	Action Plan for Energy Technical Reform and Innovation (2016–2030) (Fa Gai Neng Yuan [2016] No. 513) (能源技術革命創新行動計劃(2016-2030年)(發改能源[2016]513號)	National Development and Reform Commission and National Energy Administration	June 2016	Deep research on the key technology for the industrialization of the crystalline silicon cell in a more efficient way and with lower cost, develop the key supporting materials Key technology for the industrialization of the crystalline silicon cell in high efficiency and with low cost
3	13th Five-Year National Technology and Innovation Plan ("十三五"國家科技創新規劃)	The State Council	August 2016	Conduct research and development of key manufacturing equipment in the emerging industries including new optical communication devices, semiconductor lighting, efficient photovoltaic cells, MEMS (micro electro mechanical system) sensor, flexible display, new power devices, and next-generation semiconductor materials production, and enhance the independent research and development capacities of key equipment in emerging sectors Conduct research on the system, component, equipment, material and platform of solar photovoltaic, solar thermal application, wind energy, biomass energy, geothermal energy, marine energy, hydrogen energy, renewable energy comprehensive utilization and other technological aspects

No.	Policy document	Document-issuing agency	Release date	Major content
4	Development Strategy of Innovative Improvement to Achieve Breakthroughs and Take the Lead in Construction Material Industry for 2030 (2030年建材工業"創新提升、超越引領"發展戰略)	Former State Administration for Construction Materials	July 2013	Research and development of the new functional materials, high performance structural materials and products of green construction materials surrounded by the development of supportive energy conservation and environmental protection, new energy, new generation of information technology, biology, new materials, new energy vehicles, high-end equipment manufacturing and other strategic emerging industries and green constructions
5	Action Plan to Facilitate the Production and Application of Green Construction Materials (Gong Xin Bu Lian Yuan [2015] No. 309) (促進綠色建材生產和應用行動方案)(工信部聯原[2015]309號)	Ministry of Industry and Information Technology and Ministry of Housing and Urban-Rural Development	August 2015	Encourage the integration of solar optothermal, photovoltaic and architectural equipment to promote the development of optothermal and photovoltaic glass industry

No.	Policy document	Document-issuing agency	Release date	Major content
6	Plan for Development of Innovation Capacity of Industrial Technologies (2016–2020) (Gong Xin Bu Gui [2016] No. 344) (產業技術創新能力發展規劃(2016-2020年)(工信部規[2016]344號)	Ministry of Industry and Information Technology	October 2016	Support the enterprises in strengthening research and development of key technologies and production techniques, improve the efficiency of photovoltaic cells and systems, and reduce the costs of the production and power generation of photovoltaic products to further improve the product quality of the photovoltaic cells and systems
7	Outline of the Thirteenth Five-year Plan of Anhui Province National Economic and Social Development (安徽省國民經濟和社會發展第十三個五年規劃綱要)	Anhui Provincial Government	May 2016	Proactively launch photovoltaic power generation, steadily develop the wind power generation, utilize the biomass energy adapted to local conditions, effectively expand the utilization scale of geothermal energy and air energy, and advance the construction of pumped storage power stations in an orderly manner according to the principle of integrated development combined with distributed utilization

No.	Policy document	Document-issuing agency	Release date	Major content
8	Thirteenth Five-year Plan of Anhui Province of Strategic Emerging Industries (安徽省戰略性新興產業"十三五"發展規劃)	Anhui Provincial Government	February 2017	Accelerate the development of photovoltaic technology with high efficiency and low costs. Support research and development and industrialization of crystalline silicon cells with high efficiency, new thin-film cells, electron grade polysilicon, high-end cutting machine, full-automatic silkscreen printing machine, high purity key material, etc., and improve the technology and equipment level of photovoltaic inverter and smart grid

Therefore, the project is implemented in compliance with the requirements under the national industrial policies and local development plans.

3) Strong technology accumulation

The production technology of the project of photovoltaic cell packaging materials for solar equipment is researched and developed independently by CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司), a subsidiary of Triumph Group (an indirect controlling shareholder of the issuer). This technology was awarded the second prize of the National Science and Technology Progress Awards in 2011, providing strong technology support for the issuer. Meanwhile, the issuer and its subsidiary engaged in the production of the photovoltaic cell packaging materials for solar equipment for several years, independently researched and developed the unique production technology of the anti-PID photovoltaic cell packaging materials for solar equipment. They are equipped with a solid research foundation and have abundant technological achievements, offering a sufficient and reliable technology guarantee for the smooth implementation of the project.

4) Rich experience in management

The issuer has a great number of high-quality engineering management and enterprise management personnel, a sound management system and rich management experience, which provide favorable conditions for the smooth implementation of the project.

3. Details of the project

(1) CNBM (Hefei) New Energy Company Limited (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment*

1) Details of the construction

The Company proposed to invest RMB600,000,000 of the proceeds raised from the Non-public Issuance into "CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment". Details of the planned construction of the project are as follows: (i) five production lines of photovoltaic cell packaging materials for solar equipment; (ii) equipped with a substrate production line for photovoltaic cell packaging materials for solar equipment; (iii) newly built (expanded) buildings such as joint production workshop, scrap edge system, main substation and waste heat boiler room and shift dormitories, with a total construction area of 122,629 m^2; (iv) equipped with pure water system, power supply and distribution system, HVAC system, waste water treatment system, air compression system and other auxiliary production facilities.

2) Implementation entity of the project

The implementation entity of the project is CNBM (Hefei) New Energy Company Limited*(中建材(合肥)新能源有限公司), 100% equity interest of which is held by the issuer.

3) Implementation site of the project

The implementation site of the project is located in the plant of CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司), i.e. No. 601 Changning Avenue, Hefei High-tech Industrial Development Zone, Anhui Province. There are 3 cases of land use rights in the plant, with a total land area of 269,789.24 square meters, the details of which are set out as follows:

No.	Land Use Right Certificate No.	Nature	Type of Use Right	Area (m^2)
1	He Gao Xin Guo Yong (2012) No. 24	Industrial	Transfer	136,119.04
2	He Gao Xin Guo Yong (2015) No. 078	Industrial	Transfer	130,270.70
3	He Gao Xin Guo Yong (2015) No. 079	Industrial	Transfer	3,399.50
Total				**269,789.24**

In summary, the land use rights of the implementation site of the project are owned by the issuer, and the land rights are complete and clear.

4) Products of the project

The key products of the project are photovoltaic cell packaging materials and their side products, including specifically:

Name of products		Annual production capacity	Thickness
Main products	Photovoltaic cell covering plate packaging material	25,000,000 m^2	2.0mm
	Photovoltaic cell back plate packaging material	15,000,000 m^2	2.0mm

5) Examination and Approval Status of the project

As at the announcement date of the proposal, the project has obtained the project filing form with filing No. 2020-340161-30-03-040762 issued by Economic and Trade Bureau in Hefei High-tech Industrial Development Zone. The first draft of the environmental impact assessment has been published, and the environmental impact assessment approval is in process.

6) Investment Estimate

The total investment amount of the project is RMB779,680,000, the proposed amount to be used from the proceeds is RMB600,000,000, and the remaining part shall be raised by self-owned funds, bank loans and other ways.

7) Implementation schedule of the project

The project is planned to be completed and put into operation in November 2021.

8) Analysis of benefits of the project

The calculation period of the financial evaluation of the project shall be 16 years (including: 1 year of construction period and 15 years of production period). It is calculated that the after-tax financial internal rate of return of the project (after income tax) is 16.82%, and the after-tax payback period of the investment is 6.56 years (including the construction period), and the project has good economic benefits.

(2) CNBM (Tongcheng) New Energy Materials Co., Ltd. (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment*

1) Details of the construction

The Company proposed to invest RMB800,000,000 of the proceeds raised from the Non-public Issuance into "CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) Phase I of the Project of Photovoltaic Cell packaging Material for Solar Equipment". Details of the planned construction of the project are as follows: (i) four deep processing production lines of photovoltaic cell packaging materials for solar equipment; (ii) relevant supporting facilities: a substrate production line for photovoltaic cell packaging materials for solar equipment; (iii) air compression station, circulating water system, substation, waste heat power station, flue gas treatment, shift dormitories and other supporting public auxiliary projects.

2) Implementation entity of the project

The implementation entity of the project is CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司), 100% equity interest of which is held by the issuer.

3) Implementation site of the project

The implementation site of the project is located in the existing plant of CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司), i.e. Economic and Technological Development Zone, Tongcheng, Anhui Province. There are 12 cases of land use rights in the plant, with a total land area of 332,564.36 square meters, the details of which are set out as follows:

No.	Land Use Right Certificate No.	Nature	Type of Use Right	Area (m^2)
1	Wan (2016) Tongcheng Real Estate No. 0000870	Industrial	Transfer	149,617.7
2	Wan (2016) Tongcheng Real Estate No. 0000868	Industrial	Transfer	
3	Wan (2016) Tongcheng Real Estate No. 0000873	Industrial	Transfer	
4	Wan (2016) Tongcheng Real Estate No. 0000867	Industrial	Transfer	
5	Wan (2016) Tongcheng Real Estate No. 0000875	Industrial	Transfer	
6	Wan (2016) Tongcheng Real Estate No. 0000871	Industrial	Transfer	
7	Wan (2016) Tongcheng Real Estate No. 0000869	Industrial	Transfer	
8	Wan (2016) Tongcheng Real Estate No. 0000872	Industrial	Transfer	
9	Wan (2016) Tongcheng Real Estate No. 0000929	Industrial	Transfer	

No.	Land Use Right Certificate No.	Nature	Type of Use Right	Area (m^2)
10	Wan (2016) Tongcheng Real Estate No. 0000874	Industrial	Transfer	
11	Wan (2016) Tongcheng Real Estate No. 0000876	Industrial	Transfer	182,946.66
12	Wan (2016) Tongcheng Real Estate No. 0000877	Industrial	Transfer	
Total				**332,564.36**

In summary, the land use rights of the implementation site of the project are owned by the issuer, and the land rights are complete and clear.

4) Products of the project

The key products of the project are photovoltaic cell packaging materials and their side products, including specifically:

Name of products		Annual production capacity (0,000 m^2)
Photovoltaic Cell Packaging Materials for Solar Equipment		4000
Including	Covering plate	2700
	Back plate	1300
Substrate		2200

5) Examination and Approval Status of the project

As at the announcement date of the proposal, the project has obtained the project filing form with filing No. 2020-340899-30-03-041063 issued by Tongcheng Development and Reform Commission. The environmental impact assessment approval is in process.

6) Investment Estimate

The total investment amount of the project is RMB1,014,890,000, the proposed amount to be used from the proceeds is RMB800,000,000, and the remaining part shall be raised by self-owned funds, bank loans and other ways.

7) Implementation schedule of the project

The project is planned to be completed and put into operation in May 2022.

8) Analysis of benefits of the project

The calculation period of the financial evaluation of the project shall be 16 years (including: 1 year of construction period and 15 years of production period). It is calculated that the after-tax financial internal rate of return of the project (after income tax) is 17.35%, and the after-tax payback period of the investment is 6.49 years (including the construction period), and the project has good economic benefits.

(II) Repayment of interest-bearing liabilities and replenishment of working capital

1. Summary of the project

The Company proposed to invest not more than RMB600,000,000 proceeds to repay interest-bearing liabilities and replenish working capital so as to promote the business development of the Company, optimize the Company' capital structure and reduce the Company' financial risks.

2. Necessity and feasibility analysis of the project

(1) With the expansion of the Company's business scale, the daily production and operation activities have a greater demand for the working capital

From 2017 to 2019, the operating revenue of the Company is RMB367,047,100, RMB1,402,748,200 and RMB1,854,842,200, respectively, with an compound annual growth rate of 124.80%. At the same time, the Company's accounts receivable scale also keeps growing. The carrying amount of accounts receivable increases from RMB105,313,000 at the end of 2017 to RMB562,892,700 at the end of 2019. In the future, the Company's demand for working capital will also be significantly increased due to the further development of the Company's business in the future, the implementation of the investment projects and the extension of the industry chain.

(2) Be conducive to the Company's optimization of the capital structure, and enhance its capability to resist financial risks

In recent years, the Company's demand for capital has been increasing and the scale of the interests expenditure is relatively large as the business scale of the Company continues to expand. By the issuance of shares to specific target subscribers, the Company's gearing ratio will be decreased relatively, the debt-paying ability will be improved and the Company's capital strength and anti-risk capability will be further enhanced. Meanwhile, the Company will reduce the demand on short-term loan by replenishing working capital, so as to reduce financial expenses, decrease financial risks and operation pressure, further improve the Company's profitability and enhance the Company's long-term sustainable development capability.

(3) The issuance of shares to specific target subscribers to raise proceeds complies with the provisions of laws and regulations

The issuance of shares to specific target subscribers to raise proceeds by the Company complies with the relevant policies and laws and regulations, and thus it is feasible. After the proceeds from the issuance of shares to specific target subscribers are available, the Company's gearing ratio will be decreased relatively, which is conducive to reduce the Company's financial risks, improve the quality of assets, enhance profitability, and provide sufficient capital guarantee for the Company's operation and development.

(4) The implementation entity of the investment project for the issuance of shares to specific target subscribers to raise proceeds has established a sound governance standard and internal control system

The Company has established a modern enterprise system centered on a corporate governance structure in accordance with the governance standards of listed companies and formed a relatively standardized corporate governance system and a comprehensive internal control environment by continuous improvement and optimization.

In terms of the management of the proceeds, the Company has formulated the Measures of Proceeds Management, and it will also make clear provisions on the storage, investment change, management and supervision of the special account for proceeds in accordance with the latest regulatory requirements. After the proceeds from the issuance of shares to specific target subscribers are available, the board of the Company will continue to supervise the storage and use of the proceeds so as to ensure the reasonable and standardized use of the proceeds and prevent risks in the use of the proceeds.

3. Approvals for the project

The project does not involve approval matters such as land use, development and reform commission filing, environmental assessment, etc.

4. Investment estimates

It is expected that not more than RMB600 million of the proceeds from the Non-public Issuance of A Shares is intended to be used for repayment of interest-bearing liabilities and replenishment of working capital.

5. Analysis of benefits of the project

The use of the proceeds raised for repayment of interest-bearing liabilities and replenishment of working capital will alleviate the pressure of working capital on the Company, reduce the related finance expenses and improve the profitability of the Company.

III. IMPACT OF THE NON-PUBLIC ISSUANCE ON THE OPERATION MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY

(I) Impact of the Issuance on the Operation Management of the Company

The use of the proceeds from the Non-public Issuance of Shares for the project of photovoltaic cell packaging materials for solar equipment is beneficial for the issuer to seize opportunities for development in the industry and take the lead in planning for the double-glass photovoltaic modules packaging materials with promising market in the future, which can help the Company to consolidate its leading position in float glass manufacturing and sales industry and establish its long-term competitive advantages and core competitiveness in the market.

The use of the proceeds from the issuance for repayment of interest-bearing liabilities and replenishment of working capital is beneficial for the Company to further enhance its capital strength, strengthen its competitive advantages and improve its overall strength, as well as optimize its capital structure, reduce financial risks facing by it and achieve its long-term sustainable development.

To sum up, the implementation of the Non-public Issuance will further strengthen the Company's capital strength to meet the demand of the Company for capital for its strategic business development, enhance the Company's management and operation efficiency, and strengthen the Company's market competitiveness, thereby helping the Company to achieve its long-term sustainable development and facilitating the rapid and steady growth of the value of the Company and the interests of the shareholders.

(II) Impact of the Issuance on the Financial Position of the Company

The use of the proceeds from the Non-public Issuance for the project of photovoltaic cell packaging materials for solar equipment is conducive to increasing the operating income and profit of the Company in the future.

For 2017, 2018, 2019 and January to September 2020, among the finance expenses of the Company, the interest expenses amounted to RMB26,379,500, RMB67,533,800, RMB92,019,500 and RMB81,759,200, respectively, accounting for 78.36%, 210.08%, 106.01% and 59.24% of the total profit of the Company. Not more than RMB600 million of the proceeds from the Non-public Issuance project will be used for repayment of interest-bearing liabilities and replenishment of working capital. After the receipt of abovementioned proceeds, the capital strength of the Company will be further consolidated, which will help optimize the capital structure of the Company, reduce its finance expenses and enhance its risk resistance capability. After the repayment of the interest-bearing liabilities, the cash to be paid by the Company for repayment of interest is expected to decrease, which will improve the cash flow in financing activities of the Company in the future. The reduction in finance expenses and the further enhancement in profitability will further strengthen the Company's ability to provide continuous return to its shareholders, which is in line with the goal to maximize shareholders' interests.

IV. CONCLUSION ON FEASIBILITY OF THE USE OF THE PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF SHARES

The plan for the use of proceeds from the Non-public Issuance of shares for investment complies with the relevant industrial policies, laws and regulations of the state as well as the overall strategy and development plan of the Company, and it is necessary and feasible. The utilization of the proceeds, after received, is conducive to meeting the Company's needs for capital for its business development, enhancing its overall strength and profitability, strengthening its subsequent financing ability and sustainable development ability and strengthening its core competitiveness in the market, thus laying a foundation for the realization of the strategic goals of its development, which is in the interests of the Company and all shareholders.

The Board of Luoyang Glass Company Limited*
30 December 2020

* *For identification purposes only*

LUOYANG GLASS COMPANY LIMITED* SPECIAL REPORT ON UTILISATION OF PREVIOUSLY RAISED PROCEEDS

In accordance with the Regulations on the Report on the Utilisation of Previously Raised Proceeds (《關於前次募集資金使用情況報告的規定》) (Zheng Jian Fa Xing Zi [2007] No. 500) issued by the China Securities Regulatory Commission (the "**CSRC**"), the Company hereby reports the utilisation of previously raised proceeds as of 31 December 2019 as follows:

I. INFORMATION ON THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Amount of previously raised proceeds and time of receipt

As approved by the CSRC with the Approval on Purchase of Assets by Issue of Shares to China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司) and Raising of Supporting Funds by Luoyang Glass Company Limited* (《關於核准洛陽玻璃股份有限公司向中國洛陽浮法玻璃集團有限責任公司發行股份購買資產並募集配套資金的批覆》) (Zheng Jian Xu Ke [2015] No. 2813), in January 2016, Luoyang Glass Company Limited* (洛陽玻璃股份有限公司) (the "**Company**") issued 11,748,633 RMB-denominated ordinary shares (A Shares) to specific investors at the issue price of RMB18.30 per share through non-public issuance. The total amount of proceeds raised was RMB214,999,983.90, and the actual net proceeds raised was RMB209,624,984.30 after deducting the issuance expenses (underwriting fees) of RMB5,374,999.60. On 26 January 2016, the above-mentioned proceeds were received by the Company and deposited into the special accounts of the Company for the proceeds. WUYIGE Certified Public Accountants LLP has verified the receipt of such proceeds, and also issued the capital verification report of Da Xin Yan Zi [2016] No. 2–00009.

2. Deposit of the previously raised proceeds in the special accounts

As of 31 December 2019, the previously raised proceeds of the Company were used up. Details of the deposit of the previously raised proceeds in the special accounts are as follows:

On 26 January 2016, the Company entered into the Supervision Agreement on the Deposit of Proceeds in the Special Accounts with Morgan Stanley Huaxin Securities

Company Limited, the independent financial advisor of the Company, Bank of Communications Co., Ltd. Luoyang Branch and China CITIC Bank Corporation Limited Luoyang Branch, pursuant to which the Company opened 2 special accounts to deposit the proceeds in these banks. The account number of special accounts opened by the Company for the proceeds at each of Bank of Communications Co., Ltd. Luoyang Branch and China CITIC Bank Corporation Limited Luoyang Branch was 413069800018800002860 and 8111101013600178830, with the initial deposit amount of RMB0 and RMB209,624,984.30, respectively. Such proceeds were used up, and the above special accounts were cancelled in February 2017 and March 2017, respectively.

(II) Issuance of shares for assets acquisition in 2018

As approved by the CSRC with the Approval on Purchase of Assets by Issue of Shares to China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司) and others and Raising of Supporting Funds by Luoyang Glass Company Limited* (《關於核准洛陽玻璃股份有限公司向中國洛陽浮法玻璃集團有限責任公司等發行股份購買資產並募集配套資金的批覆》) (Zheng Jian Xu Ke [2018] No. 475), the Company issued 10,097,588 shares to China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司) ("**CLFG**") and 3,029,276 shares to Hefei Gaoxin Development and Investment Group Company* (合肥高新建設投資集團公司) ("**Hefei Gaoxin Investment**") to acquire 100% equity interest in CNBM (Hefei) New Energy Co., Ltd.* (中建材(合肥)新能源有限公司) ("**Hefei New Energy**"), issued 6,377,490 shares to Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司) ("**Huaguang Group**"), 2,365,976 shares to CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司) ("**Bengbu Institute**") and 708,610 shares to China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) ("**International Engineering**") to acquire 100% equity interest in CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) ("**Tongcheng New Energy**"), and issued 7,508,991 shares to Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司) ("**Triumph Group**"), 1,877,247 shares to Yixing Environmental Technology Innovation Venture Investment Co., Ltd.* (宜興環保科技創新創業投資有限公司) ("**Yixing Environmental Technology**") and 1,065,338 shares to GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司) ("**GCL System Integration**") to acquire 70.99% equity interest in CNBM (Yixing) New Energy Resources Co., Ltd.* (中建材(宜興)新能源有限公司) ("**Yixing New Energy**"), at the issue price of RMB23.45 per share.

According to the Zheng Jian Xu Ke [2018] No. 475, the Company was approved to raise the supporting funds of not more than RMB511,865,700 through non-public issuance of shares. In March 2019, the raising of supporting funds was terminated accordingly due to the automatic invalidation of the approval upon expiry of the validity period.

This issuance of the Company was to issue shares for assets acquisition without raising monetary funds, and therefore no deposit of the proceeds in a special account was involved thereunder.

II. ACTUAL UTILISATION OF THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Comparison table of the utilisation of proceeds

Please refer to Appendix 1 for the comparison table of the utilisation of the previously raised proceeds as of 31 December 2019.

2. Changes in the proceeds

There was no change in the investment projects funded by the proceeds.

3. Difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds and the explanation thereof

There was no difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds.

4. External transfer or replacement of the investment projects funded by the previously raised proceeds

There was no external transfer or replacement of investment projects funded by the previously raised proceeds.

5. Utilisation of idle proceeds

There was no utilisation of the idle proceeds.

6. Information on the unutilised funds from the previously raised proceeds

There were no unutilised funds from the previously raised proceeds.

(II) Issuance of shares for assets acquisition in 2018

1. Comparison table for the utilisation of proceeds

Not applicable.

2. Changes in the proceeds

There was no change in investment projects funded by the proceeds.

3. Difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds and the explanation thereof

There was no difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds.

4. External transfer or replacement of the investment projects funded by the previously raised proceeds

There was no external transfer or replacement of investment projects funded by the previously raised proceeds.

5. Utilisation of idle proceeds

There was utilisation of the idle proceeds.

6. Information on the unutilised funds from the previously raised proceeds

There were no unutilised funds from the previously raised proceeds.

III. ECONOMIC BENEFITS REALISED FROM THE INVESTMENT PROJECTS FUNDED BY THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Comparison table of the benefits realised from the investment projects funded by the previously raised proceeds

Please refer to Appendix 2 for the comparison table of the benefits realised from the investment projects funded by the previously raised proceeds.

2. Explanation on benefits realised from the investment projects funded by the previously raised proceeds which cannot be accounted separately

Not applicable.

3. Explanation on accrued gains realised from the investment projects funded by the previously raised proceeds with less than 20% (inclusive) or above of those as committed

Not applicable.

(II) Issuance of shares for assets acquisition in 2018

1. Comparison table of the benefits realised from the investment projects funded by the previously raised proceeds

Please refer to Appendix 3 for the comparison table of the benefits realised from the investment projects funded by the previously raised proceeds.

2. Explanation on benefits realised from the investment projects funded by the previously raised proceeds that cannot be accounted separately

Not applicable.

3. Explanation on accrued gains realised from the investment projects funded by the previously raised proceeds with less than 20% (inclusive) or above of those as committed

(1) Reasons for gains realised in 2018 being lower than those as committed

The principal businesses of three companies of Hefei New Energy, Tongcheng New Energy and Yixing New Energy (hereinafter referred to as the Target Companies) are research and development, production and sales of photovoltaic glass and the end users are the photovoltaic power stations, which are greatly affected by the national policy on the photovoltaic industry. On 31 May 2018, the National Development and Reform Committee, the Ministry of Finance and the National Energy Administration jointly issued the "Notice on Matters Related to Photovoltaic Power Generation in 2018" (《關於2018年光伏發電有關事項的通知》) (the "**531 New Policy**") to control the scale of distributed photovoltaic power and lower subsidy standards of on-grid tariff, which caused great impact on the photovoltaic industry, resulted in a decline in the market price of glass for photovoltaic modules. Although the photovoltaic glass market gradually stabilized and picked up with the increase in price in the fourth quarter of 2018, the annual average sales price decreased to a certain extent over 2017. As affected by the "**531 New Policy**", the policy environment of the photovoltaic industry in 2018 changed significantly as compared with that when the profit forecast was made, resulting in that the operating income and net profit of Target Companies fell short of expectations in 2018.

(2) Reasons for gains realised in 2019 being lower than those as committed

As affected by a number of factors, the profit growth of Hefei New Energy and Tongcheng New Energy in 2019 fell short of expectations. The specific reasons are set out as follows:

① Under the continuing impact of the "531 PV Policy" promulgated in 2018, the domestic photovoltaic glass market underperformed in 2019, albeit the upturn as compared to the second half of 2018, which resulted in certain adverse impact on the operating results of Hefei New Energy and Tongcheng New Energy, with both market demand and selling price of products falling short of expectations;

② The photovoltaic original glass production line of Tongcheng New Energy underwent technological renovation in March 2019 and was ignited for production on 20 June 2019, which affected the supply of original glass during the reporting period, resulting in the decline in manufacture and sales volume, and in turn prejudiced the revenue and profitability;

③ Costs for raw materials and energy power used in the production of photovoltaic glass accounted for a large proportion of the production costs. Cost control was under pressure due to continuous increase in prices of raw materials and fuels, such as silica sand and natural gas, during the reporting period;

④ Given the capital chain rupture or even bankruptcy of certain downstream customers under the impact of the "531 PV Policy", provision for credit impairment losses was made for the relevant receivables based on the prudence principle. In particular, the provision for credit impairment losses of each of Hefei New Energy and Tongcheng New Energy was RMB15,800,000 and RMB3,840,000 respectively, which affected the net profit of the two companies during the reporting period.

IV. OPERATION OF ASSETS IN THE INVESTMENT PROJECTS FUNDED BY THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Change in asset ownership

The transaction was the purchase of the 100% equity interest in Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司) held by China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司) by way of issue of shares and payment of difference in cash. On 14 December 2015, 100% equity interest in Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司) was transferred to the Company, and it became a wholly-owned subsidiary of the Company.

2. *Change in the carrying amount of assets*

Unit: RMB'0,000

Item	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Total assets	87,580.63	95,630.68	106,686.73	90,723.73	79,008.59
Total liabilities	12,846.44	16,008.71	24,251.72	15,083.46	9,054.08
Owners' equity	74,734.19	79,621.97	82,435.01	75,640.27	69,954.52

3. *Production and operation*

Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司) is principally engaged in the development, production, sale and deep processing of ultra-thin glass, as well as the sale and relevant technical services of the primary materials, auxiliary materials related to glass and other glass products.

4. *Benefits contribution*

Unit: RMB'0,000

Item	2019	2018	2017	2016
Net profit	1,112.22	3,372.17	6,794.74	5,685.76
Net profit after deducting the non-recurring profit or loss	-376.69	992.80	5,437.83	3,517.10

5. *Fulfillment of performance undertaking*

The Company has not entered into a performance undertaking compensation agreement with China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), the counterparty, and no revenue undertaking was made on the investment projects funded by the proceeds.

(II) Issuance of shares for assets acquisition in 2018

1. Change in asset ownership

On 23 March 2018, 100% equity interest in Hefei New Energy was transferred to the Company and the formalities for alteration of relevant industrial and commercial registration were completed, and Hefei New Energy obtained a new business license (Unified social credit code: 91340100570418775Y) issued by the Industrial and Commercial Administration Bureau of Hefei.

On 27 March 2018, 100% equity interest in Tongcheng New Energy was transferred to the Company and the formalities for alteration of relevant industrial and commercial registration were completed, and Tongcheng New Energy obtained a new business license (Unified social credit code: 91340881567507232G) issued by the Administration for Market Regulation of Tongcheng.

On 13 April 2018, 70.99% equity interest in Yixing New Energy was transferred to the Company and the formalities for alteration of relevant industrial and commercial registration were completed, and Yixing New Energy obtained a new business license (Unified social credit code: 91320282MA1MXWBJ1H) issued by the Administration for Market Regulation of Yixing.

2. Change in the carrying amount of assets

Unit: RMB'0,000

	Hefei New Energy		Tongcheng New Energy		Yixing New Energy	
Item	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
Total assets	122,628.98	125,482.38	65,438.25	56,185.76	121,964.58	104,933.43
Total liabilities	82,863.67	103,797.41	39,918.77	31,955.52	82,417.48	70,419.60
Owners' equity	39,765.31	21,684.98	25,519.48	24,230.24	39,547.10	34,513.83

3. Production and operation

The Target Companies are principally engaged in the research and development, production and sales of photovoltaic original glass and its further processed products. The photovoltaic glass produced is ultra-white rolled glass, which is mainly used as cover plate to encapsulate solar cells and is the key material of solar cell modules. The production and operation of the Target Companies are normal.

4. Benefits contribution

Unit: RMB'0,000

Item	Hefei New Energy		Tongcheng New Energy		Yixing New Energy	
	2019	2018	2019	2018	2019	2018
Net profit	4,280.33	1,327.97	1,289.24	818.08	5,033.28	1,498.97
Net profit after deducting the non-recurring profit or loss	4,055.42	1,084.88	966.22	697.22	4,791.26	1,166.91

5. Fulfillment of performance undertaking

According to the profit guarantee indemnity agreements in relation to acquisition of assets by issuance of shares and the supplemental agreements entered into between the Company and CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute, International Engineering, Triumph Group, Yixing Environmental Technology and GCL System Integration, respectively, the profit compensation periods are 2018, 2019 and 2020. The counterparties guaranteed that the actual net profits achieved by the Target Companies during the profit compensation periods shall not be lower than the net profits undertook by the counterparties that the Target Companies shall realize during the profit compensation periods. In the event that the Target Companies fail to achieve the undertaken net profits, counterparties shall calculate the amount of compensation payable each year and the number of shares to be compensated in accordance with "Determination of the amount of compensation" of the agreements. The number of shares to be compensated shall be repurchased by the Company at a total price of RMB1.00; if the shares of the Company held by the counterparties through this reorganization are insufficient to make up the amount of compensation payable in the current period, counterparties shall make up the difference with its own or self-raised cash.

For 2018, the counterparties to the transaction had undertaken that the audited net profits after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy would not be lower than RMB61.6788 million, RMB26.3671 million and RMB33.3703 million, respectively. According to the annual audit reports for 2018 of the three Target Companies issued by WUYIGE Certified Public Accountants LLP, the audited net profits after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2018 were RMB10.8488 million, RMB6.9722 million and RMB11.6691 million, respectively, resulting in their failure to complete the performance commitments, with shortfalls amounting to RMB50.83 million, RMB19.3949 million and RMB21.7012 million, respectively. According to the compensation mode and calculation formula as agreed in the compensation agreement, the total number of shares to be compensated with by the guarantors is 7,400,882, and the Company shall repurchase the compensation shares for underperformance at a total repurchase price of RMB3.00 and cancel such shares subsequently. On 10 December 2019, the Company completed the transfer of the above-mentioned 7,400,882 repurchased shares, and completed deregistration of the repurchased shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

For 2019, the counterparties to the transaction had undertaken that the audited net profit after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy would not be lower than RMB69.3949 million, RMB26.7199 million and RMB41.245 million, respectively. According to the annual audit reports for 2019 of the three Target Companies issued by WUYIGE Certified Public Accountants LLP, the audited net profit after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2019 were RMB40.5542 million, RMB9.6622 million and RMB47.9126 million, respectively, resulting in failure of Hefei New Energy and Tongcheng New Energy to complete their performance commitments, with shortfalls amounting to RMB28.8407 million and RMB17.0577 million, respectively, Yixing New Energy completed its performance commitments for 2019. According to the compensation mode and calculation formula as agreed in the compensation agreement, the total number of shares to be compensated with by the relevant guarantors is 3,856,077, and the Company shall repurchase the compensation shares for underperformance at a total repurchase price of RMB2.00 and cancel such shares subsequently. On 5 November 2020, the Company completed the transfer of the above-mentioned 3,856,077 repurchased shares, and completed deregistration of the repurchased shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

V. COMPARISON OF THE ACTUAL UTILISATION OF THE PREVIOUSLY RAISED PROCEEDS WITH INFORMATION DISCLOSURE

As verified and confirmed item by item between the actual utilisation of proceeds raised in the previous fund raising activities and the application as disclosed in the Company's periodic reports and other information disclosure documents, the actual utilisation is in line with the disclosure.

Appendix 1: Comparison table of the utilisation of the proceeds raised in 2016

Appendix 2: Comparison table of the benefits realised from the investment projects funded by the proceeds raised in 2016

Appendix 3: Comparison table of the benefits realised from the investment projects in relation to issuance of shares for assets acquisition in 2018

Luoyang Glass Company Limited*
30 December 2020

APPENDIX 1:

Comparison table of the utilisation of the proceeds raised in 2016

Prepared by: Luoyang Glass Company Limited* *Unit: RMB'0,000*

Total amount of proceeds：			21,500.00			Accumulated amount of proceeds used: 21,500.00				
						Total amount of proceeds used in each year: 21,500.00				
Total amount of proceeds subject to change of use:			0							
Percentage of total amount of proceeds subject to change of use:			0							
Investment Projects			Total investment with the proceeds			Accumulated amount of proceeds invested as at the cut-off date			Difference between actual amount invested and committed investment amount after fund raising activities	The date on which the project is expected to be available (or the completion progress of the project as at the cut-off date)
No.	Committed investment project	Actual investment project	Committed investment amount before fund raising activities	Committed investment amount after fund raising activities	Actual amount invested	Committed investment amount before fund raising activities	Committed investment amount after fund raising activities	Actual amount invested		
1	Payment of cash consideration to China Luoyang Float Glass (Group) Company Limited for acquisition of partial assets which are for replacement of differences	Payment of cash consideration to China Luoyang Float Glass (Group) Company Limited for acquisition of partial assets which are for replacement of differences	9,072.97	9,072.97	9,072.97	9,072.97	9,072.97	9,072.97	0	Completed
2	Payment of transaction related tax (issuance fee inclusive)	Payment of transaction related tax (issuance fee inclusive)	1,963.53	1,963.53	1,963.53	1,963.53	1,963.53	1,963.53	0	Completed
3	Replenishment of working capital	Replenishment of working capital	10,463.50	10,463.50	10,463.50	10,463.50	10,463.50	10,463.50	0	Completed
Total			21,500.00	21,500.00	21,500.00	21,500.00	21,500.00	21,500.00	0	

APPENDIX 2:

Comparison table of the benefits realised from the investment projects funded by the proceeds raised in 2016

Prepared by: Luoyang Glass Company Limited* *Unit: RMB'0,000*

Actual investment project		Accumulated capacity utilization rate of investment project as at the cut-off date	Committed benefits	Actual benefits of the last three years			Accumulated realised benefits as at the cut-off date	Whether or not the estimated benefits are achieved
No.	Project name			2017	2018	2019		
1	Payment of cash consideration to China Luoyang Float Glass (Group) Company Limited for acquisition of partial assets which are for replacement of differences	N/A	N/A	5,437.83	992.80	-376.69	9,571.04	N/A
2	Payment of transaction related tax (issuance fee inclusive)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Replenishment of working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: The realised benefits are net profit after deducting the non-recurring profit or loss, and the accumulated benefits realised as at the cut-off date include the realised benefits in 2016.

Note 2: The economic benefits of the payment of transaction related tax (issuance fee inclusive) and replenishment of working capital cannot be counted separately.

APPENDIX 3:

Comparison table of the benefits realised from the investment projects in relation to issuance of shares for assets acquisition in 2018

Prepared by: Luoyang Glass Company Limited* *Unit: RMB'0,000*

Actual investment project		Accumulated capacity utilization rate of investment project as at the cut-off date	Committed benefits			Actual benefits of the last three years			Accumulated realised benefits as at the cut-off date	Whether or not the estimated benefits are achieved
No.	Project name		2018	2019	2020	2018	2019	2020		
1	Acquisition of 100% equity interest in Hefei New Energy by way of issuance of shares	N/A	6,167.88	6,939.49	7,415.56	1,084.88	4,055.42		5,140.30	No
2	Acquisition of 100% equity interest in Tongcheng New Energy by way of issuance of shares	N/A	2,636.71	2,671.99	2,707.27	697.22	966.22		1,663.44	No
3	Acquisition of 70.99% equity interest in Yixing New Energy by way of issuance of shares	N/A	3,337.03	4,124.50	4,714.75	1,166.91	4,791.26		5,958.17	No

Note: The committed benefits, actual benefits and accumulated benefits realised are all net profit after deducting the non-recurring profit or loss.

* *For identification purposes only*

Stock Code: 600876 Stock Abbreviation: Luoyang Glass Announcement No.: Lin 2020-045

LUOYANG GLASS COMPANY LIMITED*
ANNOUNCEMENT ON RISK ALERT ON THE DILUTION OF CURRENT RETURNS DUE TO THE NON-PUBLIC ISSUANCE OF SHARES AND THE REMEDIAL MEASURES

The board of directors of the Company and all its directors guarantee that, this announcement does not contain any false information, misleading statement or material omission, and severally and jointly accept responsibility for the authenticity, accuracy and completeness of the contents of this announcement.

The relevant resolutions on the non-public issuance of shares of the Company (the "**Non-public Issuance**" or the "**Issuance**") were considered and passed at the twenty-third meeting of the ninth session of the board of directors of Luoyang Glass Company Limited* (the "**Company**" or "**Luoyang Glass**"). According to the relevant requirements of the Opinion of General Office of the State Council on Further Enhancing Protection of Rights and Interests of Minority Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Guiding Opinion on Matters concerning the Dilution of Current Return in Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement [2015] No. 31) (《發於首發及再融資重大資產重組攤薄即期回報有關事項的指導意見》(証監會公告[2015]31號)) as well as other laws, regulations, rules and other normative documents, the Company has analyzed the possible influence of the Non-public Issuance of shares on ordinary shareholders' equity and current returns, and proposed mitigation and remedial measures based on the actual situations, while the relevant parties have made commitments to ensure the fulfillment of the mitigation and remedial measures.

I. IMPACT OF DILUTION OF CURRENT RETURNS RESULTING FROM THE NON-PUBLIC ISSUANCE ON THE KEY FINANCIAL INDEXES OF THE COMPANY

(I) Calculation assumptions

1. It is assumed that there are no major adverse changes in the macroeconomic environment and conditions of the stock market as well as the operating environment of the Company;

2. It is assumed that the Non-public Issuance is expected to be completed on July 31, 2021, for which it is only an assumption, does not constitute a commitment to the actual completion date and subject to the final actual completion time after the CSRC approved the Issuance;

3. The number of shares under this Non-public Issuance is 164,562,129 (which is an estimate and subject to the number of shares approved by the CSRC and actually issued); the total proceeds from this Non-public Issuance of A Shares are RMB2 billion (inclusive), without considering the impact of deducting the issue expenses (the scale of the proceeds to be actually received from the Non-Public Issuance is subject to the verification and approval by regulatory departments, the subscription in the issuance, the issuance fees, etc.);

4. It is assumed that except for the Non-public Issuance, there will be no other circumstances that will cause changes to the Company's share capital in 2021;

5. It is assumed that the impact on the business operation and financial position of the Company (such as operating revenue, financial expense, investment income, etc.) upon receipt of the proceeds from the Non-public Issuance is not taken into account;

6. The net profit attributable to the shareholders of the parent company of the Company for the first three quarters of 2020 amounted to RMB82.0114 million, and the net profit attributable to the shareholders of the parent company after deducting non-recurring profit or loss amounted to RMB70.6576 million; assuming that the net profit attributable to the shareholders of the parent company and the net profit attributable to the shareholders of the parent company after deducting non-recurring profit or loss for 2020 equal to their respective index for the first three quarters of 2020 multiplied by 4/3 respectively; (such assumption is not indicative of the judgment of the Company on its operating conditions and trends for 2020 and does not constitute a profit forecast of the Company);

7. It is assumed that the net profit of the Company for 2021 will be calculated based on the following 3 circumstances (which are not indicative of the judgment of the Company on its operating conditions and trends for 2021 and do not constitute a profit forecast of the Company):

   Scenario 1: assuming that the net profit attributable to the shareholders of the listed company for 2021 is the same as that for 2020;

   Scenario 2: assuming that the net profit attributable to the shareholders of the listed company for 2021 is 10% higher than that for 2020;

   Scenario 3: assuming that the net profit attributable to the shareholders of the listed company for 2021 is 10% lower than that for 2020;

8. Without taking into account the impact of the proceeds from the Non-public Issuance on the production and operation as well as the financial conditions, such as operating revenue, financial expense and investment income, of the Company nor the issuance expense of the calculation;

The above assumptions and the calculation on the impact of the dilution of current returns resulting from the Non-public Issuance on the Company's key financial indexes do not represent the Company's judgment on its operating conditions and trends for 2020 and 2021 and do not constitute a profit forecast of the Company. Investors should not make investment decisions in reliance thereon. If investors make investment decisions based on this assumption analysis and suffer loss, the Company shall not be liable.

(II) Impact on the key financial indexes

Impact of the dilution of current return resulting from the Non-public Issuance on the key financial indexes of the Company is calculated based on the assumptions above as follows:

Item	For the year of 2020/as at 31 December 2020	For the year of 2021/as at 31 December 2021	
		Before the Issuance	After the Issuance
Total share at the end of period *(0'000 shares)*	54,854.04	54,854.04	71,310.26
Total amount of proceeds raised *(RMB0'000)*	200,000.00		
Number of shares under the Issuance *(0'000 shares)*	16,456.21		
Assumption 1: The net profit attributable to shareholders of the listed company in 2021 remains unchanged as compared to 2020			
Basic earnings per share *(RMB/share)*	0.1993	0.1993	0.1772
Diluted earnings per share *(RMB/share)*	0.1993	0.1993	0.1772
Basic earnings per share after deduction of non- recurring profit or loss *(RMB/share)*	0.1717	0.1717	0.1527
Diluted earnings per share after deduction of non- recurring profit or loss *(RMB/share)*	0.1717	0.1717	0.1527
Weighted average return on net assets *(%)*	8.08%	7.47%	4.76%
Weighted average return on net assets after deduction of non-recurring profit or loss *(%)*	7.00%	6.44%	4.10%

Item	For the year of 2020/as at 31 December 2020	For the year of 2021/as at 31 December 2021	
		Before the Issuance	After the Issuance
Assumption 2: The net profit attributable to shareholders of the listed company in 2021 increases by 10% as compared to 2020			
Basic earnings per share *(RMB/share)*	0.1993	0.2193	0.1949
Diluted earnings per share *(RMB/share)*	0.1993	0.2193	0.1949
Basic earnings per share after deduction of non-recurring profit or loss *(RMB/share)*	0.1717	0.1889	0.1679
Diluted earnings per share after deduction of non-recurring profit or loss *(RMB/share)*	0.1717	0.1889	0.1679
Weighted average return on net assets *(%)*	8.08%	8.19%	5.23%
Weighted average return on net assets after deduction of non-recurring profit or loss *(%)*	7.00%	7.06%	4.50%
Assumption 3: The net profit attributable to shareholders of the listed company in 2021 decreases by 10% as compared to 2020			
Basic earnings per share *(RMB/share)*	0.1993	0.1794	0.1595
Diluted earnings per share *(RMB/share)*	0.1993	0.1794	0.1595
Basic earnings per share after deduction of non-recurring profit or loss *(RMB/share)*	0.1717	0.1546	0.1374
Diluted earnings per share after deduction of non-recurring profit or loss *(RMB/share)*	0.1717	0.1546	0.1374
Weighted average return on net assets *(%)*	8.08%	6.75%	4.30%
Weighted average return on net assets after deduction of non-recurring profit or loss *(%)*	7.00%	5.82%	3.70%

Note: The basic earnings per share and the diluted earnings per share are calculated based on the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Rate of Return on Net Assets and Earnings per Share (《公開發行證券的公司信息披露編報規則第9號－淨資產收益率和每股收益的計算及披露》).

II. SPECIAL RISK REMINDER FOR THE DILUTION OF CURRENT RETURNS RESULTING FROM THE NON-PUBLIC ISSUANCE

After the completion of the Non-public Issuance, the Company's total share capital and net assets will increase in size, and the use of proceeds raised and the relevant benefits delivery will take a certain period. With the increase in the Company's total share capital and net assets, there will be a dilution risk on the Company's current returns for the year after the completion of the Non-public Issuance if the Company's profits do not increase correspondingly. In addition, once the assumptions of the aforementioned analysis or the Company's operating conditions have changed significantly, the dilution of current returns resulting from the Non-public Issuance may change.

The investors are reminded especially to make rational investments, and be alert of the risk that the Non-public Issuance may dilute the current returns.

III. NECESSITY AND RATIONALITY OF THE NON-PUBLIC ISSUANCE

The Non-public Issuance is in line with the Company's overall strategic direction in the future and conducive to improve the Company's core competitiveness, which provides a very solid foundation for the future growth of the Company and complies with interests of the listed company and its shareholders as a whole. For more details, please see *Proposal for the 2020 Non-public Issuance of A Shares of Luoyang Glass Company Limited*.*

IV. THE RELATIONSHIP BETWEEN THE INVESTMENT PROJECTS FUNDED BY THE PROCEEDS RAISED AND THE EXISTING BUSINESSES OF THE COMPANY, AS WELL AS THE TALENT, TECHNOLOGY AND MARKET RESERVE OF THE COMPANY FOR SUCH PROJECTS

The proceeds raised by the Company from the Non-public Issuance, after deducting the relevant issuance costs, will be used for Tongcheng New Energy photovoltaic battery packaging materials project and Hefei New Energy photovoltaic battery packaging materials project, and to replenish working capital or repay the interest-bearing liabilities, which will help the Company expand its business scale, increase market share, and enhance its risk resistance capacity, thereby further improving its profitability and core competitiveness.

Upon the completion of the Non-public Issuance, the Company's business scope remains unchanged.

V. THE MEASURES OF THE COMPANY WITH RESPECT TO THE DILUTION OF CURRENT RETURNS RESULTING FROM THE ISSUANCE

In order to protect the interests of general investors and reduce the impact of the possible dilution of current returns due to the Non-public Issuance of shares, the Company intends to take a variety of measures to ensure the effective use of proceeds raised in the Non-public Issuance of shares and prevent the risks of the dilution of current returns, so as to provide higher current returns to shareholders. The specific measures the Company intends to take are as follows:

(I) Enhancing the operation management and internal control to improve the operation efficiency and profitability

The Company will continue to improve its business model and consolidate its preponderant business. On the one hand, the Company will continue to promote its technological progress and technological innovation, continuously optimize its production technique with a view to improve its production efficiency, product quality, as well as to control costs; on the other hand, the Company will strengthen project follow-up and risk management. At the same time, the Company will strengthen its daily operation management and internal control, continuously improve the corporate governance structure, and strengthen budget and investment management, so as to comprehensively improve the Company's daily operation efficiency, reduce its operating costs, and improve operating performance.

(II) Enhancing the management and usage of the proceeds raised to prevent the risks in connection with the use of proceeds

To standardize the management and usage of proceeds raised and ensure the standard, safe and efficient usage of the proceeds raised, the Company has formulated the Management Method on the Proceeds Raised and the relevant internal control systems in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Regulatory Guidelines for Listed Companies No. 2–Regulatory Requirements for the Management and Usage of Funds Raised by Listed Companies (《上市公司監管指引第2號–上市公司募集資金管理和使用的監管要求》), and other relevant laws and regulations.

Upon the completion of the Issuance, the Company will deposit the proceeds in a special account designated by the Board for the proceeds only in accordance with the regime requirements, and use the proceeds only for their specific purposes, to ensure a reasonable and standardized use of proceeds and prevent the risks in connection with the use of proceeds. In the future, the Company will strive to improve the fund utilization efficiency. To this end, the Company will improve and strengthen the investment decision-making process, design more reasonable fund use plans, and rationally use various financing tools and channels to control the fund cost, improve the fund utilization efficiency, save the Company's various expenses, and then comprehensively and effectively control the Company's operations and control risks, improve operating efficiency and profitability.

(III) Constantly improving corporate governance to provide institutional guarantee for the development of the Company

The Company will strictly comply with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Securities on Shanghai Stock Exchange and the Hong Kong Stock Exchange, and other relevant laws, regulations and normative documents, continuously improve the corporate governance structure, and ensure that shareholders can fully exercise their rights, that the Board can exercise its functions and powers in accordance with the provisions of laws, regulations and the Articles of Association, and make scientific, prompt and prudent decisions, and that independent directors can earnestly perform their duties. The Company will safeguard the overall interests of the Company, especially the legitimate rights and interests of minority shareholders, and ensure that the supervisory committee can independently and effectively exercise the rights to supervise and inspect the directors, managers and other senior executives and the Company's financial affairs, so as to provide institutional guarantee for the development of the Company.

(IV) Continuously improving the profit distribution system to strengthen the investor return mechanism

The Company attaches great importance to the reasonable return on investment of shareholders while paying attention to the Company's own development. To this end, it has formulated the Shareholder Return Plan of Luoyang Glass Company Limited* for the Next Three Years (2021–2023) in accordance with the relevant requirements in the Notice on Further Implementation of Matters in Relation to the Cash Dividend of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (《上市公司監管指引第3號––上市公司現金分紅》) issued by the CSRC and the relevant provisions regarding profit distribution policies in the Articles of Association. The Company will strictly implement the dividend policy and shareholder return plan formulated by the Company, and strive to provide higher investment returns to shareholders.

Investors should note that formulating mitigation and remedial measures does not mean guaranteeing the Company's future profits. The Company will disclose the completion status of the mitigation and remedial measures and the performance of the commitments by the relevant undertakers in the subsequent periodic reports.

Given the above, after the completion of the Non-public Issuance, the Company will strengthen its internal management, consolidate its main business, rationally use the proceeds raised, improve the fund utilization efficiency, take various measures to continuously improve its operating performance, and actively promote the profit distribution to shareholders upon the satisfaction of the conditions for profit distribution, so as to improve the Company's ability to return to its investors, and effectively reduce the risks faced by the shareholders in connection with the dilution of current returns.

VI. UNDERTAKINGS MADE BY ALL DIRECTORS AND SENIOR EXECUTIVES TO ENSURE THE IMPLEMENTATION OF MITIGATION AND REMEDIAL MEASURES

All of the directors and senior executives of the Company have made the following undertakings to ensure the implementation of the mitigation and remedial measures for the dilution of current return resulting from the Issuance:

"1. I hereby undertake that I shall not provide benefits to other entities or individuals without consideration or on unfair terms nor conduct in any other way that may impair the interest of the Company or the shareholders;

2. I hereby undertake that I shall constrain the expenses in performing my duties;

3. I hereby undertake that I shall not apply the assets of the Company for any investment or expenditure which is unrelated to the performance of my duties;

4. I hereby undertake that the remuneration package formulated by the Board or the Remuneration and Assessment Committee shall be implemented in accordance with the mitigation and remedial measures for the diluted current return of the Company;

5. I hereby undertake that if the Company implements any equity incentives in the future, the proposed exercise conditions of the equity incentive plan shall be operated in line with the mitigation and remedial measures for the diluted current return of the Company.

For any new regulatory measures issued by the state and the securities regulatory authorities in relation to the mitigation and remedial measures for the diluted current return of listed companies during the period from the date of these undertakings to the completion of the Non-public Issuance of shares of the Company that make these undertakings fail to meet such requirements by the state and the securities regulatory authorities, I hereby undertake that I shall then make further undertaking(s) in accordance with those new requirements issued by the state and the securities regulatory authorities.

As one of the persons responsible for the mitigation and remedial measures, if I violate or refuse to perform the undertakings mentioned above and cause losses to Luoyang Glass or its shareholders, I agree to bear corresponding legal liabilities according to laws, regulations and relevant provisions of the securities regulatory authorities."

VII. UNDERTAKINGS MADE BY THE CONTROLLING SHAREHOLDER, THE INDIRECT CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY

China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司) (the controlling shareholder of the Company), Triumph Technology Group Company Limited* (凱盛科技集團有限公司) (an indirect controlling shareholder of the Company) and China National Building Material Group Co., Ltd.* (中國建材集團有限公司) (the de facto controller of the Company) have made the following undertakings to ensure the implementation of the mitigation and remedial measures in accordance with the relevant regulations of the CSRC:

"Not to interfere with the operation and management activities of Luoyang Glass beyond our company's authority, and not to encroach on the interests of Luoyang Glass.

If our company violates or refuses to fulfill the above undertaking and causes losses to Luoyang Glass or its shareholders, our company agrees to bear corresponding legal liabilities according to laws, regulations and relevant provisions of the securities regulatory authorities."

The Board of Luoyang Glass Company Limited*
30 December 2020

* *For identification purposes only*

LUOYANG GLASS COMPANY LIMITED* SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2021–2023)

To ensure the scientificity, sustainability and stability of the profit distribution policy of Luoyang Glass Company Limited*, as well as to improve and perfect the shareholders' return mechanism, the Board of the Company has formulated the Shareholders' Return Plan for the Next Three Years (2021–2023) of Luoyang Glass Company Limited* (hereinafter referred to as the "**Plan**") according to the requirements under the Notice regarding Further Implementation of Cash Dividend Distribution by Listed Companies (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and the Regulatory Guidance for Listed Companies No. 3 – Cash Dividend Distribution of Listed Companies (CSRC Announcement [2013] No. 43) (《上市公司監管指引第3號－上市公司現金分紅》(證監會公告[2013]43號)) issued by the CSRC. The details of the Shareholders' Return Plan are as follows:

I. CONSIDERATIONS IN THE FORMULATION OF THE PLAN

The Company shall aim at its long-term and sustainable development, and establish a sustained, stable and scientific return plan and mechanism for its shareholders, taking into overall consideration factors such as market condition, profitability, operation and development plans of the Company while attaching importance to providing reasonable investment return to the shareholders, aiming to provide the shareholders with opportunity to share the economic growth achievements, to maintain a sustainable and steady profit distribution policy and at the same time take into consideration the overall interest of the shareholders as a whole, the Company's long-term interest and its sustainable development.

II. PRINCIPLES FOR THE FORMULATION OF THE PLAN

Subject to the Company Law, the Articles of Association and other laws and regulations and normative documents, full consideration shall be given to the opinions from the shareholders (especially the minority shareholders), the independent directors and the supervisory committee in formulating the Plan. In addition, on the basis of fully protecting the interests of the shareholders while realising the balance between the short-term interests of the Company and its long-term development, a reasonable profit distribution plan shall be prepared to ensure the sustainability and stability of its profit distribution policy.

III. DETAILS OF THE SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2021–2023)

1. Forms of profit distribution

The Company distributes its profits by way of cash, shares, a combination of both cash and shares, or other forms permitted by laws and regulations.

2. Schedule of the dividend distribution

After the profit distribution plan has been approved at a general meeting of the Company, the Board shall complete the distribution of dividends (or shares) within two (2) months of the general meeting. Where the conditions permit, the Board of the Company may propose to carry out an interim distribution in cash in accordance with the capital position of the Company. Save for special reasons (such as material asset restructuring of the Company, etc.), the Company shall not distribute profits during periods other than the annual and interim term.

3. Proportion of profit distribution

Between 2021 and 2023, conditional upon the Company recording profit and having no events such as material investment plan or significant cash expenditure, the Company shall, after making up for the losses of previous years and contributing to the statutory reserve, proactively promote dividend distribution by way of cash. The Company's aggregated profit distributable by way of cash for such three consecutive years shall not be less than 30% of the annual average distributable profit realized in such three years. The Proposal for specific proportion of cash dividend for each year shall be made by the Board according to the Company's profit for the relevant year and utilization plan for future capital.

4. Decision-making, supervision and disclosure

The Board of the Company shall formulate the profit distribution proposal of the Company, the independent directors of the Company shall express their independent opinions in this regard, and a resolution shall be made at a general meeting of the Company. The Board, the supervisory committee and the general meeting of the Company shall fully listen to and consider the opinions of the shareholders (especially the minority shareholders), the independent directors and the supervisors during the study, authentication and decision-making process of the profit distribution plan of the Company.

In the event that the Board does not propose any cash dividend distribution proposal for any profit-making year, the independent directors shall express their independent opinions in this regard. In addition to an on-site general meeting, the Company shall provide the shareholders with an online voting platform. Meanwhile, the reasons for failing to propose such a cash dividend distribution proposal and the application of funds retained by the Company yet not available for distribution shall be disclosed in its periodic reports.

Where a shareholder misappropriates the funds of the listed company, the Company shall deduct the cash bonuses to be distributed to such shareholder accordingly to reimburse the funds such shareholder misappropriates.

The Company shall disclose in detail the formulation and implementation of the cash dividend distribution policy in its periodic reports and state whether or not it is consistent with the requirements of the Articles of Association or the requirements under the resolution of the general meeting, whether or not the criteria and proportions of dividends are definite and clear, whether or not the relevant decision-making procedures and mechanisms are complete, whether or not the independent directors have fulfilled their responsibilities and duties, whether or not the minority shareholders have the opportunity to fully express their views and demands, and whether or not the legitimate rights and interests of minority shareholders are fully protected.

IV. TIME INTERVALS FOR FORMULATION OF THE SHAREHOLDERS' RETURN PLAN AND RELEVANT DECISION-MAKING MECHANISM

In principle, the Company formulates a dividend distribution and return plan once every three years. If there are no material changes in the Company's operating conditions, the Company may execute dividend distribution with reference to the latest dividend distribution and return plan which has been formulated and amended, instead of formulating a new three-year return plan.

The Shareholders' Return Plan for the period shall be formulated by the Board according to the current profit distribution policy of the Company, taking into account the Company's specific operation, cash flows, stage of development and capital needs and fully considering and listening to the opinions of the shareholders (especially the public investors and the medium and small investors), the independent directors and the supervisory committee, and shall be submitted to the general meeting of the Company for consideration.

V. THIS PLAN SHALL BE EFFECTIVE FROM THE DATE OF ITS APPROVAL AT THE COMPANY'S GENERAL MEETING.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors, supervisors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors, supervisors or chief executives of the Company had an interest or short position in any Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, supervisors or chief executives of the Company was taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, entered in the register kept by the Company; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates were considered to have interest in any business which competes or may compete with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole.

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executives of the Company, no other person had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 324 of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity	Number of Shares held[1]	Number of underlying shares held under equity derivatives[1]	Total number of Shares interested[1]	Percentage of the relevant issued class of share capital *(%)*	Percentage of the total issued share capital of the Company *(%)*	Type of Share
CNBMG[2]	Interest in controlled corporation	191,520,357 (L)	/	191,520,357 (L)	64.15	34.91	A Share
Triumph Group[2]	Beneficial owner/ interest in controlled corporation	191,133,987 (L)	/	191,133,987 (L)	64.02	34.84	A Share
Bengbu Institute	Beneficial owner	70,290,049 (L)	/	70,290,049 (L)	23.54	12.81	A Share
CLFG	Beneficial owner	111,195,912 (L)	/	111,195,912(L)	37.25	20.27	A Share

Note 1: (L) – Long position

Note 2: CNBMG is the controlling shareholder of China National Building Company Limited* (中國建材股份有限公司), which is also the controlling shareholder of International Engineering. Triumph Group, a wholly-owned subsidiary of CNBMG, is the controlling shareholder of Bengbu Institute, CLFG and Huaguang Group.

Therefore, CNBMG is deemed to have the same interests in the Company as those owned by International Engineering, Bengbu Institute, CLFG, Triumph Group and Huaguang Group by virtue of the SFO; and Triumph Group is deemed to have the same interest in the Company as those owned by Bengbu Institute, CLFG and Huaguang Group by virtue of the SFO.

3. LITIGATION

References are made to the announcements of the Company dated 10 June 2019, 30 September 2019 and 23 December 2019. In June 2019, Hefei Gas Group Company Limited ("Hefei Gas Group", as the plaintiff) filed a civil litigation to the People's Court of Hefei Hi-tech Industrial Development Zone of Anhui Province (the "People's Court of Hefei Hi-tech Zone") against a wholly-owned subsidiary of the Company, CNBM (Hefei) New Energy Co., Ltd. ("Hefei New Energy", as the defendant) for the dispute on price in the gas supply contract. The amount involved in the litigation is RMB18,640,395.8, including the overdue natural gas fees of RMB18,364,922 and the late payment penalty of RMB275,473.8 (equivalent to 1% of outstanding natural gas fees, calculated on a daily basis). In September 2019, the People's Court of Hefei Hi-tech Zone made the first instance judgment and issued the Civil Judgment ((2019) Wan 0191 Min Chu No. 3097), in which the People's Court of Hefei Hi-tech Zone adjudicated that Hefei New Energy shall pay Hefei Gas Group Company Limited the natural gas fees of RMB8,851,360 plus the late payment penalty (which is calculated based on RMB7,924,966 at twice of the benchmark interest rate for similar loans in the same period announced by the People's Bank of China from 1 April 2019 to 8 May 2019). Subsequently, Hefei New Energy filed an appeal against the judgment of the first instance given by the People's Court of Hefei Hi-tech Zone to Hefei Intermediate People's Court of Anhui Province ("Hefei Intermediate People's Court"). In December 2019, Hefei Intermediate People's Court made a final judgment and issued the Civil Judgment ((2019) Wan 01 Min Zhong No. 10314), in which Hefei Intermediate People's Court adjudicated that the appeal was dismissed and the original judgment was upheld.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. QUALIFICATION OF EXPERT

The following is the qualification of the expert whose letter is contained in this circular:

Name	Qualification
Veda Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

7. CONSENT OF EXPERT

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they appear.

8. INTERESTS OF EXPERT

As at the Latest Practicable Date, the Independent Financial Adviser had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no direct or indirect interest in any assets which had been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

(a) Mr. Ip Pui Sum is the company secretary of the Company. Mr. Ip is a certified public accountant in Hong Kong, a fellow member of the Association of Chartered Certified Accountants, and a member of the Hong Kong Institute of Certified Public Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

(b) The address of the registered office and principal place of business of the Company is located at No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC.

(c) The address of the Hong Kong Branch Share Registrar of H Shares is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available from the date of this circular to (and including) the date of the EGM and the Class Meetings during normal office hours at the office of Li & Partners at 22nd Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong:

(a) the Articles of Association of the Company;

(b) the Triumph Group Subscription Agreement;

(c) the Supplemental Agreement;

(d) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" of this circular;

(e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;

(f) the letter from Veda Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from Veda Capital" of this circular;

(g) the written consent referred to in the paragraph headed "Qualification and Consent of Expert" in this Appendix; and

(h) this circular.

IMPORTANT INFORMATION:

- Name of the guaranteed subsidiaries:

  1. Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司) ("**Bengbu CNBM Information Display**");

  2. CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) ("**Tongcheng New Energy**");

  3. CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) ("**Hefei New Energy**");

  4. Puyang China National Building Materials Photovoltaic Materials Company Limited* (中建材(濮陽)光電材料有限公司) ("**Puyang CNBM Photovoltaic Materials**");

  5. CLFG Longhai Electronic Glass Limited* (洛玻集團洛陽龍海電子玻璃有限公司) ("**Longhai Glass**"); and

  6. CNBM (Yixing) New Energy Resources Company Limited* (中建材(宜興)新能源有限公司) ("**Yixing New Energy**")

  (The above subsidiaries of the Company are collectively referred to as the "**Guaranteed Subsidiaries**", and the guarantees proposed to be provided by the Company to the Guaranteed Subsidiaries in 2021 are hereinafter referred to as the "**Guarantees**")

- Total amount of the Guarantees: not exceeding RMB1.23 billion

- Provision of overdue guarantees by the Company: nil

I. SUMMARY OF THE GUARANTEES

According to the estimated capital requirements of the Guaranteed Subsidiaries for their daily production and operation in 2021, in order to support the business development of the Guaranteed Subsidiaries, the Company proposes to provide guarantees for the bank facilities applied by the Guaranteed Subsidiaries with an expected guaranteed amount of not more than RMB1.23 billion in total.

On 20 January 2021, the Board considered and approved the resolution of the Company in relation to the guarantee to be provided to the Guaranteed Subsidiaries in 2021.

The Board agreed that the aggregate guaranteed amount provided by the Company to the Guaranteed Subsidiaries in 2021 shall be not more than RMB1.23 billion. Based on the practical needs and provided that the total actual guaranteed amount shall not exceed the abovementioned guaranteed amount, the guaranteed amount among each of the guaranteed wholly-owned subsidiaries can be reallocated. Meanwhile, the Board approved the grant of authorization to the chairman of the Company to approve and sign the specific guarantee documents within the annual guarantee limit.

As the Guarantees are (i) provided after the total amount of external guarantees of the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets; and (ii) provided to guaranteed target(s) whose gearing ratio exceeds 70%, in accordance with the Articles of Association of the Company, the Guarantees shall be subject to the approval at the general meeting of the Company.

II. THE EXPECTED GUARANTEED AMOUNT

No.	**Guaranteed Subsidiaries**	**Type of Guaranteed Subsidiaries**	**Guaranteed amount** *(RMB0,000)*
1	Bengbu CNBM Information Display	A wholly-owned subsidiary of the Company	3,000.00
2	Tongcheng New Energy	A wholly-owned subsidiary of the Company	40,000.00
3	Hefei New Energy	A wholly-owned subsidiary of the Company	40,000.00
4	Puyang CNBM Photovoltaic Materials	A wholly-owned subsidiary of the Company	15,000.00
5	Longhai Glass	A wholly-owned subsidiary of the Company	5,000.00
6	Yixing New Energy	A controlled subsidiary of the Company	20,000.00
			123,000.00

III. BASIC INFORMATION AND FINANCIAL POSITION OF GUARANTEED SUBSIDIARIES

1. Bengbu CNBM Information Display

Company address:	No. 123 Longjin Road, Longzi Lake, Bengbu City, Anhui Province, the People's Republic of China (the "**PRC**")
Legal representative:	Ma Yan
Registered capital:	RMB632,764,300
Scope of business:	Research and development, production, sale and deep processing of ultra-thin glass; import and export of various commodities and by-products of its own and on agency basis; and sale of glass-related primary materials, auxiliary materials and other glass products and relevant technical services
Financial position:	As at the end of 2019, total assets, total liabilities, net assets, operating income and net profit were RMB875,806,300, RMB128,464,400, RMB747,341,900, RMB140,914,700 and RMB11,122,200, respectively and its gearing ratio was 14.67% as at 31 December 2019. From January to September 2020, its operating income and net profit were RMB122,707,200 and RMB14,869,500, respectively. As at the end of September 2020, total assets, total liabilities and net assets were RMB854,296,800, RMB92,085,400 and RMB762,211,400, respectively and its gearing ratio was 10.78% as at 30 September 2020

2. Tongcheng New Energy

Company address:	North Third Road, Tongcheng Economic and Technological Development Zone, Anqing City, Anhui Province, the PRC
Legal representative:	Zhang Rong
Registered capital:	RMB133,388,980

Scope of business:	Research and development, production and sale of solar photovoltaic, solar thermal material, modules and auxiliary products material; import and export of products and technologies of its own and on agency basis (other than those restricted or prohibited by the state)
Financial position:	As at the end of 2019, total assets, total liabilities, net assets, operating income and net profit were RMB654,382,500, RMB399,187,700, RMB255,194,800, RMB242,100,400 and RMB12,892,400, respectively and its gearing ratio was 61.00% as at 31 December 2019. From January to September 2020, its operating income and net profit were RMB242,876,200 and RMB17,242,200, respectively. As at the end of September 2020, total assets, total liabilities and net assets were RMB779,569,300, RMB513,132,300 and RMB266,437,000, respectively and its gearing ratio was 65.82% as at 30 September 2020

3. Hefei New Energy

Company address:	No.601 Changning Avenue, Hi-tech Zone, Hefei City, Anhui Province, the PRC
Legal representative:	Zhang Rong
Registered capital:	RMB268,000,000
Scope of business:	Research and development, production, sale of solar photovoltaic glass and deep-processing glass; import and export of technologies; investment in enterprises related to the solar photovoltaic industry; import and export of various commodities and technologies of its own and on agency basis
Financial position:	As at the end of 2019, total assets, total liabilities, net assets, operating income and net profit were RMB1,226,289,800, RMB828,636,700, RMB397,653,100, RMB729,224,300 and RMB42,803,300, respectively and its gearing ratio was 67.57% as at 31 December 2019. From January to September 2020, its operating income and net profit were RMB558,144,900 and RMB46,020,000, respectively. As at the end of September 2020, total assets, total liabilities and net assets were RMB1,277,341,200, RMB858,668,200 and RMB418,673,000, respectively and its gearing ratio was 67.22% as at 30 September 2020

4. Puyang CNBM Photovoltaic Materials

Company address:	Industry Cluster District, Puyang County, Puyang City, Henan Province, the PRC
Legal representative:	Ma Yan
Registered capital:	RMB240,000,000
Scope of business:	Production, processing and sale of solar thermal power glass, electronic glass and electronic information display glass; the processing of glass and the relevant raw materials; technical consultation and service for float glass, solar thermal power glass and photoelectricity information display glass
Financial position:	As at the end of 2019, total assets, total liabilities, net assets, operating income and net profit were RMB801,117,600, RMB561,886,300, RMB239,231,300, RMB191,000 and RMB194,900, respectively and its gearing ratio was 70.14% as at 31 December 2019. From January to September 2020, its operating income and net profit were RMB11,343,100 and RMB82,900, respectively. As at the end of September 2020, total assets, total liabilities and net assets were RMB760,769,200, RMB521,455,000 and RMB239,314,200, respectively and its gearing ratio was 68.54% as at 30 September 2020

5. Longhai Glass

Company address:	Shouyangshan Town,Yanshi City, Henan Province, the PRC
Legal representative:	Ma Yan
Registered capital:	RMB100,000,000
Scope of business:	Production, sale of float glass, electronic glass, flat panel display devices and materials; processing of glass and raw materials

Financial position:	As at the end of 2019, total assets, total liabilities, net assets, operating income and net profit were RMB501,369,600, RMB363,275,900, RMB138,093,700, RMB1,178,300 and RMB-17,390,700, respectively and its gearing ratio was 72.46% as at 31 December 2019. From January to September 2020, its operating income and net profit were RMB119,007,900 and RMB1,047,700, respectively. As at the end of September 2020, total assets, total liabilities and net assets were RMB481,574,000, RMB342,432,700 and RMB139,141,300, respectively and its gearing ratio was 71.11% as at 30 September 2020

6. Yixing New Energy

Company address:	No.1 Xinyunlai Road, Taoyuan Development Zone, Gaoteng Town, Yixing City, Jiangsu Province, the PRC
Legal representative:	Zhang Chong
Registered capital:	RMB313,700,000
Scope of business:	Research and development of new energy technology; manufacture, processing, technological research, development and sale of glass products; foreign investment with own funds; import and export of various commodities and technologies of its own and on agency basis
Financial position:	As at the end of 2019, total assets, total liabilities, net assets, operating income and net profit were RMB1,219,645,800, RMB824,174,800, RMB395,471,000, RMB621,015,500 and RMB50,332,800, respectively and its gearing ratio was 67.57% as at 31 December 2019. From January to September 2020, its operating income and net profit were RMB742,840,800 and RMB98,919,500, respectively. As at the end of September 2020, total assets, total liabilities and net assets were RMB1,524,462,100, RMB1,063,459,300 and RMB461,002,800, respectively and its gearing ratio was 69.76% as at 30 September 2020

IV. INFORMATION ABOUT GUARANTEE CONTRACTS

The Guarantees shall be subject to the review and approval of relevant banks and their institutions. The actual guaranteed amount shall be subject to the final guarantee contracts to be executed and implemented. Each guaranteed amount and guarantee period shall be otherwise provided in specific contracts.

V. VIEWS OF THE BOARD

The Board is of the view that due to (1) the provision of guarantees by the Company to the Guaranteed Subsidiaries is in line with the needs of the operation and development of the Company and will offer timely and effective support for the capital needs of the Guaranteed Subsidiaries; (2) all the Guaranteed Subsidiaries are subsidiaries of the Company with stable production and operation, and the risk under the guarantees is within control and will not prejudice the interests of the Company and all of its shareholders; and (3) the resolution in relation to the provision of guarantees by the Company to the Guaranteed Subsidiaries is fair and reasonable, and is in the interests of the Company and its shareholders as a whole, the Board recommends the shareholders to vote in favour of the relevant resolution to be proposed at the general meeting.

VI. VIEWS OF THE INDEPENDENT DIRECTORS

The independent Directors of the Company have approved the Guarantees in advance and expressed their independent opinions as follows:

The Guaranteed Subsidiaries which are expected to be guaranteed are all subsidiaries included in the consolidated financial statements of the Company. The provision of guarantees by the Company to the subsidiaries is to meet the requirements of the bank facilities of each of the Guaranteed Subsidiaries, which are reasonable to their normal production and operation. The decision-making procedures for the Guarantees are in compliance with the provisions of relevant laws, regulations and the Articles of Association of the Company and the risks under the Guarantees are within control with no prejudice to the interests of the Company and other minority shareholders. The independent Directors of the Company agree on the provision of the guarantees to the Guaranteed Subsidiaries by the Company in 2021 and the relevant arrangements on guaranteed amounts.

VII. TOTAL AMOUNTS OF EXTERNAL GUARANTEES AND OVERDUE GUARANTEES

As at the date of the announcement on 20 January 2021, the actual external guarantees balance of the Company is RMB121.04 million, all of which are provided to the wholly-owned subsidiaries of the Company, representing 9.32% of the audited net assets of the Company as at 31 December 2019; representing 8.76% of the net asset (unaudited) of the Company as at 30 September 2020. The Company has no overdue guarantees.

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)

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING 2021

NOTICE IS HEREBY given that the Second Extraordinary General Meeting 2021 (the "**EGM**") of Luoyang Glass Company Limited* (the "**Company**") will be held at the conference room of the Company on 3rd Floor, No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the People's Republic of China (the "**PRC**") at 9:00 a.m. on 12 March 2021 (Friday) for the purpose of considering and, if thought fit, passing the following resolutions:

*Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 30 December 2020 in relation to (1) proposed non-public issuance of A Shares; (2) connected transaction in relation to the proposed subscription for A Shares by Triumph Group; and (3) specific mandate (the "**Announcement**").*

Special Resolutions

1. To consider and approve the resolution in relation to the satisfaction of the criteria for the 2020 Non-public Issuance of A Shares by the Company.

2. To consider and approve the resolution in relation to the plan for the 2020 Non-public Issuance of A Shares of the Company. The main contents of the resolution are set out as below (each to be considered and approved by way of separate special resolution):

   2.1 Class and par value of shares to be issued;

   2.2 Method and time of issuance;

   2.3 Price Determination Date, Issue Price, and pricing principles;

   2.4 Target subscribers and method of subscription;

   2.5 Number of shares to be issued;

   2.6 Use of proceeds;

   2.7 Lock-up period arrangement;

   2.8 Place of listing;

   2.9 Arrangement relating to the accumulated undistributed profits; and

   2.10 Validity period of the resolution in relation to the Non-public Issuance of A Shares.

3. To consider and approve the resolution in relation to the proposal for the 2020 Non-public Issuance of A Shares of the Company (revised).

4. To consider and approve the resolution in relation to the feasibility analysis report on the use of proceeds from the 2020 Non-public Issuance of A Shares of the Company.

5. To consider and approve the resolution in relation to the conditional subscription agreement on the Non-public Issuance of A Shares and the supplemental agreement to the conditional subscription agreement on the Non-public Issuance of A Shares entered into between Triumph Group and the Company.

6. To consider and approve the resolution in relation to the connected transaction (as defined under The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange) related to the Non-public Issuance of A Shares of the Company.

7. To consider and approve the resolution in relation to the dilution of current returns, remedial measures and relevant parties' undertaking with respect to the Non-public Issuance of A Shares of the Company.

8. To consider and approve the resolution in relation to the proposal to the Company to consider and approve the application for the waiver in respect of the general offer obligation (as defined under The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange) over the A Shares by Triumph Group and parties acting in concert with it to be triggered as a result of the Proposed Triumph Group Subscription and the proposed Non-public Issuance of A Shares under the relevant laws and regulations in the PRC.

9. To consider and approve the resolution in relation to the shareholder's return plan for the next three years (2021–2023) of the Company.

10. To consider and approve the resolution in relation to proposing to the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting of the Company to grant to the Board of the Company the specific mandate in relation to the issuance of additional A shares and authorize the Board and its authorized representative(s) to handle specific matters relating to the Non-public Issuance of A Shares.

"**THAT**

To authorize the Board and its authorized representative(s) to handle all matters relating to the Non-public Issuance of A Shares to the extent permitted under relevant laws and regulations, including but not limited to:

(i) To agree to propose to the general meeting of the Company to grant to the Board the following Specific Mandate in relation to the issuance of shares under the Company's proposal of Non-public Issuance of A Shares in accordance with the relevant provisions of the Company Law of the PRC, the Listing Rules and the Articles of Association: to issue not more than 164,562,129 A Shares (inclusive) to not more than 35 (inclusive) target subscribers (including Triumph Group) in the Non-public Issuance of A Shares, representing not more than 30% of the total share capital of the Company prior to the non-public issuance, at the Issue Price not lower than 80% of the average trading price of the Company's A Shares for the 20 trading days preceding the Price Determination Date (excluding such date) and the Company's latest audited net asset value per Share attributable to the Shareholders of ordinary shares of the Company before the issuance, whichever is higher;

(ii) To determine specific terms of the issuance and formulate and implement the detailed proposal of the Non-public Issuance of A Shares to specific target subscribers before issuance based on the actual circumstances of the Company as well as the opinions from the regulatory authorities, and subject to the requirements under laws, regulations and regulatory documents, including but not limited to determining the time of issuance, number of shares to be issued, issue period, pricing principles and Price Determination Date (subject to changes of the pricing principles and Price Determination Date arising from amendment to or newly enacted relevant laws, regulations and regulatory documents), Issue Price, method of issuance, target subscribers, use of proceeds, specific methods of subscription, proportion of subscription, method of pricing and other matters related to the proposal of the Non-public Issuance of A Shares;

(iii) To amend the proposal (other than matters subject to re-voting at the general meeting according to the requirements of relevant laws and regulations and the Articles of Association) in compliance with the requirements of relevant laws, regulations, regulatory documents or relevant securities regulatory authorities, and make corresponding adjustments to the detailed proposal for the issuance according to the opinions from the securities regulatory authorities, including but not limited to adjustment to, postponement, suspension or termination of the plan of the Non-public Issuance of A Shares;

(iv) To handle the tasks with respect to the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares, and to sign major contracts and other relevant legal documents in the course of implementation of the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares; to adjust or determine the detailed arrangements for the use of proceeds according to the actual progress and the actual capital needs of the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares, to the extent considered and approved at the general meeting; to implement the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares with self-raised funds before the proceeds are available, according to the actual progress and operational needs of the projects, and replace the self-raised funds with the proceeds from the Non-public Issuance of A Shares after the proceeds are available; and to make necessary adjustments to the investment projects to be funded by the proceeds according to the requirements of relevant laws, regulations and regulatory authorities and the market condition;

(v) To handle the reporting matters in relation to the issuance, including but not limited to preparing, amending, signing, reporting, supplementing, submitting, executing and announcing the proposal of the issuance and the reporting materials in relation to the issuance and listing according to the requirements by the relevant governmental departments and regulatory institutions, to handle relevant procedures and implement the lock-up and other process in relation to the issuance and listing, and to handle information disclosure matter in relation to the issuance according to the regulatory requirements;

(vi) To sign, amend, supplement, complete, submit and execute all agreements, contracts and documents in relation to the Non-public Issuance of A Shares (including but not limited to sponsor agreement, engagement agreements of intermediary institutions, agreements relating to the issuance proceeds, subscription agreements entered into with investors, circulars, announcements and other disclosure documents);

(vii) To amend the relevant provisions in the Articles of Association, handle the increase of registered capital, handle the changes of the industrial and commercial registration and handle other filing matters related to the Non-public Issuance of A Shares in accordance with the result of the Non-public Issuance of A Shares;

(viii) To handle the registration, lock-up and listing of shares issued and other relevant matters with the SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the issuance;

(ix) To deal with other matters in relation to the Non-public Issuance of A Shares subject to laws, regulations, relevant regulatory documents and the Articles of Association;

(x) To authorize the chairman of the Company and other persons authorized by him/her to specifically handle relevant matters and sign relevant documents within the scope of the above authorization, and to propose a resolution at the general meeting of the Company for approval for delegation of the above authorization by the Board to the chairman of the Company, on condition that the Board has obtained the above authorization, unless otherwise provided by relevant laws and regulations, and such authorization shall be effective from the date of the consideration and approval of the same at the general meeting of the Company;

(xi) Items (vii) and (viii) of the above authorizations shall be effective from the date of approval at the general meeting of the Company to the date on which the subsisting period of the relevant matters expires, and other authorizations shall be effective within 12 months since the date of the consideration and approval at the general meeting of the Company.”

Ordinary Resolutions

1. To consider and approve the resolution in relation to the report on utilisation of the previously raised proceeds.

2. To consider and approve the resolution in relation to the provision of guarantees to the subsidiaries of the Company in 2021.

(For details of the above special resolutions and the ordinary resolution no. 1, please refer to the Announcement, the relevant overseas regulatory announcements dated 30 December 2020 and the supplemental announcement and relevant overseas regulatory announcements dated 20 January 2021; for details of the above ordinary resolution no. 2, please refer to the relevant announcement dated 20 January 2021.)

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

Luoyang, the PRC
22 February 2021

As at the date of this notice, the Board of the Company 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*

Notes:

1. Holders of the Company's H Shares, whose names appear on the register of members maintained by Hong Kong Registrars Limited at the close of trading at 4:30 p.m. on 8 March 2021, are entitled to attend and vote at the EGM. The register of members of the Company's H Shares will be closed from 9 March 2021 to 12 March 2021 (both days inclusive), during which period no transfer of H Shares will be effected in order to determine the list of holders of H Shares eligible to attend the EGM. Holders of H Shares of the Company who wish to attend the EGM must lodge all share transfer forms accompanied by the relevant H share certificates with the registrar of the Company's H Shares, namely Hong Kong Registrars Limited at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 8 March 2021.

2. Any Shareholder entitled to attend and vote at the EGM may appoint a proxy or proxies (who need not be a Shareholder of the Company) to attend and vote at the EGM on his/her behalf. A proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.

3. The principal Shareholder may appoint a proxy in written form (i.e. through the enclosed proxy form). The proxy form shall be signed by the principal or his attorney as authorised. In case that the proxy form is signed by the attorney of the principal, the power of attorney or other authorisation documents must be notarised by the notary public. The proxy form together with such power of attorney or other authorisation documents as notarised by the notary public must be lodged at the Company's share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the Company at No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.

4. Shareholders or their proxies shall produce their proofs of identity when attending the EGM. A proxy of Shareholder who is appointed to attend the EGM shall produce the proxy form at the same time.

5. The EGM is expected to last for no more than one day. Shareholders and their proxies attending the EGM should be responsible for their own traveling and accommodation expenses.

6. The Company's registered address is as follows:

   No. 9 Tang Gong Zhong Lu, Xigong District
   Luoyang Municipal, Henan Province
   the People's Republic of China
   Postal Code: 471009
   Tel: 86–379–6390 8588
   Fax: 86–379–6325 1984

7. Completion and return of the proxy form will not preclude Shareholders of the Company from subsequently attending and voting in person at the EGM or any adjourned meetings should you so wish.

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)

NOTICE OF THE 2021 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY given that the 2021 First H Shareholders' Class Meeting (the "**H Shareholders' Class Meeting**") of Luoyang Glass Company Limited* (the "**Company**") will be held at the conference room of the Company on 3rd Floor, No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the People's Republic of China (the "**PRC**") at 10:00 a.m. on 12 March 2021 (Friday) (or immediately after the A Shareholders' Class Meeting of the Company to be convened and held on the same date and at the same place) for the purpose of considering and, if thought fit, passing the following resolutions:

*Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the announcement of the Company dated 30 December 2020 in relation to (1) proposed non-public issuance of A Shares; (2) connected transaction in relation to the proposed subscription for A Shares by Triumph Group; and (3) specific mandate (the "**Announcement**").*

SPECIAL RESOLUTIONS

1. To consider and approve the resolution in relation to the plan for the 2020 Non-public Issuance of A Shares of the Company. The main contents of the resolution are set out as below (each to be considered and approved by way of separate special resolution):

   1.1 Class and par value of shares to be issued;

1.2 Method and time of issuance;

1.3 Price Determination Date, Issue Price, and pricing principles;

1.4 Target subscribers and method of subscription;

1.5 Number of shares to be issued;

1.6 Use of proceeds;

1.7 Lock-up period arrangement;

1.8 Place of listing;

1.9 Arrangement relating to the accumulated undistributed profits; and

1.10 Validity period of the resolution in relation to the Non-public Issuance of A Shares.

2. To consider and approve the resolution in relation to the proposal for the 2020 Non-public Issuance of A Shares of the Company (revised).

3. To consider and approve the resolution in relation to the conditional subscription agreement on the Non-public Issuance of A Shares and the supplemental agreement to the conditional subscription agreement on the Non-public Issuance of A Shares entered into between Triumph Group and the Company.

4. To consider and approve the resolution in relation to proposing to the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting of the Company to grant to the Board of the Company the specific mandate in relation to the issuance of additional A Shares and authorize the Board and its authorized representative(s) to handle specific matters relating to the Non-public Issuance of A Shares.

"**THAT**

To authorize the Board and its authorized representative(s) to handle all matters relating to the Non-public Issuance of A Shares to the extent permitted under relevant laws and regulations, including but not limited to:

(i) To agree to propose to the general meeting of the Company to grant to the Board the following Specific Mandate in relation to the issuance of shares under the Company's proposal of Non-public Issuance of A Shares in accordance with the relevant provisions of the Company Law of the PRC, the Listing Rules and the Articles of Association: to issue not more than 164,562,129 A Shares (inclusive) to not more than 35 (inclusive) target subscribers (including Triumph Group) in the Non-public Issuance of A Shares, representing not more than 30% of the total share capital of the Company prior to the non-public issuance, at the Issue Price not lower than 80% of the average trading price of the Company's A Shares for the 20 trading days preceding the Price Determination Date (excluding such date) and the Company's latest audited net asset value per Share attributable to the Shareholders of ordinary shares of the Company before the issuance, whichever is higher;

(ii) To determine specific terms of the issuance and formulate and implement the detailed proposal of the Non-public Issuance of A Shares to specific target subscribers before issuance based on the actual circumstances of the Company as well as the opinions from the regulatory authorities, and subject to the requirements under laws, regulations and regulatory documents, including but not limited to determining the time of issuance, number of shares to be issued, issue period, pricing principles and Price Determination Date (subject to changes of the pricing principles and Price Determination Date arising from amendment to or newly enacted relevant laws, regulations and regulatory documents), Issue Price, method of issuance, target subscribers, use of proceeds, specific methods of subscription, proportion of subscription, method of pricing and other matters related to the proposal of the Non-public Issuance of A Shares;

(iii) To amend the proposal (other than matters subject to re-voting at the general meeting according to the requirements of relevant laws and regulations and the Articles of Association) in compliance with the requirements of relevant laws, regulations, regulatory documents or relevant securities regulatory authorities, and make corresponding adjustments to the detailed proposal for the issuance according to the opinions from the securities regulatory authorities, including but not limited to adjustment to, postponement, suspension or termination of the plan of the Non-public Issuance of A Shares;

(iv) To handle the tasks with respect to the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares, and to sign major contracts and other relevant legal documents in the course of implementation of the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares; to adjust or determine the detailed arrangements for the use of proceeds according to the actual progress and the actual capital needs of the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares, to the extent considered and approved at the general meeting; to implement the investment projects to be funded by the proceeds from the Non-public Issuance of A Shares with self-raised funds before the proceeds are available, according to the actual progress and operational needs of the projects, and replace the self-raised funds with the proceeds from the Non-public Issuance of A Shares after the proceeds are available; and to make necessary adjustments to the projects to be invested in with the proceeds according to the requirements of relevant laws, regulations and regulatory authorities and the market condition;

(v) To handle the reporting matters in relation to the issuance, including but not limited to preparing, amending, signing, reporting, supplementing, submitting, executing and announcing the proposal of the issuance and the reporting materials in relation to the issuance and listing according to the requirements by the relevant governmental departments and regulatory institutions, to handle relevant procedures and implement the lock-up and other process in relation to the issuance and listing, and to handle information disclosure matter in relation to the issuance according to the regulatory requirements;

(vi) To sign, amend, supplement, complete, submit and execute all agreements, contracts and documents in relation to the Non-public Issuance of A Shares (including but not limited to sponsor agreement, engagement agreements of intermediary institutions, agreements relating to the issuance proceeds, subscription agreements entered into with investors, circulars, announcements and other disclosure documents);

(vii) To amend the relevant provisions in the Articles of Association, handle the increase of registered capital, handle the changes of the industrial and commercial registration and handle other filing matters related to the Non-public Issuance of A Shares in accordance with the result of the Non-public Issuance of A Shares;

(viii) To handle the registration, lock-up and listing of shares issued and other relevant matters with the SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the issuance;

(ix) To deal with other matters in relation to the Non-public Issuance of A Shares subject to laws, regulations, relevant regulatory documents and the Articles of Association;

(x) To authorize the chairman of the Company and other persons authorized by him/her to specifically handle relevant matters and sign relevant documents within the scope of the above authorization, and to propose a resolution at the general meeting of the Company for approval for delegation of the above authorization by the Board to the chairman of the Company, on condition that the Board has obtained the above authorization, unless otherwise provided by relevant laws and regulations, and such authorization shall be effective from the date of the consideration and approval of the same at the general meeting of the Company;

(xi) Items (vii) and (viii) of the above authorizations shall be effective from the date of approval at the general meeting of the Company to the date on which the subsisting period of the relevant matters expires, and other authorizations shall be effective within 12 months since the date of the consideration and approval at the general meeting of the Company."

(For details of the above resolutions, please refer to the Announcement, relevant overseas regulatory announcements dated 30 December 2020 and the supplemental announcement and relevant overseas regulatory announcements dated 20 January 2021.)

By order of the Board
LUOYANG GLASS COMPANY LIMITED*
Zhang Chong
Chairman

Luoyang, the PRC
22 February 2021

As at the date of this notice, the Board of the Company 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*

Notes:

1. Holders of the Company's H Shares, whose names appear on the register of members maintained by Hong Kong Registrars Limited at the close of trading at 4:30 p.m. on 8 March 2021, are entitled to attend and vote at the H Shareholders' Class Meeting. The register of members of the Company's H Shares will be closed from 9 March 2021 to 12 March 2021 (both days inclusive), during which period no transfer of H Shares will be effected in order to determine the list of holders of H shares eligible to attend the H Shareholders' Class Meeting. Holders of H shares of the Company who wish to attend the H Shareholders' Class Meeting must lodge all share transfer forms accompanied by the relevant H share certificates with the registrar of the Company's H shares, namely Hong Kong Registrars Limited at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 8 March 2021.

2. Any Shareholder entitled to attend and vote at the H Shareholders' Class Meeting may appoint a proxy or proxies (who need not be a Shareholder of the Company) to attend and vote at the H Shareholders' Class Meeting on his/her behalf. A proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.

3. The principal Shareholder may appoint a proxy in written form (i.e. through the enclosed proxy form). The proxy form shall be signed by the principal or his attorney as authorised. In case that the proxy form is signed by the attorney of the principal, the power of attorney or other authorisation documents must be notarised by the notary public. The proxy form together with such power of attorney or other authorisation documents as notarised by the notary public must be lodged at the Company's share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the Company at No. 9 Tang Gong Zhong Lu, Xigong District, Luoyang Municipal, Henan Province, the PRC not less than 24 hours before the time appointed for the holding of the H Shareholders' Class Meeting or any adjournment thereof.

4. Shareholders or their proxies shall produce their proofs of identity when attending the H Shareholders' Class Meeting. A proxy who is appointed to attend the H Shareholders' Class Meeting shall produce the proxy form at the same time.

5. The H Shareholders' Class Meeting is expected to last for no more than one day. Shareholders and proxies attending the H Shareholders' Class Meeting should be responsible for their own traveling and accommodation expenses.

6. The Company's registered address is as follows:

   No. 9 Tang Gong Zhong Lu, Xigong District,
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   the People's Republic of China
   Postal Code: 471009
   Tel: 86-379-6390 8588
   Fax: 86-379-6325 1984

7. Completion and return of the proxy form will not preclude Shareholders of the Company from subsequently attending and voting in person at the H Shareholders' Class Meeting or any adjourned meetings should you so wish.