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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)

2021 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

This interim results announcement is extracted from the full text of the 2021 interim report of the Company. For details, investors are advised to read carefully the full text of the interim report of the Company which will be published simultaneously on the website of the Shanghai Stock Exchange and other websites designated by China Securities Regulatory Commission.

This interim results of the Company for the six months ended 30 June 2021 are unaudited but have been reviewed and approved by the audit committee under the board of directors (the "**Board**") of the Company.

II. MAJOR FINANCIAL DATA AND INFORMATION OF SHAREHOLDERS

(I) Major financial data

Unit: Yuan Currency: RMB

Major accounting data	Reporting period (January to June)	Same period last year	Increase/ decrease over the same period last year *(%)*
Operating income	**1,594,837,061.97**	957,734,358.65	66.52
Net profit attributable to shareholders of the Company	**198,051,272.50**	16,144,701.43	1,126.73
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	**185,692,069.17**	7,084,196.75	2,521.22
Net cash flow from operating activities	**68,122,711.78**	-27,661,112.64	N/A
	At the end of the reporting period	At the end of the previous year	Increase/ decrease from the end of the previous year *(%)*
Net assets attributable to shareholders of the Company	**1,824,629,494.31**	1,626,578,221.81	12.18
Total assets	**6,514,521,162.32**	5,604,575,811.17	16.24

(II) Number and shareholdings of shareholders

1. Number of shareholders

Total number of holders of ordinary shares as at the end of the reporting period *(shareholder)*	36,757 shareholders (including 36,718 holders of A shares and 39 holders of H shares)
Total number of preferential shareholders with voting rights restored as at the end of the reporting period *(shareholder)*	0

2. Shareholdings of top ten shareholders

Unit: shares

Shareholdings of top ten shareholders							
Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares at the end of reporting period	Proportion *(%)*	Number of shares held subject to trading moratorium	Pledged or frozen Status	Pledged or frozen Number	Nature of shareholder
HKSCC NOMINEES LIMITED	1,224,000	248,978,699	45.39	0	Unknown		Overseas legal person
China Luoyang Float Glass (Group) Co., Ltd.	0	111,195,912	20.27	6,177,670	Pledged	55,597,956	State-owned legal person
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	0	70,290,049	12.81	1,290,049	Nil		State-owned legal person
Triumph Technology Group Co., Ltd.	0	6,170,699	1.12	6,170,699	Nil		State-owned legal person
Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	0	3,477,327	0.63	3,477,327	Nil		State-owned legal person
Hong Kong Securities Clearing Co., Ltd.	583,705	2,457,261	0.45	0	Nil		Overseas legal person
Ping An Asset Management – Ping An Bank – Ping An Asset Ruyi No. 41 Asset Management Product (平安資產如意41號資產管理產品)	1,674,200	1,674,200	0.31	0	Nil		Domestic non-state owned legal person
Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	0	1,542,674	0.28	0	Nil		State-owned legal person
Wang Aijun (王愛軍)	1,530,400	1,530,400	0.28	0	Nil		Domestic natural person
Wang Hejun (王賀軍)	0	1,513,400	0.28	0	Nil		Domestic natural person

Shareholdings of top 10 shareholders not subject to trading moratorium

Name of shareholder	Number of circulating shares not subject to trading moratorium	Type and number of shares: Type	Number
HKSCC NOMINEES LIMITED	248,978,699	Overseas listed foreign shares	248,978,699
China Luoyang Float Glass (Group) Co., Ltd.	105,018,242	Ordinary shares denominated in RMB	105,018,242
CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	69,000,000	Ordinary shares denominated in RMB	69,000,000
Hong Kong Securities Clearing Co., Ltd.	2,457,261	Ordinary shares denominated in RMB	2,457,261
Ping An Asset Management – Ping An Bank – Ping An Asset Ruyi No. 41 Asset Management Product (平安資產如意41號資產管理產品)	1,674,200	Ordinary shares denominated in RMB	1,674,200
Yixing Environmental Technology Innovation Venture Investment Co., Ltd.*	1,542,674	Ordinary shares denominated in RMB	1,542,674
Wang Aijun (王愛軍)	1,530,400	Ordinary shares denominated in RMB	1,530,400
Wang Hejun (王賀軍)	1,513,400	Ordinary shares denominated in RMB	1,513,400
Qinhuangdao Hongxing Iron & Steel Co., Ltd.(秦皇島宏興鋼鐵有限公司)	1,356,400	Ordinary shares denominated in RMB	1,356,400
Shanghai Pudong Development Bank Co., Ltd. – Changxin Jinli Trend Hybrid Securities Investment Fund (長信金利趨勢混合型證券投資基)	1,003,900	Ordinary shares denominated in RMB	1,003,900

Explanation on the repurchase accounts among the top ten shareholders	None

Shareholdings of top 10 shareholders not subject to trading moratorium

Name of shareholder	Number of circulating shares not subject to trading moratorium	Type and number of shares: Type	Number
Explanation on the aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights of			None
Explanation on related relationship or action acting in concert among the aforesaid shareholders	Among the top 10 shareholders of the Company, China Luoyang Float Glass (Group) Co., Ltd. and CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd., Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. and Triumph Technology Group Co., Ltd. are related parties or persons acting in concert as defined under the Regulations for Disclosure of Changes in Shareholding of Listed Companies (《上市公司股東持股變動信息披露管理辦法》). The Company is not aware of any parties acting in concert or any related relationship among other holders of circulating shares.		
Explanations on preferential shareholders with voting rights restored and the number of shares held			None

Notes: 1 Shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers.

2 The ordinary shares dominated in Renminbi held by Hong Kong Securities Clearing Co., Ltd. are held on behalf of overseas investors who held ordinary shares denominated in Renminbi of the Company via Northbound Trading in the Shanghai-Hong Kong Stock Connect.

Number of shares held by top 10 holders of shares subject to trading moratorium and trading moratorium

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Shares subject to trading moratorium available for listing and trading: Time available for listing and trading	Shares subject to trading moratorium available for listing and trading: Number of additional shares available for listing and trading	Trading moratorium
1	China Luoyang Float Glass (Group) Co., Ltd.	6,177,670	17 October 2021	0	Non-transferable within 36 months from the completion date of the issuance
2	Triumph Technology Group Co., Ltd.	6,170,699	17 October 2021	0	Non-transferable within 36 months from the completion date of the issuance
3	Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.	3,477,327	17 October 2021	0	Non-transferable within 36 months from the completion date of the issuance
4	CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.	1,290,049	17 October 2021	0	Non-transferable within 36 months from the completion date of the issuance
5	China Triumph International Engineering Co., Ltd.	386,370	17 October 2021	0	Non-transferable within 36 months from the completion date of the issuance

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

III. FINANCIAL STATEMENTS AND NOTES

(I) Financial Statements

Consolidated Balance Sheet
30 June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan* *Currency: RMB*

Item	30 June 2021	31 December 2020
Current assets:		
Monetary funds	**705,374,623.91**	300,948,343.56
Notes receivable	**236,759,247.32**	102,441,393.68
Accounts receivable	**483,082,982.70**	637,911,162.29
Accounts receivable financing	**335,132,054.95**	448,697,313.21
Prepayments	**137,090,734.15**	142,259,523.11
Reinsurance contract reserves receivable		
Other receivables	**26,238,412.56**	17,023,855.78
Inventories	**350,755,838.04**	257,598,620.68
Other current assets	**75,201,575.98**	55,139,885.94
Total current assets	**2,349,635,469.61**	1,962,020,098.25
Non-current assets:		
Long-term receivables	**55,000,000.00**	55,000,000.00
Fixed assets	**2,999,829,947.82**	3,068,216,734.33
Construction in progress	**463,904,284.16**	54,472,785.67
Right-of-use assets	**10,979,958.19**	12,259,657.09
Intangible assets	**393,531,697.62**	392,925,010.51
Development expenditure	**18,795,663.40**	14,096,615.36
Long-term deferred expenses	**1,569,222.15**	1,595,431.43
Deferred tax assets	**10,748,095.88**	10,466,272.12
Other non-current assets	**210,526,823.49**	33,523,206.41
Total non-current assets	**4,164,885,692.71**	3,642,555,712.92
Total assets	**6,514,521,162.32**	5,604,575,811.17

Item	30 June 2021	31 December 2020
Current liabilities:		
Short-term borrowings	**1,741,805,390.40**	1,177,314,071.56
Notes payable	**528,992,637.92**	465,733,722.37
Accounts payable	**355,727,339.86**	428,756,037.46
Contract liabilities	**51,270,849.77**	38,214,732.27
Employee compensation payable	**21,123,689.83**	38,978,819.73
Taxes payable	**44,041,196.23**	116,355,071.70
Other payables	**712,632,278.85**	764,011,526.81
Non-current liabilities due within one year	**100,832,456.46**	137,330,815.42
Other current liabilities	**74,534,920.98**	4,888,222.00
Total current liabilities	**3,630,960,760.30**	3,171,583,019.32
Non-current liabilities:		
Long-term borrowings	**798,730,229.00**	524,063,924.00
Lease liabilities	**8,015,371.23**	9,238,598.97
Deferred income	**102,673,811.46**	104,408,642.44
Total non-current liabilities	**909,419,411.69**	637,711,165.41
Total liabilities	**4,540,380,171.99**	3,809,294,184.73
Owner's equity (or shareholder's equity):		
Paid-in capital (or share capital)	**548,540,432.00**	548,540,432.00
Capital reserve	**1,982,394,841.30**	1,982,394,841.30
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-757,671,288.03**	-955,722,560.53
Total equity attributable to owners (or shareholders) of the parent company	**1,824,629,494.31**	1,626,578,221.81
Minority interests	**149,511,496.02**	168,703,404.63
Total owner's equity (or shareholder's equity):	**1,974,140,990.33**	1,795,281,626.44
Total liabilities and owner's equity (or shareholder's equity)	**6,514,521,162.32**	5,604,575,811.17

Balance Sheet of the Parent Company
30 June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan* *Currency: RMB*

Item	30 June 2021	31 December 2020
Current assets:		
Monetary funds	**444,521,329.12**	125,309,146.98
Notes receivable	**25,000,000.00**	25,000,000.00
Accounts receivable	**193,104,993.68**	172,104,965.11
Accounts receivable financing	**7,328,519.63**	11,328,409.13
Prepayments	**25,630.47**	23,779.73
Other receivables	**412,993,541.29**	489,264,423.62
Inventories	**533,282.20**	3,100,908.52
Other current assets	**547,169.81**	
Total current assets	**1,084,054,466.20**	826,131,633.09
Non-current assets:		
Long-term receivables	**55,000,000.00**	55,000,000.00
Long-term equity investments	**1,886,146,638.35**	1,886,146,638.35
Fixed assets	**2,041,690.00**	2,174,833.48
Intangible assets	**5,399,119.66**	5,511,212.08
Other non-current assets	**42,880,000.00**	
Total non-current assets	**1,991,467,448.01**	1,948,832,683.91
Total assets	**3,075,521,914.21**	2,774,964,317.00

Item	30 June 2021	31 December 2020
Current liabilities:		
Short-term borrowings	**579,644,753.21**	394,007,666.58
Notes payable	**44,034,061.94**	45,877,926.40
Accounts payable	**65,122,138.40**	49,075,335.55
Contract liabilities	**20,962,872.23**	12,260,748.25
Employee compensation payable	**4,631,340.31**	8,074,804.47
Taxes payable	**1,492,373.35**	2,253,865.09
Other payable	**832,136,223.89**	791,861,472.98
Non-current liabilities due within one year	**38,949,248.10**	42,422,967.95
Other current liabilities	**2,725,173.38**	1,593,897.27
Total current liabilities	**1,589,698,184.81**	1,347,428,684.54
Non-current liabilities:		
Long-term borrowings	**215,400,000.00**	228,000,000.00
Total non-current liabilities	**215,400,000.00**	228,000,000.00
Total liabilities	**1,805,098,184.81**	1,575,428,684.54
Owner's equity (or shareholder's equity):		
Paid-in capital (or share capital)	**548,540,432.00**	548,540,432.00
Capital reserve	**1,961,847,553.30**	1,961,847,553.30
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-1,291,329,764.94**	-1,362,217,861.88
Total owner's equity (or shareholder's equity):	**1,270,423,729.40**	1,199,535,632.46
Total liabilities and owner's equity (or shareholder's equity)	**3,075,521,914.21**	2,774,964,317.00

Consolidated Income Statement

January to June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan* *Currency: RMB*

Item	Half year of 2021	Half year of 2020
I. Total operating revenue	**1,594,837,061.97**	957,734,358.65
Including: Operating income	**1,594,837,061.97**	957,734,358.65
II. Total operating costs	**1,342,268,834.27**	913,762,085.96
Including: Operating costs	**1,102,461,333.55**	721,314,815.18
Taxes and surcharges	**17,689,195.62**	11,696,908.91
Selling expenses	**7,758,712.45**	36,041,777.19
Administration expenses	**66,446,645.04**	51,347,652.93
Research and development expenses	**90,233,922.60**	37,333,411.11
Finance expenses	**57,679,025.01**	56,027,520.64
Including: Interest expenses	**58,710,565.90**	53,903,142.34
Interest income	**2,367,905.41**	2,251,089.94
Add: Other income	**19,266,446.09**	9,182,107.85
Investment income (loss is represented by "-")	**-9,070,520.43**	-5,356,989.75
Credit impairment loss (loss is represented by "-")	**575,614.51**	-5,146,333.82
Impairment loss of assets (loss is represented by "-")		-2,600,000.00
Gains from disposal of assets (loss is represented by "-")	**-147,827.66**	111,175.19
III. Operating profit (loss is represented by "-")	**263,191,940.21**	40,162,232.16
Add: Non-operating income	**5,419.91**	2,510,354.63
Less: Non-operating expense	**500,000.00**	5,120.00
IV. Total profit (total loss is represented by "-")	**262,697,360.12**	42,667,466.79
Less: Income tax expenses	**43,648,482.22**	9,917,339.40

Item	Half year of 2021	Half year of 2020
V. Net profit (net loss is represented by "-")	**219,048,877.90**	32,750,127.39
(I) Classified on going concern basis		
1. Net profit from continued operation (net loss is represented by "-")	**219,048,877.90**	32,750,127.39
2. Net profit from discontinued operation (net loss is represented by "-")		
(II) Classified by ownership		
1. Net profit attributable to the owners of the Company (Net loss is represented by "-")	**198,051,272.50**	16,144,701.43
2. Profit or loss attributable to minority interests (Net loss is represented by "-")	**20,997,605.40**	16,605,425.96
VI. Other comprehensive income net of tax		
(I) Other comprehensive income attributable to the owners of the Company, net of tax		
(II) Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	**219,048,877.90**	32,750,127.39
(I) Total comprehensive income attributable to owners of the Company	**198,051,272.50**	16,144,701.43
(II) Total comprehensive income attributable to minority interests	**20,997,605.40**	16,605,425.96
VIII. Earnings per share:		
(I) Basic earnings per share *(RMB/share)*	**0.3611**	0.0292
(II) Diluted earnings per share *(RMB/share)*	**0.3611**	0.0292

Income Statement of the Company

January to June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan* *Currency: RMB*

Item	Half year of 2021	Half year of 2020
I. Operating revenue	**277,567,425.29**	148,723,247.33
Less: Operating costs	**275,690,521.08**	147,828,673.42
Taxes and surcharges	**369,783.59**	103,897.70
Selling expenses	**380,431.47**	317,607.19
Administration expenses	**8,193,704.16**	7,037,071.37
Finance expenses	**19,693,121.41**	20,894,368.25
Including: Interest expenses	**32,700,551.01**	27,350,538.18
Interest income	**13,139,421.55**	8,382,129.21
Add: Other income	**6,229.23**	52,286.00
Investment income (loss is represented by "-")	**97,827,242.98**	50,905,540.46
Credit impairment loss (loss is represented by "-")	**-185,238.85**	4,198,408.92
Gains from disposal of assets (loss is represented by "-")		71,721.97
II. Operating profit (loss is represented by "-")	**70,888,096.94**	27,769,586.75
Add: Non-operating income		2,506,578.66
Less: Non-operating expense		
III. Total profit (total loss is represented by "-")	**70,888,096.94**	30,276,165.41
Less: Income tax expenses		
IV. Net profit (net loss is represented by "-")	**70,888,096.94**	30,276,165.41
1. Net profit from continued operation (net loss is represented by "-")	**70,888,096.94**	30,276,165.41
2. Net profit from discontinued operation (net loss is represented by "-")		
V. Other comprehensive income net of tax		
(I) Other comprehensive income that will not be reclassified to profit or loss		
(II) Other comprehensive income that will be reclassified to profit and loss		
VI. Total comprehensive income	**70,888,096.94**	30,276,165.41
VII. Earnings per share:		
(I) Basic earnings per share *(RMB/share)*		
(II) Diluted earnings per share *(RMB/share)*		

Consolidated Cash Flow Statement
January to June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan* *Currency: RMB*

Item		Half of 2021	Half of 2020
I.	**Cash flows from operating activities:**		
	Cash received from sale of goods or rendering of services	**1,081,585,143.07**	672,835,898.33
	Refund of taxes and levies	**443,544.19**	4,219,794.84
	Other cash receipts relating to operating activities	**20,774,072.86**	33,907,796.09
	Sub-total of cash inflows from operating activities	**1,102,802,760.12**	710,963,489.26
	Cash paid for purchase of goods and services rendered	**646,001,705.97**	520,439,681.27
	Cash paid to and on behalf of employees	**159,601,791.01**	115,505,627.12
	Tax payments	**168,668,624.94**	55,820,445.15
	Other cash paid for activities related to operation	**60,407,926.42**	46,858,848.36
	Sub-total of cash outflow from operating activities	**1,034,680,048.34**	738,624,601.90
	Net cash flow from operating activities	**68,122,711.78**	-27,661,112.64
II.	**Cash flow from investment activities:**		
	Cash received from investments		
	Sub-total of cash inflows from investing activities		
	Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	**342,741,867.07**	67,452,391.33
	Sub-total of cash outflows from investing activities	**342,741,867.07**	67,452,391.33
	Net cash flows from investing activities	**-342,741,867.07**	-67,452,391.33

Item	Half of 2021	Half of 2020
III. Cash flows from financing activities:		
Cash received from borrowings	**1,659,990,000.00**	1,005,690,000.00
Other cash received related to financing activities	**92,500,848.10**	408,688,371.60
Subtotal of cash inflows from financing activities	**1,752,490,848.10**	1,414,378,371.60
Cash paid for repayments of borrowings	**857,491,338.15**	978,538,827.53
Cash payment for distribution of dividends and profits or repayment of interest	**85,007,966.37**	62,055,488.14
Including: Dividends and profits paid to minority shareholders by subsidiaries	**40,189,514.01**	9,685,787.11
Other cash payments related to financing activities	**99,270,485.48**	186,605,382.06
Subtotal of cash outflows from financing activities	**1,041,769,790.00**	1,227,199,697.73
Net cash flow from financing activities	**710,721,058.10**	187,178,673.87
IV. Effect of exchange rate changes on cash and cash equivalents	**-177,902.76**	-42,553.79
V. Net increase in cash and cash equivalents	**435,924,000.05**	92,022,616.11
Add: Opening balance of cash and cash equivalents	**139,231,301.82**	148,188,549.43
VI. Closing balance of cash and cash equivalents	**575,155,301.87**	240,211,165.54

Cash Flow Statement of the Parent Company
January to June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan* *Currency: RMB*

Item		Half year of 2020	Half year of 2020
I.	**Cash flows from operating activities:**		
	Cash received from sale of goods or rendering of services	**116,630,282.18**	70,254,093.90
	Refund of taxes and levies		8,674.31
	Other cash receipts relating to operating activities	**2,478,423.43**	4,478,459.91
	Sub-total of cash inflows from operating activities	**119,108,705.61**	74,741,228.12
	Cash paid for purchase of goods and services rendered	**102,290,685.54**	51,370,215.25
	Cash paid to and on behalf of employees	**8,270,537.63**	6,494,217.06
	Tax payments	**2,888,214.10**	623,240.85
	Other cash paid for activities related to operating activities	**7,150,268.15**	6,210,343.52
	Sub-total of cash outflows from operating activities	**120,599,705.42**	64,698,016.68
	Net cash flows from operating activities	**-1,490,999.81**	10,043,211.44
II.	**Cash flows from investment activities:**		
	Cash received from returns on investments	**68,347,245.76**	23,701,965.76
	Sub-total of cash inflows from investing activities	**68,347,245.76**	23,701,965.76
	Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	**42,888,290.00**	463,811.50
	Sub-total of cash outflows from investing activities	**42,888,290.00**	463,811.50
	Net cash flows from investing activities	**25,458,955.76**	23,238,154.26

Item	Half year of 2020	Half year of 2020
III. Cash flows from financing activities:		
Cash received from borrowings	**528,990,000.00**	383,490,000.00
Other cash received related to financing activities	**1,798,109,141.06**	1,133,528,371.60
Subtotal of cash inflows from financing activities	**2,327,099,141.06**	1,517,018,371.60
Cash paid for repayments of borrowings	**359,506,235.15**	346,626,060.36
Cash payment for distribution of dividends and profits or repayment of interest	**15,660,412.95**	17,918,809.76
Other cash payments related to financing activities	**1,623,976,422.88**	1,209,482,137.06
Subtotal of cash outflows from financing activities	**1,999,143,070.98**	1,574,027,007.18
Net cash flows from financing activities	**327,956,070.08**	-57,008,635.58
IV. Effect of exchange rate changes on cash and cash equivalents	**-68.38**	128.99
V. Net increase in cash and cash equivalents	**351,923,957.65**	-23,727,140.89
Add: Opening balance of cash and cash equivalents	**81,846,146.98**	46,467,911.64
VI. Closing balance of cash and cash equivalents	**433,770,104.63**	22,740,770.75

Consolidated Statement of Changes in Owners' Equity

January to June 2021

Prepared by: Luoyang Glass Company Limited* *Unit: Yuan Currency: RMB*

Item	Half year of 2021														
	Equity attributable to owners of the Parent Company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of last year	548,540,432.00				1,982,394,841.30				51,365,509.04		-955,722,560.53		1,626,578,221.81	168,703,404.63	1,795,281,626.44
II. Balance at the beginning of the year	548,540,432.00				1,982,394,841.30				51,365,509.04		-955,722,560.53		1,626,578,221.81	168,703,404.63	1,795,281,626.44
III. Change for the period (decrease is indicated by "-")											198,051,272.50		198,051,272.50	-19,191,908.61	178,859,363.89
(I) Total comprehensive income											198,051,272.50		198,051,272.50	20,997,605.40	219,048,877.90
(II) Owners' contribution and decrease in capital															
(III) Profit distribution														-40,189,514.01	-40,189,514.01
1. Appropriation to surplus reserve															
2. Appropriation to general risk provisions															
3. Distribution to owners (or shareholders)														-40,189,514.01	-40,189,514.01
4. Others															
(IV) Internal carry-forward of owners' equity															
(V) Special reserve															
1. Amount withdrawn during the period															
2. Amount utilized during the period															
(VI) Others															
IV. Balance at the end of the period	548,540,432.00				1,982,394,841.30				51,365,509.04		-757,671,288.03		1,824,629,494.31	149,511,496.02	1,974,140,990.33

Item	Half year of 2020														
	Equity attributable to owners of the Parent Company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of last year	552,396,509.00				1,978,538,766.30				51,365,509.04		-1,283,084,419.02		1,299,216,365.32	114,726,151.47	1,413,942,516.79
II. Balance at the beginning of the year	552,396,509.00				1,978,538,766.30				51,365,509.04		-1,283,084,419.02		1,299,216,365.32	114,726,151.47	1,413,942,516.79
III. Change for the period (decrease is indicated by "-")											16,144,701.43		16,144,701.43	6,919,638.85	23,064,340.28
(I) Total comprehensive income											16,144,701.43		16,144,701.43	16,605,425.96	32,750,127.39
(II) Owners' contribution and decrease in capital															
(III) Profit distribution														-9,685,787.11	-9,685,787.11
1. Appropriation to surplus reserve															
2. Appropriation to general risk provisions															
3. Distribution to owners (or shareholders)														-9,685,787.11	-9,685,787.11
4. Others															
(IV) Internal carry-forward of owners' equity															
(V) Special reserve															
1. Amount withdrawn during the period															
2. Amount utilized during the period															
(VI) Others															
IV. Balance at the end of the period	552,396,509.00				1,978,538,766.30				51,365,509.04		-1,266,939,717.59		1,315,361,066.75	121,645,790.32	1,437,006,857.07

Statement of Changes in Owners' Equity of the Parent Company

January to June 2021

Prepared by: Luoyang Glass Company Limited*

Unit: Yuan Currency: RMB

Item	Half year of 2021										
		Other equity instruments									
	Paid-in capital (or share capital)	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance at the end of last year	548,540,432.00				1,961,847,553.30				51,365,509.04	-1,362,217,861.88	1,199,535,632.46
II. Balance at the beginning of the year	548,540,432.00				1,961,847,553.30				51,365,509.04	-1,362,217,861.88	1,199,535,632.46
III. Change for the period (decrease is indicated by "-")										70,888,096.94	70,888,096.94
(I) Total comprehensive income										70,888,096.94	70,888,096.94
(II) Owners' contribution and decrease in capital											
(III) Profit distribution											
(IV) Internal carry-forward of owners' equity											
(V) Special reserve											
1. Amount withdrawn during the period											
2. Amount utilized during the period											
(VI) Others											
IV. Balance at the end of the period	548,540,432.00				1,961,847,553.30				51,365,509.04	-1,291,329,764.94	1,270,423,729.40

Item	Half year of 2020										
	Paid-in capital (or share capital)	Other equity instruments: Preferential shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance at the end of last year	552,396,509.00				1,957,991,478.30				51,365,509.04	-1,363,008,385.61	1,198,745,110.73
II. Balance at the beginning of the year	552,396,509.00				1,957,991,478.30				51,365,509.04	-1,363,008,385.61	1,198,745,110.73
III. Change for the period (decrease is indicated by "-")										30,276,165.41	30,276,165.41
(I) Total comprehensive income										30,276,165.41	30,276,165.41
(II) Owners' contribution and decrease in capital											
(III) Profit distribution											
(IV) Internal carry-forward of owners' equity											
(V) Special reserve											
1. Amount withdrawn during the period											
2. Amount utilized during the period											
(VI) Others											
IV. Balance at the end of the period	552,396,509.00				1,957,991,478.30				51,365,509.04	-1,332,732,220.20	1,229,021,276.14

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

Background of the Company

Luoyang Glass Company Limited* (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") as a joint stock limited company. The Company and its subsidiaries (collectively the "**Group**") are engaged in manufacture and sales of information display glass and new energy glass.

Significant Accounting Policies

1. *Basis of preparation of the financial statements*

   The financial statements of the Company have been prepared on a going concern basis in respect of the actual transactions and events in accordance with the requirements of the Accounting Standards for Business Enterprises, the Application Guidelines for Accounting Standards for Business Enterprises, the Interpretations of the Accounting Standards for Business Enterprises and other regulations issued by the Ministry of Finance, and based on the following significant accounting policies and accounting estimates.

2. *Accounting period*

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

3. *Functional Currency*

   The Company's functional currency is the Renminbi.

4. *Preparation method of consolidated financial statements*

   Subsidiaries and special purpose entities under the de facto control of the Company are incorporated into the consolidated financial statements.

   The consolidated financial statements of the Company are prepared in accordance with the "Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements" and relevant provisions, and all significant intra-group transactions and balances included in the consolidated scope shall be offset. Interests in subsidiaries that are not attributable to owners of parent company are presented separately as minority interest in the consolidated financial statements.

Adjustments to subsidiaries' financial statements in accordance with the accounting policies or accounting period of the Company are needed when preparing consolidated financial statements if the subsidiaries' accounting policies or accounting period are different from those of the Company.

For subsidiaries acquired not under common control combinations, when preparing consolidated financial statements, such subsidiaries' financial statements should be adjusted on the basis of the fair value of identifiable net assets on the date of acquisition. For subsidiaries acquired under common control combinations, the assets, liabilities, operating results and cash flows of acquired subsidiaries should be included in consolidated financial statements from the beginning of the year of acquisition as if the combination had taken place at the beginning of the year.

Segment Reporting

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

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

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

The price of inter-segment transfers are measured by reference to the price of sales to third parties.

1. *Segment information for the half year ended 30 June 2021 is set out as follows:*

Item		Information display glass	New energy glass	Unallocated items	Offset	Total
1.	Operating income	**195,138,347.06**	**1,395,801,565.95**	**3,897,148.96**		**1,594,837,061.97**
	Including: Revenue from external principal operations	**194,771,250.32**	**1,383,877,648.60**	**3,073,249.53**		**1,581,722,148.45**
	Revenue from other external operations	**367,096.74**	**11,923,917.35**	**823,899.43**		**13,114,913.52**
2.	Impairment losses of assets					
3.	Credit impairment losses	**1,052,506.44**	**-291,653.08**	**-185,238.85**		**575,614.51**
4.	Depreciation expenses and amortization expenses	**34,363,001.39**	**88,513,279.25**	**253,443.83**	**476,206.29**	**122,653,518.18**
5.	Total profit	**25,981,842.90**	**265,001,366.42**	**70,888,096.94**	**99,173,946.14**	**262,697,360.12**
6.	Income tax expenses	**414,815.06**	**43,233,667.16**			**43,648,482.22**
7.	Net profit	**25,567,027.84**	**221,767,699.26**	**70,888,096.94**	**99,173,946.14**	**219,048,877.90**
8.	Total assets	**1,341,232,126.03**	**5,026,732,664.05**	**1,189,375,275.86**	**1,042,818,903.62**	**6,514,521,162.32**
9.	Total liabilities	**906,000,441.13**	**3,278,646,381.25**	**1,805,098,184.81**	**1,449,364,835.20**	**4,540,380,171.99**

2. *Segment information for the half year ended 30 June 2020 is set out as follows:*

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

3. *Geographic information*

The following table sets out information about the geographical location of the Company's revenue from external customers and the Company's non-current assets (excluding deferred income tax assets). The geographical location of customers is stated as the location at which goods were delivered to customers. The geographical location of fixed assets, construction in progress and lease prepayments under non-current assets is determined as the physical location of the assets; the geographical location of intangible assets and exploration and evaluation assets is determined as the location of relevant operations; and the geographical location of interests in associates and other investments is determined as the location of their respective operations.

	Revenue from external customers		**Non-current assets**	
Item	**January – June 2021**	January – June 2020	**Balance at the end of the period**	Opening balance
Mainland China	**1,558,723,226.28**	947,456,319.80	**4,099,137,596.83**	3,577,089,440.80
Hong Kong, Macau and Taiwan and Overseas	**36,113,835.69**	10,278,038.85		
Total	**1,594,837,061.97**	957,734,358.65	**4,099,137,596.83**	3,577,089,440.80

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

4. *Major customers*

From January to June 2021, the transaction amount of four customers (customers who are controlled by the same controller are deemed to be the same customer) of the Company exceeds 10% of the Company's revenue. The transaction amounts are RMB388,725,585.75, RMB228,251,120.51, RMB162,489,461.27 and RMB160,038,805.12, respectively.

Turnover

Turnover represents revenue from the invoiced value of goods sold to customers, after deduction of any trade discounts and net of value added tax and surcharges, an analysis of which is as follows:

(1) Details of operating revenue

Item	**Amount for current period**	Amount for previous period
Revenue from principal operations	**1,581,722,148.45**	945,169,886.94
Revenue from other operations	**13,114,913.52**	12,564,471.71
Total	**1,594,837,061.97**	957,734,358.65

(2) Details of income from principal operations by product

Products or services	**Amount for current period**	Amount for previous period
Information display glass	**197,844,499.85**	135,069,735.52
New energy glass	**1,380,281,060.03**	810,100,151.42
Other functional glass	**3,596,588.57**	
Total	**1,581,722,148.45**	945,169,886.94

Other Income

Item	**Amount for current period**	Amount for previous period
Government subsidies	**19,265,121.35**	9,182,107.85
Gain from debt restructuring	**1,324.74**	
Total	**19,266,446.09**	9,182,107.85

Gain on Disposal of Assets

Item	**Amount for current period**	Amount for previous period
Gain on disposal of fixed assets	**-147,827.66**	111,175.19
Total	**-147,827.66**	111,175.19

Non-Operating Income

Item	**Amount for current period**	Amount for previous period
Fine income	**1,220.00**	
Other gains	**4,199.91**	2,510,354.63
Total	**5,419.91**	2,510,354.63

Profit Before Income Tax

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

(1) Financial expenses

Item	**Amount for current period**	Amount for previous period
Interest expense	**58,710,565.90**	53,903,142.34
Less: Interest income	**2,367,905.41**	2,251,089.94
Exchange loss (less: exchange gain)	**141,701.36**	69,496.96
Handling charges and other expenses	**1,194,663.16**	4,305,971.28
Total	**57,679,025.01**	56,027,520.64

(2) Operating costs

Item	Amount for current period	Amount for previous period
Costs of principal operations	**1,090,107,007.73**	709,649,288.56
Costs of other operations	**12,354,325.82**	11,665,526.62
Total	**1,102,461,333.55**	721,314,815.18

(3) Taxes and surcharges

Item	Amount for current period	Amount for previous period
Urban construction and maintenance	**2,886,566.64**	1,143,457.37
Education surcharges	**2,384,924.48**	989,560.15
Property tax	**5,324,899.35**	3,835,871.28
Land-use tax	**4,720,128.40**	4,713,581.93
Stamp duty	**969,594.19**	325,712.58
Others	**1,403,082.56**	688,725.60
Total	**17,689,195.62**	11,696,908.91

(4) Selling expenses

Item	Amount for current period	Amount for previous period
Staff remuneration	**6,076,871.44**	9,347,358.70
Transportation costs		24,258,674.56
Depreciation expenses	**378,192.27**	243,541.49
Travel expenses	**151,820.59**	158,712.20
Other selling expenses	**1,151,828.15**	2,033,490.24
Total	**7,758,712.45**	36,041,777.19

(5) Administrative expenses

Item	**Amount for current period**	Amount for previous period
Staff remuneration	**31,979,562.54**	24,480,256.87
Depreciation of fixed assets	**7,317,413.85**	9,538,268.51
Business entertainment expense	**523,260.67**	590,726.22
Business travel expenses	**553,312.35**	416,619.31
Transportation expenses	**894,072.73**	578,446.33
Office expenses	**2,699,162.95**	2,567,320.93
Intermediary engagement and consulting fees	**4,298,577.96**	4,189,651.88
Property management fee	**795,731.61**	423,815.11
Amortization of intangible assets	**4,928,982.85**	4,724,878.74
Other expenses	**12,456,567.53**	3,837,669.03
Total	**66,446,645.04**	51,347,652.93

(6) Research and development expenses

Item	**Amount for current period**	Amount for previous period
Staff remuneration	**18,402,953.10**	12,295,025.03
Material expenses	**63,746,547.30**	20,828,168.92
Depreciation expenses	**7,361,767.31**	4,038,469.91
Other expenses	**722,654.89**	171,747.25
Total	**90,233,922.60**	37,333,411.11

(7) Impairment losses of assets

Item	**Amount for current period**	Amount for previous period
Impairment losses of inventories		-2,600,000.00
Total		-2,600,000.00

(8) Impairment losses of credit

Item	**Amount for current period**	Amount for previous period
Bad debt losses of notes receivable	**-2,741,180.67**	421,576.64
Bad debt losses of accounts receivable	**3,694,540.23**	-7,572,734.90
Bad debt losses of other receivables	**-377,745.05**	2,004,824.44
Total	**575,614.51**	-5,146,333.82

(9) Non-operating expenses

Item	**Amount for current period**	Amount for previous period
Donations		5,000.00
Penalties and overdue fine	**500,000.00**	
Others		120.00
Total	**500,000.00**	5,120.00

Income Tax Expenses

Item	**Amount for current period**	Amount for previous period
Current income tax expenses calculated according to tax laws and relevant requirements	**43,930,305.98**	10,785,418.12
Deferred income tax expenses	**-281,823.76**	-868,078.72
Total	**43,648,482.22**	9,917,339.40

Note: Longhai Glass, Bengbu CNBM Information Display, Hefei New Energy, Tongcheng New Energy, Yixing New Energy (the controlling subsidiaries), all being wholly-owned subsidiaries of the Company, were approved as high-tech enterprises and paid the enterprise income tax at a tax rate of 15% in 2021.

Dividend

The board of directors of the Company does not recommend declaring dividends for the half year ended 30 June 2021.

Basic Earnings Per Share

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

Item	**Amount for current period**	Amount for previous period
Net profit attributable to ordinary shareholders of the Company	**198,051,272.50**	16,144,701.43
Weighted average number of the outstanding ordinary shares of the Company	**548,540,432**	552,396,509.00
Basic earnings per share	**0.3611**	0.0292

There were no diluted earnings per share as the Company had no potential dilutive shares for the year ended 30 June 2021.

Accounts Receivables and Notes Receivables

(1) Accounts receivables

Item	**Closing balance**	Opening balance
Accounts receivables	**592,097,896.87**	750,620,616.69
Less: provision for bad debts	**109,014,914.17**	112,709,454.40
Accounts receivable, net	**483,082,982.70**	637,911,162.29

The Company generally provides credit period of 1–6 month(s) for major customers, and generally sells by receiving advances for new customers and customers with less business volume.

Aged analysis of accounts receivables by date of entry:

Aging	Closing balance	Opening balance
Within 1 year	**475,392,064.40**	636,063,884.47
1 to 2 years	**20,791,985.73**	26,583,995.37
2 to 3 years	**24,396,105.08**	20,191,820.30
3 to 4 years	**14,684,631.26**	10,955,320.15
4 to 5 years	**2,213,121.98**	2,205,607.98
Over 5 years	**54,619,988.42**	54,619,988.42
Subtotal	**592,097,896.87**	750,620,616.69
Less: provision for bad debts	**109,014,914.17**	112,709,454.40
Total	**483,082,982.70**	637,911,162.29

(2) Notes receivables

Category	Closing balance	Opening balance
Commercial acceptances	**241,591,068.68**	104,532,034.37
Less: provision for bad debts	**4,831,821.36**	2,090,640.69
Total	**236,759,247.32**	102,441,393.68

(3) Receivables financing

Item	Closing balance	Opening balance
Bank acceptances	**335,132,054.95**	448,697,313.21
Total	**335,132,054.95**	448,697,313.21

Accounts Payables and Notes Payables

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

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	**320,755,325.31**	350,179,059.89
Above 1 year	**34,972,014.55**	78,576,977.57
Total	**355,727,339.86**	428,756,037.46

(2) Notes payables

Item	Closing balance	Opening balance
Bank acceptances	**528,992,637.92**	465,733,722.37
Total	**528,992,637.92**	465,733,722.37

Reserves

(1) Capital reserve

Item	Opening Balance	Increase for the period	Decrease for the period	Closing Balance
I. Capital premium	1,907,278,896.29			**1,907,278,896.29**
II. Other capital reserve	75,115,945.01			**75,115,945.01**
Total	1,982,394,841.30			**1,982,394,841.30**

(2) Surplus reserve

Item	Opening Balance	Increase for the period	Decrease for the period	Closing Balance
Statutory surplus reserve	51,365,509.04			**51,365,509.04**
Total	51,365,509.04			**51,365,509.04**

(3) Undistributed profit

Item	Closing Balance Amount	Appropriation or distribution proportion
Undistributed profit at the end of the previous period before adjustment	**-955,722,560.53**	
Total effects of adjustments of undistributed profits at the beginning of the period (increase expressed with +, and decrease expressed with -)		
Undistributed profit at the beginning of the period after adjustment	**-955,722,560.53**	
Add: net profit attributable to owners of the Company for the period	**198,051,272.50**	
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Undistributed profit at the end of the period	**-757,671,288.03**	

Subsequent Matters

Nil

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Review of the overall performance and achievements during the reporting period

In the opening year of the "14th Five-Year Plan", China started a new journey to build a modern socialist country in all respects. The above-the-scale industrial added value recorded a year-on-year increase of 15.9% in the first half of 2021, with steady growth in both supply and demand. The cyclical rebound of the economy continues to strengthen, and the market is expected to improve steadily.

Insisted on leading with high-quality development, the Company actively adapted to the changes of industry situation; adhered to focus on structural adjustment, it accelerated merger and acquisition integration and project construction; insisted on taking management improvement as an important channel, it focused on improving its weak areas, stabilizing prices and reducing costs, and strengthened benchmarking management, which ensured the overall stability and steady progress in production and operation.

Promoting the non-public issuance of A shares (the "Non-public Issuance") in an orderly manner. During the reporting period, the Company cooperated with intermediaries in promoting various work on the Non-public Issuance in an orderly manner. The Non-public Issuance was considered and approved at the 2021 second extraordinary general meeting and the 2021 first A share and H share class meetings of the Company on 12 March 2021, passed the review by the Issuance Examination Commission of the CSRC on 15 June 2021, and was approved by the CSRC on 21 June 2021. Upon completion of the Non-public Issuance, the capital scale of the Company will be further expanded, the working capital will be correspondingly enriched, the asset and liability structure will become more reasonable, and the overall strength of the Company will be enhanced.

Speeding up the construction of new projects and corporate mergers and acquisitions to enhance development potential. During the reporting period, the Company took good advantage of the strategic opportunity period for the development of new energy glass and implemented the construction of new projects in a steady manner. The construction work of the fund-raising projects, i.e. Hefei New Energy Project of Photovoltaic Cell Encapsulating Material for Solar Equipment and Tongcheng New Energy Phase I Project of Photovoltaic Cell Encapsulating Material for Solar Equipment, are progressing smoothly, and the two projects are expected to be put into operation upon ignition in September 2021 and November 2021, respectively. Yixing New Energy Project of Photovoltaic Cell Encapsulating Material for Solar Equipment has been filed, and the pre-review of project land, the environmental impact assessment report and other relevant matters are in progress.

Meanwhile, according to the Company's strategic plan, we committed to further optimize, enhance and expand our new energy glass business, anchor our development goals and accelerate the integration of mergers and acquisitions. During the reporting period, the Company has launched and implemented the Northern Glass Equity Interests Acquisition Project (北方玻璃股權收購項目) and the Zigong New Energy Capital Increase Project (自貢新能源增資項目). The acquisition of equity interests in Northern Glass was successively considered and approved at the Company's Board meeting and the extraordinary general meeting, and the industrial and commercial registration of changes was completed on 4 August 2021. Upon completion of this acquisition, the Company will actively promote the Northern Glass Project of Photovoltaic Cell Encapsulating Material for Solar Equipment. Upon completion of construction of the project and reaching the designated production capacity, a strategic layout for the new energy glass business of the Company will be formed in Hebei Province and North China. The Zigong New Energy Capital Increase Project has made positive progress, according to the Cooperation Framework Agreement and Entrusted Operation and Management Agreement reached between the Company and the partner in advance, the Company has sent key management personnel and production technical backbones to the construction of the Phase I of Zigong New Energy Solar Material Project, and the Zigong New Energy ultra-white rolled glass product was released from the production line on 1 July 2021. The smooth operation of the production line filled the blank of no photovoltaic glass manufacturer in southwest China and played a leading demonstration role in promoting the development of the local solar energy industry. At present, both parties are in the process of negotiation and communication on specific matters related to the capital increase and implementing the relevant examination and approval procedures for state-owned assets.

Focusing on scientific and technological innovation and improving product quality. While insisting on scientific and technological innovation, the Company consistently optimizes, improves and enhances the level of the production process and equipment of each production line and improves the quality of products in kind, so as to meet market demand to the greatest extent. Longhai Glass has steadily improved the stability of product quality and the processing pass rate of downstream products by holding regular quality improvement seminars, conducting technical discussion and investigating and rectifying various problems.

Increasing investment in research and development and promoting scientific and technological innovation. During the reporting period, the Company has invested RMB100,608,000 in the research and development, accounting for 6.31% of the operating revenue. In the first half of the year, a total of 10 patents (including 2 invention patents and 8 utility models) were applied; 12 patents (including 2 invention patents; 10 utility models) were authorized.

Adjusting the product structure to resist market risks. The Company seizes market share and secures orders through product innovation and structural adjustment. In response to the unfavorable continuous decline in market prices in the second quarter, our three new energy companies actively adjusted their product structures based on the actual situation. Yixing New Energy continued to maintain its advantage in the production of 2.0 double-glass while increasing the production ratio of large plate glass; Tongcheng New Energy increased the production ratio of its 2mm products; and Hefei New Energy increased the ratio of high value-added products such as double-layer coated products. Bengbu CNBM Information Display increased the ratio of ITO and TP and cover plate products and increased the ratio of end customers to stabilize prices.

Consistently consolidating benchmarking management. The Company carried out the activity themed "quality improvement for setting off again with the first-class enterprises as benchmarks" and the benchmarking management of six rates, namely "capacity utilization rate, total yield, production and sales rate, collection rate, comprehensive gross profit margin, and overall labor productivity", in order to enhance its weak points and narrow the gap and actively cope with the risk of market price decline.

Deepening the reform. The Company resolutely implements the requirements of the three-year action plan for the reform of state-owned enterprises, fully implements the tenure system and contractual management for members of the management team, and gradually establishes and improves the medium and long-term incentive mechanism of the Company. During the reporting period, solid and vigorous steps were taken when promoted all works, and the development trend of steady progress and quality improvement was consolidated and maintained.

Industry development status and business outlook

During the period of the "14th Five-Year Plan", the Company will implement the new national energy security strategy, and under the guidance of the ambitious goal of "peak carbon dioxide emissions and carbon neutrality", promote the development of low-carbon economy and green industry, and advance a new round of industrial technological revolution. The renewable energy industry in China will enter a new stage of large-scale, high-proportion and market-oriented development.

According to the photovoltaic industry data recently released by the Ministry of Industry and Information Technology, the national output of polysilicon, silicon wafers, cells and modules in the first half of 2021 reached 238,000 tonnes, 105GW, 92.4GW and 80.2GW, respectively, representing a year-on-year increase of 16.1%, 40%, 56.6% and 50.5%, respectively. In particular, the national output of polysilicon and modules in June reached 42,000 tonnes and 14GW, respectively. The scale of the photovoltaic industry continues to expand.

According to the forecast of China's photovoltaic industry, the global additional installed capacity of photovoltaic power generation is expected to reach 150–170GW in 2021, and China's additional installed capacity is expected to reach 55–65GW. The photovoltaic industry continues to maintain rapid growth.

Facing new opportunities and greater challenges in the development of the industry, in the second half of 2021, the Company will continue to strengthen strategic leadership and accelerate the pace of project construction and mergers and acquisitions integration; focus on improving management efficiency, conduct benchmarking with the first-class enterprises in the industry, reduce costs, improve quality and enhance efficiency, and actively resolve market risks; improve incentive mechanisms and identify responsibilities at all levels, so as to ensure high-quality and comprehensive completion of the business objectives and tasks for the year and achieve a good start of the "14th Five-Year Plan".

Analysis of the principal operations during the reporting period

During the reporting period, the Group's operating revenue amounted to RMB1,594,837,061.97, representing a year-on-year increase of 66.52%; operating profit amounted to RMB263,191,940.21, representing a year-on-year increase of 555.32%; net profit attributable to the shareholders of the Company amounted to RMB198,051,272.50, representing a year-on-year increase of 1,126.73%; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.3611.

(I) Analysis of principal operating activities

1. Analytical statement of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	**Amount for the period**	Amount for corresponding period last year	Change (%)
Operating revenue	**1,594,837,061.97**	957,734,358.65	66.52
Operating costs	**1,102,461,333.55**	721,314,815.18	52.84
Taxes and surcharges	**17,689,195.62**	11,696,908.91	51.23
Selling expenses	**7,758,712.45**	36,041,777.19	-78.47
Administrative expenses	**66,446,645.04**	51,347,652.93	29.41
Financial expenses	**57,679,025.01**	56,027,520.64	2.95
Research and development expenses	**90,233,922.60**	37,333,411.11	141.70
Other income	**19,266,446.09**	9,182,107.85	109.83
Income tax expenses	**43,648,482.22**	9,917,339.40	340.12
Net cash flow from operating activities	**68,122,711.78**	-27,661,112.64	N/A
Net cash flow from investment activities	**-342,741,867.07**	-67,452,391.33	408.12
Net cash flow from financing activities	**710,721,058.10**	187,178,673.87	279.70

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

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

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

Reasons for change in cost of sales: a decrease in selling expenses as a result of the charging of selling transportation expenses to operating costs in the reporting period;

Reasons for change in administrative expenses: an increase in employee remuneration and technical service fees in the reporting period;

Reasons for change in financial expenses: an increase in financing in the reporting period;

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

Reasons for change in other income: an increase in government subsidies in the reporting period;

Reasons for change in income tax expenses: an increase in taxable profits in the reporting period;

Reasons for change in net cash flow from operating activities: an increase in cash received from sales of goods in the reporting period;

Reasons for change in net cash flow from investment activities: an increase in cash investment cost in fixed assets during the reporting period;

Reasons for change in net cash flow from financing activities: net amount of financing increased during the reporting period;

2. *Principal operations by industry and by product*

Unit: Yuan Currency: RMB

Principal operations by industry						
By industry	**Operating revenue**	**Operating costs**	**Gross profit margin** *(%)*	**Increase/decrease of operating revenue as compared with the corresponding period last year** *(%)*	**Increase/decrease of operating costs as compared with the corresponding period of last year** *(%)*	**Increase/decrease of gross profit margin as compared with the corresponding period of last year** *(%)*
New materials	1,581,722,148.45	1,090,107,007.73	31.08	67.35	53.61	Increased by 6.16 percentage points

Principal operations by product

By product	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease of operating revenue as compared with the corresponding period of last year (%)	Increase/decrease of operating costs as compared with the corresponding period of last year (%)	Increase/decrease of gross profit margin as compared with the corresponding period of last year (%)
Information display glass	197,844,499.85	119,545,737.63	39.58	46.48	10.24	Increased by 19.86 percentage points
New energy glass	1,380,281,060.03	967,437,555.48	29.91	70.38	60.91	Increased by 4.12 percentage points
Other functional glass	3,596,588.57	3,123,714.62	13.15			

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

Nil

(III) Analysis of assets and liabilities

(1) Assets and liabilities

Unit: Yuan Currency: RMB

Item	Closing balance of current period	Percentage of closing balance of current period over the total assets (%)	Closing balance of last year	Percentage of closing balance of last year over the total assets (%)	Percentage of changes in closing balance of current period over the closing balance of last year (%)	Explanation
Monetary funds	705,374,623.91	10.83	300,948,343.56	5.37	134.38	the increase in bank deposits during the reporting period
Notes receivable	236,759,247.32	3.63	102,441,393.68	1.83	131.12	the increase in the repayment of commercial acceptances during the reporting period
Other receivables	26,238,412.56	0.40	17,023,855.78	0.30	54.13	the increase in deposits receivable during the reporting period

Item	Closing balance of current period	Percentage of closing balance of current period over the total assets	Closing balance of last year	Percentage of closing balance of last year over the total assets	Percentage of changes in closing balance of current period over the closing balance of last year	Explanation
		(%)		*(%)*	*(%)*	
Inventories	350,755,838.04	5.38	257,598,620.68	4.60	36.16	the increase in inventories during the reporting period
Other current assets	75,201,575.98	1.15	55,139,885.94	0.98	36.38	the increase in tax to be deducted during the reporting period
Construction in progress	463,904,284.16	7.12	54,472,785.67	0.97	751.63	the increase in the engineering projects during the reporting period
Research and development expenses	18,795,663.40	0.29	14,096,615.36	0.25	33.33	the increase in R&D capitalization during the reporting period
Other non-current assets	210,526,823.49	3.23	33,523,206.41	0.60	528.00	the increase in the amount of prepayments for projects and equipment during the reporting period
Short-term borrowings	1,741,805,390.40	26.74	1,177,314,071.56	21.01	47.95	the increase in bank borrowings during the reporting period
Contract liabilities	51,270,849.77	0.79	38,214,732.27	0.68	34.17	the increase in trade accounts collected in advance during the reporting period
Employee compensation payable	21,123,689.83	0.32	38,978,819.73	0.70	-45.81	the payment of year-end bonus accrued at the end of the previous year during the reporting period

Item	Closing balance of current period	Percentage of closing balance of current period over the total assets *(%)*	Closing balance of last year	Percentage of closing balance of last year over the total assets *(%)*	Percentage of changes in closing balance of current period over the closing balance of last year *(%)*	Explanation
Taxes payable	44,041,196.23	0.68	116,355,071.70	2.08	-62.15	the payment of taxes accrued at the end of the previous year during the reporting period
Other current liabilities	74,534,920.98	1.14	4,888,222.00	0.09	1,424.79	the increase in the undue notes which had been endorsed at the end of the reporting period
Long-term borrowings	798,730,229.00	12.26	524,063,924.00	9.35	52.41	the increase in bank borrowings during the reporting period

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

Item	Book value at the end of the period	Reasons for restriction
Monetary funds	130,219,322.04	Deposits
Accounts receivables financing	139,169,370.69	Pledge
Fixed assets	353,595,751.21	Mortgage
Intangible assets	77,915,508.61	Mortgage
Total	700,899,952.55	–

(3) Other explanations

1. Bank borrowings and other loans

   Short-term borrowings: as at the end of the reporting period, the balance of short-term borrowings was RMB1,741,805,390.40, including mortgage borrowings of RMB150,000,000.00, guaranteed borrowings of RMB1,589,990,000.00 and interest payable of RMB1,815,390.40.

   Long-term borrowings: the balance of long-term borrowings was RMB897,129,825.92 (including the balance of long-term loans due within one year amounting to RMB98,399,596.92), of which: the balance of bank borrowings of RMB875,454,113.09 and the balance of secured borrowings of non-bank financial institutions of RMB21,675,712.83.

2. Liquidity and capital resources

   As at 30 June 2021, the Group had cash and cash equivalents of RMB575,155,301.87, including US dollar deposits of RMB26,410,415.39 (31 December 2020: RMB20,362,485.89) and HK dollar deposits of RMB5,964.00 (31 December 2020: RMB6,031.79), representing an increase of RMB435,924,000.05 compared with the total cash and cash equivalents of RMB139,231,301.82 as at 31 December 2020.

3. Gearing ratio

   Gearing ratio is calculated based on the total liabilities at the end of the period less the balance of cash and cash equivalents and divided by net assets attributable to the parent. The gearing ratio of the Group calculated under this formula was 217.32% as at 30 June 2021, compared to 225.63% as at 31 December 2020.

4. Contingent liabilities

   As at 30 June 2021, the Group had no material contingent liabilities.

5. Risk of exchange rate fluctuations

   The Group's assets, liabilities and transactions are mainly denominated in Renminbi. Therefore, fluctuations in foreign exchange rates do not have any material impact on the Group.

6. Save as disclosed herein, pursuant to paragraph 40 of Appendix 16 to the Hong Kong Listing Rules, the Company confirms that there were no material differences between the existing information of the Company relating to the matters as set out in paragraph 32 of Appendix 16 and the relevant information disclosed in the Company's 2020 annual report.

(IV) Analysis of investment

As considered and approved at the 31st meeting of the ninth session of the Board of the Company and the 2021 third extraordinary general meeting of the Company, the Company has purchased 60% equity interest in North Glass in cash. The change in industrial and commercial registration was completed on 4 August 2021. Upon the completion of this transaction, North Glass will be incorporated into the scope of consolidated financial statements of the Company.

(V) Analysis of major controlled and investee companies

Unit: Yuan   Currency: RMB

Company name	Industry	Major products or services	Registered capital	Total assets	Net assets	Net profit
CLFG Longmen Glass Co. Ltd.	New materials	Information display glass	70,000,000.00	83,161,022.77	-511,614,934.94	-9,785,733.45
CLFG Longhai Electronic Glass Limited	New materials	Information display glass	100,000,000.00	464,898,891.04	169,968,523.92	31,395,486.91
Bengbu China National Building Materials Information Display Materials Co., Ltd.	New materials	Information display glass	632,764,300.00	813,526,149.23	776,878,095.92	3,957,274.38
CNBMG (Puyang) Photoelectric Material Co., Ltd.	New materials	New energy glass	240,000,000.00	785,298,457.04	275,713,636.80	28,510,053.83
CNBM (Hefei) New Energy Co., Ltd.	New materials	New energy glass	268,000,000.00	1,622,010,374.69	577,127,961.07	78,674,362.16
CNBM (Tongcheng) New Energy Materials Co., Ltd.	New materials	New energy glass	133,388,980.00	1,257,142,667.22	379,865,519.07	42,202,706.22
CNBM (Yixing) New Energy Resources Co., Ltd	New materials	New energy glass	313,700,000.00	1,390,743,427.77	515,379,165.86	72,380,577.05

V. CORPORATE GOVERNANCE

1. Repurchase, Sale and Redemption of Shares

During the reporting period, the Company and any of its subsidiaries did not carry out other repurchase, sale or redemption of any securities of the Company.

2. Audit Committee

The audit committee of the Board of the Company has reviewed this interim report.

3. Compliance with the Corporate Governance Code

During the reporting period, the Company has complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rule of the Stock Exchange.

4. Compliance with the Model Code

Having made specific enquiries to all directors and supervisors of the Company, all directors and supervisors have confirmed that they have complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of the Stock Exchange during the reporting period.

5. **Employees and Remuneration Policy**

As at 30 June 2021, the number of employees listed on the payroll register of the Group was 2,965. An annual remuneration system is adopted for the management of the Company and its subsidiaries while a position plus skill-based salary system is adopted for the employees of the Company. In addition, according to relevant national, provincial and municipal policies, employees of the Company are also entitled to the "five insurance payments and housing provident fund", paid leave, paid training and other treatments.

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

Luoyang, the PRC
17 August 2021

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

* *For identification purposes only*