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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)

**VOLUNTARY ANNOUNCEMENT
ANNOUNCEMENT ON THE PROPOSED ESTABLISHMENT
OF A WHOLLY-OWNED SUBSIDIARY AND INVESTMENT OF
THE CONSTRUCTION OF SOLAR PHOTOVOLTAIC CELL
PACKAGING MATERIAL PROJECT**

This announcement is made voluntarily by Luoyang Glass Company Limited* (the “**Company**” together with its subsidiaries, the “**Group**”) to inform the shareholders of the Company and potential investors of the latest news of business development of the Group.

The Company and all members of the board (the “**Board**”) of directors (the “**Directors**”) of the Company warrant the truthfulness, accuracy and completeness of the contents in this announcement, and accept joint responsibilities for any false information, misleading statements or material omissions in this announcement.

I. OVERVIEW OF THE INVESTMENT PROJECT

According to the development strategy of the Company, in order to further seize the market opportunities of the Company in the new energy glass sector, to further enhance the overall strength and market competitiveness of the Company in terms of the photovoltaic glass business, to increase the profitability of the Company and achieve its long-term sustainable development, the Company intends to invest and set up a wholly-owned subsidiary named CNBM (Luoyang) New Energy Co., Ltd. * (中建材(洛陽)新能源有限公司) (“**Luoyang New Energy**”, the name shall be subject to the final approval by the regulatory authority in the PRC) in the Industrial Cluster Region, Ruyang County, Henan Province, the PRC, which

will be the main entity to invest in the construction of the solar photovoltaic cell packaging material project (the “**Project**”).

On 8 October 2021, the Board considered and approved and agreed the investment and establishment of the wholly-owned subsidiary and the construction of the new solar photovoltaic cell packaging materials project.

II. BASIC INFORMATION ON THE MAIN ENTITY FOR IMPLEMENTATION OF THE PROJECT

The Company intends to establish Luoyang New Energy by contribution with its own funds. Luoyang New Energy will have a registered capital of RMB800 million, 100% equity interest of which will be held by the Company, and will be a wholly-owned subsidiary of the Company. The basic information on Luoyang New Energy is as follows:

Name of company to be established:	CNBM (Luoyang) New Energy Co., Ltd. * (subject to the final approval by the regulatory authority)
Place of registration:	Industrial Cluster Region, Ruyang County, Luoyang, Henan Province
Registered capital:	RMB800 million
Business scope:	Research and development, production and sales of solar photovoltaic glass and deep-processed glass; self-operating and acting as an agent of the import and export business of various commodities and technology (excluding those restricted or prohibited by the state); photovoltaic glass technology consulting and services.

All the above information is subject to the final industrial and commercial registration.

III. BASIC INFORMATION ON THE INVESTMENT PROJECT

Project name:	Solar photovoltaic cell packaging material project of Luoyang New Energy
Construction entity:	Luoyang New Energy
Construction nature:	New construction
Construction site:	Industrial Cluster Region, Ruyang County, Luoyang, Henan Province

Construction details: Construction of two substrate production lines for solar photovoltaic cell packaging materials and supporting deep processing production lines. New construction of air compression station, circulating water system, substation, waste heat power station, flue gas treatment, rooftop power generation and other supporting public auxiliary projects. New construction of shift dormitories, office buildings, canteens and other office and living facilities.

Implementation Schedule

The total construction period of the Project is estimated to be 30 months, and construction will be carried out in two phases. The first-line construction of the Project will commence in January 2022, and it is planned to conduct trial production and achieve the production goals by the end of June 2023; the second-line construction of the Project is scheduled to commence in July 2023, and it is planned to achieve the production goals by the end of June 2024.

Total Investment and Financing Method

The estimated total investment of the Project is approximately RMB2,294,160,000. In particular, RMB2,093,360,000 will be construction investment, of which RMB800,000,000 will be resolved by Luoyang New Energy through self-raising, and the remaining RMB1,293,360,000 will be covered by bank loans to be applied for by Luoyang New Energy. The interest during the construction period will be RMB110,800,000.

After being put into production, the Project will need initial working capital of RMB90,000,000, which will be resolved by Luoyang New Energy through self-raising. The remaining working capital of RMB210,000,000 will be covered by bank loans to be applied for.

Financial Budget and Evaluation

After the completion of the Project, it is expected that the average annual sales revenue will be RMB3,052,226,800, and the average annual after-tax profit during the production period will be RMB327,375,600. The investment payback period of the Project is 6.69 years (including construction period, after income tax), the return rate on total investment is 18.45% and the return on equity is 35.88%, all reflecting strong profitability.

IV. IMPACT ON THE COMPANY AFTER THE COMPLETION OF THE PROJECT

After being completed and put into production, the Project will further enhance the Company's overall strength and market competitiveness in terms of the photovoltaic glass business, increase its profitability and improve its competitiveness and sustainable development capabilities in the industry.

V. RISK ANALYSIS OF THE INVESTMENT PROJECT

The Project is in line with the national industrial policy. From the perspective of demand, with the continuous growth in photovoltaic installed capacity and the gradual increase in the penetration rate of bifacial modules, the demand will continue to increase in the future. Moreover, a large number of domestic companies are planning to establish a presence in the field of solar photovoltaic cell packaging materials, and market competition will increase accordingly. The Company will track market trends in a timely manner and take effective measures to strengthen risk management and control.

VI. APPROVAL PROCEDURES FOR THE PROJECT

Since the investment amount of the Project (including the establishment of the wholly-owned subsidiary, Luoyang New Energy) exceeds 50% of the latest audited net assets of the Company, the Project shall be subject to consideration at the general meeting of the Company. The Company will despatch a notice of the general meeting containing, among other things, the Project to the shareholders of the Company in due course.

Depending on the subsequent development and progress, the Company will perform the corresponding approval procedures and information disclosure obligations in accordance with relevant laws and regulations.

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

Luoyang, the PRC
8 October 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*