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

Reference is made to the voluntary announcement of Luoyang Glass Company Limited\* (the “**Company**”) dated 8 October 2021 in relation to the proposed establishment of a wholly-owned subsidiary and investment in the construction of solar photovoltaic cell packaging material project (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

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 several and joint responsibilities for any false information, misleading statements or material omissions in this announcement.

The Board is pleased to supplement and disclose the risks and uncertainties that this Project may involve as follows:

**I. THIS PROJECT HAS A RELATIVELY LONG CONSTRUCTION PERIOD, AND THERE IS A RISK THAT THE ACTUAL CONSTRUCTION COST IS HIGHER THAN THE EXPECTED COST**

It is estimated that the duration of the whole construction period of this Project will be 30 months, which is relatively long. Due to a number of affecting factors in the construction process, the implementation progress of this Project involves certain uncertainties. At the same time, the cost of professional equipment and installation costs may be affected by the actual progress of this Project and the fluctuation in the supply market. As such, there is a risk that the actual construction cost is higher than the expected cost for this Project.

**II. THE TOTAL CAPITAL INVESTMENT IS RELATIVELY LARGE AND THE FINANCING IS SUBJECT TO UNCERTAINTIES**

The total investment of this Project is approximately RMB2,294,160,000. In particular, the construction investment will be RMB2,093,360,000, the interest during the construction period will be RMB110,800,000, and the initial working capital will be RMB90,000,000.

The total investment amount for the construction of this Project is relatively large. As Luoyang New Energy, a newly-established company, has relatively less capital of its own, there is a financing gap, and Luoyang New Energy needs to raise capital by itself, which poses a relatively great financial pressure. Due to the relatively long investment and construction period and payback period, there is a risk that the changes in bank lending policies and fluctuations in interest rate may lead to the increase of financing costs and that the financing may not be available in time.

The Company will speed up the financing, actively promote the construction of this Project, strive to put it into operation as soon as possible, and seize market opportunities.

### **III. EXPECTED BENEFITS INVOLVE UNCERTAINTIES**

With technological advancement and the continuous launch of large-size and high-power modules, the capacity of the existing production lines available for production of wide panels is far from meeting the market demands in the future, and the structural shortage in the photovoltaic glass market is expected to become more prominent. The output, selling price, cost, investment, construction period, etc. on which the financial evaluation and calculation for this Project is based on are all predicted data, which are subject to changes during the project construction and production period. In particular, the selling price of the product and the actual output of the production lines will exert greater influence. Moreover, the Company does not rule out the impact which may be brought by the fact that the promotion of marketization of the photovoltaic industry, the extent of corresponding growth rate of demand might be less than expected, and the prices of bulk raw and fuel materials might increase. In this regard, the expected benefits of this Project are subject to certain uncertainties.

The Company will monitor the market trends in a timely manner, take effective measures to strengthen risk management and control, and strengthen production and technical management to ensure the high quality and competitive prices, so as to achieve the expected economic benefits of this Project.

### **IV. OTHER RISKS**

This Project falls within the encouraged category as defined in the Catalogue of Guidance on Industrial Structure Adjustment (2019)\* (《產業結構調整指導目錄(2019年本)》) published by National Development and Reform Commission and is in line with the national industrial policy, with low policy risks. However, if PRC issues new regulations and policies in the future, there will be certain uncertainties. In addition, a large number of domestic companies are planning to establish a presence in the field of solar photovoltaic cell packaging materials, resulting in an increasing construction of production lines, and the market competition will be more fierce accordingly.

After this Project is put into operation, the Company will actively increase R&D investment, make more efforts to make technological breakthrough in light, thin, large-size and large-scale products, establish technical reserves, and consolidate and enhance its market competitiveness.

Save as stated above, all other information and contents set out in the Announcement remain unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

Investors are advised to exercise caution in making investment decisions and pay attention to investment risks.

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

Luoyang, the PRC  
11 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*