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)

LUOYANG GLASS COMPANY LIMITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

I. IMPORTANT NOTICE

The board (the "**Board**") of directors (the "**Directors**") of Luoyang Glass Company Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021.

The Company's financial information has been reviewed by the Audit Committee and the auditor of the Company.

II. FINANCIAL STATEMENTS AND NOTES THERETO

(I) Financial Statements

Consolidated Balance Sheet

Item	31 December 2021 (RMB)	31 December 2020 (RMB)
Current assets:		
Monetary funds	**1,116,571,580.99**	338,338,105.37
Notes receivable	**204,999,510.62**	102,441,393.68
Accounts receivable	**438,504,721.48**	641,954,362.17
Accounts receivable financing	**369,857,635.69**	448,697,313.21
Prepayments	**127,452,119.00**	158,034,372.78
Other receivables	**35,054,042.55**	553,839,445.64
Inventories	**686,161,229.71**	307,898,221.12
Other current assets	**190,034,599.15**	60,748,621.82
Total current assets	**3,168,635,439.19**	2,611,951,835.79
Non-current assets:		
Long-term receivables	**55,000,000.00**	55,000,000.00
Fixed assets	**3,752,537,037.23**	3,245,484,257.44
Construction in progress	**1,420,340,092.86**	83,910,682.05
Right-to-use assets	**9,679,048.81**	12,259,657.09
Intangible assets	**644,275,347.55**	453,958,149.23
Development expenditure	**12,951,857.34**	14,096,615.36
Long-term deferred expenses	**1,416,666.79**	5,278,764.89
Deferred income tax assets	**16,986,021.11**	10,466,272.12
Other non-current assets	**185,935,267.61**	33,523,206.41
Total non-current assets	**6,099,121,339.30**	3,913,977,604.59
Total assets	**9,267,756,778.49**	6,525,929,440.38

Item	**31 December 2021** *(RMB)*	31 December 2020 *(RMB)*
Current liabilities:		
Short-term borrowings	**1,326,709,864.27**	1,278,414,071.56
Notes payable	**650,930,930.94**	508,983,722.37
Accounts payable	**645,516,087.58**	473,725,797.02
Contract liabilities	**46,718,841.37**	59,497,488.00
Employee compensation payable	**60,667,607.28**	44,039,082.77
Taxes payable	**13,688,263.71**	116,499,806.65
Other payables	**701,248,471.31**	815,548,721.38
Non-current liabilities due within one year	**258,656,910.02**	351,263,247.43
Other current liabilities	**20,064,405.18**	7,654,980.24
Total current liabilities	**3,724,201,381.66**	3,655,626,917.42
Non-current liabilities:		
Long-term borrowings	**1,032,800,000.00**	640,530,047.96
Lease liabilities	**6,771,924.40**	9,238,598.97
Deferred income	**132,719,249.92**	125,129,638.70
Deferred income tax liabilities	**18,547,379.56**	15,448,548.99
Other non-current liabilities		
Total non-current liabilities	**1,190,838,553.88**	790,346,834.62
Total liabilities	**4,915,039,935.54**	4,445,973,752.04
Shareholders' equity:		
Share Capital	**645,674,963.00**	548,540,432.00
Capital reserve	**3,792,235,992.58**	2,077,843,375.03
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-645,627,731.05**	-910,222,873.83
Total equity attributable to shareholders of the Company	**3,843,648,733.57**	1,767,526,442.24
Minority interests	**509,068,109.38**	312,429,246.10
Total shareholders' equity	**4,352,716,842.95**	2,079,955,688.34
Total liabilities or shareholders' equity	**9,267,756,778.49**	6,525,929,440.38

Balance Sheet of the Company

Item	**31 December 2021** *(RMB)*	31 December 2020 *(RMB)*
Current assets:		
Monetary funds	**276,223,398.45**	125,309,146.98
Notes receivable		25,000,000.00
Accounts receivable	**220,389,403.91**	172,104,965.11
Accounts receivable financing	**81,302,010.11**	11,328,409.13
Prepayments	**23,957.69**	23,779.73
Other receivables	**431,793,556.37**	489,264,423.62
Including: dividends receivable	**50,000,000.00**	
Inventories	**8,430.00**	3,100,908.52
Other current assets	**12,127,726.81**	
Total current assets	**1,021,868,483.34**	826,131,633.09
Non-current assets:		
Long-term receivables	**55,000,000.00**	55,000,000.00
Long-term equity investment	**3,857,645,290.12**	1,886,146,638.35
Fixed assets	**1,932,791.36**	2,174,833.48
Intangible assets	**47,750,491.37**	5,511,212.08
Other non-current assets	**49,500.00**	
Total non-current assets	**3,962,378,072.85**	1,948,832,683.91
Total assets	**4,984,246,556.19**	2,774,964,317.00

Item	**31 December 2021** *(RMB)*	31 December 2020 *(RMB)*
Current liabilities:		
Short-term borrowings	**589,666,075.73**	394,007,666.58
Notes payable	**30,000,000.00**	45,877,926.40
Accounts payable	**96,682,422.72**	49,075,335.55
Receipts in advance		
Contract liabilities	**28,120.27**	12,260,748.25
Employee compensation payable	**9,547,144.65**	8,074,804.47
Taxes payable	**306,238.93**	2,253,865.09
Other payables	**608,713,927.17**	791,861,472.98
Non-current liabilities due within one year	**45,543,566.66**	42,422,967.95
Other current liabilities	**3,655.64**	1,593,897.27
Total current liabilities	**1,380,491,151.77**	1,347,428,684.54
Non-current liabilities:		
Long-term borrowings	**192,800,000.00**	228,000,000.00
Total non-current liabilities	**192,800,000.00**	228,000,000.00
Total liabilities	**1,573,291,151.77**	1,575,428,684.54
Shareholders' equity:		
Share Capital	**645,674,963.00**	548,540,432.00
Capital reserve	**3,857,589,394.08**	1,961,847,553.30
Surplus reserve	**51,365,509.04**	51,365,509.04
Undistributed profit	**-1,143,674,461.70**	-1,362,217,861.88
Total shareholders' equity	**3,410,955,404.42**	1,199,535,632.46
Total liabilities and shareholders' equity	**4,984,246,556.19**	2,774,964,317.00

Consolidated Income Statement

Item	**Amount for the period *(RMB)***	Amount for previous period *(RMB)*
I. Operating revenue	**3,605,601,992.64**	3,381,105,357.02
Less: Operating costs	**2,737,305,132.64**	2,434,391,750.29
Taxes and surcharges	**42,783,319.97**	38,292,641.71
Selling expenses	**19,304,831.08**	23,612,460.65
Administrative expenses	**174,899,951.49**	136,974,104.36
R&D expenses	**154,331,928.64**	120,749,370.37
Finance expenses	**125,067,605.00**	133,676,272.84
Including: Interest expenses	**128,767,137.08**	125,865,964.01
Interest income	**8,788,027.25**	5,920,698.40
Add: Other income	**36,921,816.28**	55,492,355.91
Investment income (losses are represented by "-")	**-11,556,042.87**	-9,674,971.70
Impairment losses on credit (losses are represented by "-")	**-3,402,075.93**	-4,686,523.09
Impairment losses on assets (losses are represented by "-")	**-10,919,597.80**	3,671,240.15
Gains on disposal of assets (losses are represented by "-")	**-347,984.19**	-259,318.91
II. Operating profit (loss is represented by "-")	**362,605,339.31**	537,951,539.16
Add: Non-operating income	**4,698,890.28**	8,316,068.49
Less: Non-operating expenses	**1,502,393.35**	3,832,215.97
III. Total profit (total loss is represented by "-")	**365,801,836.24**	542,435,391.68
Less: Income tax expenses	**20,635,909.99**	70,184,963.12

Item	Amount for the period *(RMB)*	Amount for previous period *(RMB)*
IV. Net profit (net loss is represented by "-")	**345,165,926.25**	472,250,428.56
(I) Classified on a going concern basis:		
1. Net profit from continued operation (net loss is represented by "-")	**345,165,926.25**	472,250,428.56
2. Net profit from discontinued operation (net loss is represented by "-")		
(II) Classified by ownership:		
1. Net profit attributable to shareholders of the Company (net loss is represented by "-")	**264,595,142.78**	372,861,545.19
2. Minority interests (net loss is represented by "-")	**80,570,783.47**	99,388,883.37
V. Other comprehensive income net of tax	**–**	–
(II) Other comprehensive income attributable to minority interests, net of tax		
VI. Total comprehensive income	**345,165,926.25**	472,250,428.56
(I) Total comprehensive income attributable to shareholders of the Company	**264,595,142.78**	372,861,545.19
(II) Total comprehensive income attributable to minority interests	**80,570,783.47**	99,388,883.37
VII. Earnings per share		
(I) Basic earnings per share	**0.46**	0.68
(II) Diluted earnings per share	**0.46**	0.68

Income Statement of the Company

Item	**Amount for the period** *(RMB)*	Amount for previous period *(RMB)*
I. Operating revenue	**569,073,441.80**	392,184,482.30
Less: Operating costs	**566,472,737.48**	390,489,098.15
Taxes and surcharges	**1,946,757.95**	859,968.33
Selling expenses	**971,218.63**	767,777.29
Administrative expenses	**24,285,318.19**	18,343,764.61
Finance expenses	**34,715,318.27**	38,122,849.58
Including: Interest expenses	**60,571,535.03**	57,708,251.94
Interest income	**25,965,311.25**	21,394,512.28
Add: Other income	**6,229.23**	121,524.55
Investment income (loss is represented by "-")	**297,827,242.98**	50,905,540.46
Impairment losses on credit (loss is represented by "-")	**-19,971,110.25**	4,400,167.56
Gains on disposal of assets (loss is represented by "-")		114,447.47
II. Operating profit (loss is represented by "-")	**218,544,453.24**	-857,295.62
Add: Non-operating income		1,799,031.51
Less: Non-operating expenses	**1,053.06**	151,212.16
III. Total profit (total loss is represented by "-")	**218,543,400.18**	790,523.73
Less: Income tax expenses		

Item	**Amount for the period *(RMB)***	Amount for previous period *(RMB)*
IV. Net profit (net loss is represented "-")	**218,543,400.18**	790,523.73
(I) Net profit from continued operation(net loss is represented by "-")	**218,543,400.18**	790,523.73
(II) Net profit from discontinued operation (net loss is represented by "-")		
V. Other comprehensive income net of tax		
VI. Total comprehensive income	**218,543,400.18**	790,523.73
VII. Earnings per share		
(I) Basic earnings per share *(RMB/share)*		
(II) Diluted earnings per share *(RMB/share)*		

Consolidated Cash Flow Statement

Item	**Amount for the period** *(RMB)*	Amount for previous period *(RMB)*
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	**2,644,226,609.82**	2,165,406,398.79
Tax refunds received	**70,991,372.55**	27,799,600.29
Other cash received from activities related to operation	**71,798,067.53**	120,954,377.98
Sub-total of cash inflow from operating activities	**2,787,016,049.90**	2,314,160,377.06
Cash paid for purchase of goods and services rendered	**1,816,095,925.07**	1,321,510,488.68
Cash paid to and on behalf of employees	**367,557,264.73**	247,189,905.13
Tax payments	**268,108,018.51**	185,907,639.70
Other cash paid for activities related to operation	**198,940,693.44**	89,000,122.58
Sub-total of cash outflow from operating activities	**2,650,701,901.75**	1,843,608,156.09
Net cash flow from operating activities	**136,314,148.15**	470,552,220.97

Item	**Amount for the period** ***(RMB)***	Amount for previous period *(RMB)*
II. Cash flow from investment activities:		
Cash received from recovery of investments		13,144,438.80
Net cash received from disposal of fixed assets, intangible assets and other long term assets	**887,503.60**	22,000.00
Other cash received from investment activities	**6,176,839.68**	6,761,595.39
Sub-total of cash inflow from investment activities	**7,064,343.28**	19,928,034.19
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	**1,688,879,719.28**	237,865,990.18
Cash paid for investments	**28,767,920.00**	35,845,280.00
Sub-total of cash outflow from investment activities	**1,717,647,639.28**	273,711,270.18
Net cash flow from investment activities	**-1,710,583,296.00**	-253,783,235.99

Item	**Amount for the period** *(RMB)*	Amount for previous period *(RMB)*
III. Cash flow from financing activities:		
Cash received from investments	**1,983,999,993.34**	
Proceeds from loans	**2,595,990,000.00**	1,800,868,032.25
Other cash received from financing-related activities	**1,732,290,060.77**	1,179,910,219.17
Sub-total of cash inflow from financing activities	**6,312,280,054.11**	2,980,778,251.42
Cash paid for repayment of loans	**2,259,873,816.62**	1,810,662,748.53
Cash payment for distribution of dividends and profits or repayment of interest	**158,378,487.80**	130,072,269.64
Including: Dividends and profits paid to minority interests by subsidiaries	**40,189,514.01**	9,685,787.11
Other cash paid for financing-related activities	**1,509,408,480.82**	1,258,186,662.41
Sub-total of cash outflow from financing activities	**3,927,660,785.24**	3,198,921,680.58
Net cash flow from financing activities	**2,384,619,268.87**	-218,143,429.16
IV. Effects of changes in exchange rate on cash and cash equivalents	**-807,776.94**	-5,179,949.92
V. Net increase in cash and cash equivalents	**809,542,344.08**	-6,554,394.10
Add: Opening balance of cash and cash equivalents	**151,936,892.29**	158,491,286.39
VI. Closing balance of cash and cash equivalents	**961,479,236.37**	151,936,892.29

Cash Flow Statement of the Company

Item	**Amount for the period** *(RMB)*	Amount for the period *(RMB)*
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	**270,294,779.03**	145,394,531.73
Other cash received from activities related to operation	**7,897,529.91**	8,500,206.34
Sub-total of cash inflow from operating activities	**278,192,308.94**	153,894,738.07
Cash paid for goods purchased and services rendered	**263,381,848.36**	102,923,989.82
Cash paid to and on behalf of employees	**13,422,841.97**	11,257,941.42
Tax payments	**11,231,603.40**	3,251,747.46
Other cash paid for activities related to operation	**20,009,344.64**	11,500,715.07
Sub-total of cash outflow from operating activities	**308,045,638.37**	128,934,393.77
Net cash flow from operating activities	**-29,853,329.43**	24,960,344.30
II. Cash flow from investment activities:		
Cash received from return of investment	**243,347,245.76**	23,701,965.76
Sub-total of cash inflow from investment activities	**243,347,245.76**	23,701,965.76
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	**42,936,055.00**	910,619.50
Cash paid for investment	**1,962,275,920.00**	
Sub-total of cash outflow from investment activities	**2,005,211,975.00**	910,619.50
Net cash flow from investment activities	**-1,761,864,729.24**	22,791,346.26

Item	**Amount for the period** *(RMB)*	Amount for the period *(RMB)*
III. Cash flow from financing activities:		
Cash received from investments	**1,983,999,993.34**	
Proceeds from loans	**628,990,000.00**	513,490,000.00
Other cash received from activities related to financing	**5,868,130,511.76**	2,766,323,043.63
Sub-total of cash inflow from financing activities	**8,481,120,505.10**	3,279,813,043.63
Cash paid for repayment of loans	**465,521,271.66**	456,658,697.84
Cash paid for distribution of dividends, profits, or repayment of interest	**32,420,185.85**	44,014,859.26
Other cash paid for financing-related activities	**5,997,121,273.17**	2,791,512,554.46
Sub-total of cash outflow from financing activities	**6,495,062,730.68**	3,292,186,111.56
Net cash flow from financing activities	**1,986,057,774.42**	-12,373,067.93
IV. Effects of changes in exchange rate on cash and cash equivalents	**-179.19**	-387.29
V. Net increase in cash and cash equivalents	**194,339,536.56**	35,378,235.34
Add: Opening balance of cash and cash equivalents	**81,846,146.98**	46,467,911.64
VI. Closing balance of cash and cash equivalents	**276,185,683.54**	81,846,146.98

Consolidated Statement of Changes in Owners' Equity

Item	Current period												
	Equity attributable to shareholders of the Company												
		Other equity instruments											
	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal	Minority interest	Total shareholders' 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**
Business combination under common control	**-**	**-**	**-**	**-**	**95,448,533.73**	**-**	**-**	**-**	**-**	**45,499,686.70**	**140,948,220.43**	**143,725,841.47**	**284,674,061.90**
II. Balance at the beginning of the year	**548,540,432.00**	**-**	**-**	**-**	**2,077,843,375.03**	**-**	**-**	**-**	**51,365,509.04**	**-910,222,873.83**	**1,767,526,442.24**	**312,429,246.10**	**2,079,955,688.34**
III. Increase/decrease in the period (decrease is represented by "-")	**97,134,531.00**	**-**	**-**	**-**	**1,714,392,617.55**	**-**	**-**	**-**	**-**	**264,595,142.78**	**2,076,122,291.33**	**196,638,863.28**	**2,272,761,154.61**
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	264,595,142.78	264,595,142.78	80,570,783.47	345,165,926.25
(II) Shareholders' contribution and decrease in capital	97,134,531.00	-	-	-	1,714,392,617.55	-	-	-	-	-	1,811,527,148.55	156,257,593.82	1,967,784,742.37
1. Ordinary shares contributed by shareholders	97,134,531.00	-	-	-	1,886,519,109.01	-	-	-	-	-	1,983,653,640.01	-	1,983,653,640.01
2. Others	-	-	-	-	-172,126,491.46	-	-	-	-	-	-172,126,491.46	156,257,593.82	-15,868,897.64
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-40,189,514.01	-40,189,514.01
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-40,189,514.01	-40,189,514.01
(IV) Internal carry-forward of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the period	**645,674,963.00**	**-**	**-**	**-**	**3,792,235,992.58**	**-**	**-**	**-**	**51,365,509.04**	**-645,627,731.05**	**3,843,648,733.57**	**509,068,109.38**	**4,352,716,842.95**

	Previous period												
	Equity attributable to shareholders of the Company												
		Other equity instruments											
Item	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal	Minority interest	Total shareholders' 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. Increase/decrease in the period (decrease is represented by "-")	-3,856,077.00	–	–	–	99,304,608.73	–	–	–	–	372,861,545.19	468,310,076.92	197,703,094.63	666,013,171.55
(I) Total comprehensive income	–	–	–	–	–	–	–	–	–	372,861,545.19	372,861,545.19	99,388,883.37	472,250,428.56
(II) Shareholders' contribution and decrease in capital	-3,856,077.00	–	–	–	99,304,608.73	–	–	–	–	–	95,448,531.73	107,999,998.37	203,448,530.10
1. Others	-3,856,077.00	–	–	–	99,304,608.73	–	–	–	–	–	95,448,531.73	107,999,998.37	203,448,530.10
(III) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	-9,685,787.11	-9,685,787.11
1. Appropriation to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Distribution to shareholders	–	–	–	–	–	–	–	–	–	–	–	-9,685,787.11	-9,685,787.11
(IV) Internal carry-forward of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–		
(V) Special reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
IV. Balance at the end of the period	548,540,432.00	–	–	–	2,077,843,375.03	–	–	–	51,365,509.04	-910,222,873.83	1,767,526,442.24	312,429,246.10	2,079,955,688.34

Statement of Changes in Owners' Equity of the Company

	Current period										
		Other equity instruments									
Item	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' 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. Increase/decrease in the period (decrease is represented by "-")	**97,134,531.00**	**-**	**-**	**-**	**1,895,741,840.78**	**-**	**-**	**-**	**-**	**218,543,400.18**	**2,211,419,771.96**
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	218,543,400.18	218,543,400.18
(II) Shareholders' contribution and decrease in capital	97,134,531.00	-	-	-	1,895,741,840.78	-	-	-	-	-	1,992,876,371.78
1. Ordinary shares contributed by shareholders	97,134,531.00	-	-	-	1,886,519,109.01	-	-	-	-	-	1,983,653,640.01
2. Others	-	-	-	-	9,222,731.77	-	-	-	-	-	9,222,731.77
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-forward of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the period	**645,674,963.00**	**-**	**-**	**-**	**3,857,589,394.08**	**-**	**-**	**-**	**51,365,509.04**	**-1,143,674,461.70**	**3,410,955,404.42**

Item	Previous period										
		Other equity instruments									
	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' 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. Increase/decrease in the year (decrease is represented by "-")	-3,856,077.00	–	–	–	3,856,075.00	–	–	–	–	790,523.73	790,521.73
(I) Total comprehensive income	–	–	–	–	–	–	–	–	–	790,523.73	790,523.73
(II) Shareholders' contribution and decrease in capital	-3,856,077.00	–	–	–	3,856,075.00	–	–	–	–	–	-2.00
1. Others	-3,856,077.00	–	–	–	3,856,075.00	–	–	–	–	–	-2.00
(III) Profit distribution	–	–	–	–	–	–	–	–	–	–	–
(IV) Internal carry-forward of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–
(V) Special reserve	–	–	–	–	–	–	–	–	–	–	–
IV. Balance at the end 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

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

1. 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 are mainly engaged in manufacture and sales of information display glass, new energy glass, photoelectric materials for functional glass and their processed products.

2. 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.

3. Segment Reporting

(1) Determination basis and accounting policies of reporting segments

The Company determines operating segments on the basis of the internal organizational structure, management requirements and internal report system, and determines reporting segments on the basis of operation segments, and discloses information of the segments. For management purposes, the Company has three 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.

An operating segment is a component of the Company that meets the following conditions simultaneously:

(1) The component is able to generate revenues and incur expenses from its ordinary activities;

(2) Its operating results are regularly evaluated by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;

(3) Its accounting information on financial position, operating results and cash flows and others is available to the Company. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

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

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting policies and measurement criteria in the preparation of the financial statements. Segment assets exclude deferred income tax assets and segment liabilities exclude deferred income tax liabilities.

Intersegment transactions are measured based on the actual transaction price. Segment revenue and segment expenses are recognized based on the actual revenue generated and actual expenses incurred by the respective segments. Assets and liabilities are allocated according to the assets used or liabilities assumed that are attributable to the operating segment in their daily operating activities.

(2) *Financial information of the reporting segments*

Segment information for the year 2021 and as at 31 December 2021:

Item	Information display glass	New energy glass	Other functional glass	Unallocated items	Elimination	Total
I. Operating revenue	421,093,671.53	2,747,373,695.67	465,912,433.35	569,073,441.80	-597,851,249.71	3,605,601,992.64
Including: Revenue from external principal operations	386,877,018.25	2,745,371,116.44	461,009,036.62	207,174,889.43	-203,734,781.06	3,596,697,279.68
Revenue from other external operations	34,216,653.28	2,002,579.23	4,903,396.73	361,898,552.37	-394,116,468.65	8,904,712.96
II. Operating costs	252,076,752.31	2,188,882,352.42	295,311,689.49	566,472,737.48	-565,438,399.06	2,737,305,132.64
III. Impairment losses of credit	1,785,170.38	-8,058,491.17	3,222,422.93	-19,971,110.25	19,619,932.18	-3,402,075.93
IV. Impairment losses of assets	-964,690.64	-9,954,907.16				-10,919,597.80
V. Depreciation expenses and amortization expenses	67,987,120.59	187,433,547.53	17,945,528.73	935,083.18	-476,206.29	273,825,073.74
VI. Total profit	54,128,594.56	242,480,201.29	123,872,689.48	218,543,400.18	-273,223,049.27	365,801,836.24
VII. Income tax expenses	-649,311.65	22,751,761.25	-571,584.48	-	-894,955.13	20,635,909.99
VIII. Net profit	54,777,906.21	219,728,440.04	124,444,273.96	218,543,400.18	-272,328,094.14	345,165,926.25
IX. Total assets	1,123,788,853.45	7,465,415,867.99	617,891,379.18	4,984,246,556.19	-4,923,585,878.32	9,267,756,778.49
X. Total liabilities	661,337,893.71	4,103,214,251.20	245,386,175.22	1,573,291,151.77	-1,668,189,536.36	4,915,039,935.54

(3) Operating revenue by customer's geographical location

Geographical location	**Amount for the period**	Amount for previous period
China (excluding Hong Kong, Macau and Taiwan)	**3,398,007,710.78**	3,216,940,739.16
Other countries and regions	**207,594,281.86**	164,164,617.86
Total	**3,605,601,992.64**	3,381,105,357.02

(4) Non-current assets by its geographical location

Geographical location	**Closing balance**	Opening balance
China (excluding Hong Kong, Macau and Taiwan)	**6,027,135,318.19**	3,848,511,332.47
Total	**6,027,135,318.19**	3,848,511,332.47

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.

(5) Reliance on major customers

The Company has a diversified customer base. In 2021, only two customers from new energy reporting segment had transaction amounts contributing over 10% to the revenue of the Company.

4. Turnover

Turnover is the invoiced value of the goods sold to the customers after deduction of any trade discounts, VAT and surcharges, the analyses of which are as follows:

(1) Details of operating revenue

Item	**Amount for the period**	Amount for previous period
Revenue from principal operating activities	**3,596,697,279.68**	3,328,564,533.56
Revenue from other operating activities	**8,904,712.96**	52,540,823.46
Total operating revenue	**3,605,601,992.64**	3,381,105,357.02

(2) Revenue from principal operating activities by product

Name of product or service	Amount for the period	Amount for previous period
Information display glass	**390,317,126.62**	397,141,767.24
New energy glass	**2,741,774,527.87**	2,558,869,152.90
Other functional glass	**464,605,625.19**	372,553,613.42
Total	**3,596,697,279.68**	3,328,564,533.56

5. Other Income

Item	Amount for the period	Amount for previous period
Government grant	**35,849,732.42**	25,886,214.10
Gain from debt restructuring	**382,382.96**	29,519,590.46
Individual tax refunds	**689,700.90**	86,551.35
Total	**36,921,816.28**	55,492,355.91

6. Gains on Disposal of Assets

Item	Amount for the period	Amount for previous period
Fixed assets	**-347,984.19**	-259,318.91
Total	**-347,984.19**	-259,318.91

7. Non-Operating Income

Item	Amount for the period	Amount for previous period
Payables approved but not payable	**63,215.70**	4,724,169.66
Negative goodwill on acquisition of subsidiaries at consolidation level	**4,530,231.38**	
Others	**105,443.20**	3,591,898.83
Total	**4,698,890.28**	8,316,068.49

8. *Profit Before Tax*

(1) *Financial expenses*

Item	**Amount for the period**	Amount for previous period
Profit before tax has been (deducted)/included:		
Interest expense	**128,767,137.08**	125,865,964.01
Less: interest income	**8,788,027.25**	5,920,698.40
Exchange losses (less: exchange income)	**1,148,784.48**	5,431,405.41
Handling charges and other expenses	**3,939,710.69**	8,299,601.82
Total	**125,067,605.00**	133,676,272.84

(2) *Operating costs*

Item	**Amount for the period**	Amount for previous period
Principal operating costs	**2,730,642,835.57**	2,390,678,800.78
Other operating costs	**6,662,297.07**	43,712,949.51
Total operating costs	**2,737,305,132.64**	2,434,391,750.29

(3) *Taxes and surcharges*

Item	**Amount for the period**	Amount for previous period
Property tax	**12,286,111.85**	8,878,273.92
Land-use tax	**12,364,963.69**	10,193,885.19
Urban maintenance and construction tax	**6,393,099.32**	9,101,200.02
Education surcharges	**5,088,034.46**	7,141,954.70
Stamp duty	**2,946,212.81**	1,484,651.58
Others	**3,704,897.84**	1,492,676.30
Total	**42,783,319.97**	38,292,641.71

(4) Selling expenses

Item	**Amount for the period**	Amount for previous period
Employee compensation	**12,608,045.88**	20,442,547.71
Depreciation	**763,914.43**	603,574.49
Sample and product depletion	**3,286,187.18**	
Business travel expense	**453,947.28**	380,620.33
Office expenses	**828,891.11**	1,309,104.75
Other selling expenses	**1,363,845.20**	876,613.37
Total	**19,304,831.08**	23,612,460.65

(5) Administrative expenses

Item	**Amount for the period**	Amount for previous period
Employee compensation	**84,731,180.12**	67,959,162.67
Depreciation of fixed assets	**15,409,356.52**	17,231,824.25
Business entertainment expenses	**1,433,087.69**	1,281,453.81
Business travel expenses	**1,560,868.50**	1,006,336.22
Transportation expenses	**2,056,093.07**	1,736,357.59
Office expenses	**6,229,962.41**	5,642,721.92
Intermediary engagement and consulting fees	**10,335,506.41**	7,540,856.30
Technical service fee	**6,203,757.99**	416,449.26
Property management fee	**3,117,623.40**	3,665,269.15
Amortization of intangible assets	**13,903,467.91**	9,825,693.58
Consultancy fee	**3,010,869.57**	1,750,719.46
Amortisation of right-of-use assets	**2,580,608.28**	650,454.70
Utilities	**1,292,988.91**	1,081,859.46
Others	**23,034,580.71**	17,184,945.99
Total	**174,899,951.49**	136,974,104.36

(6) Impairment loss on assets

Item	**Amount for the period**	Amount for previous period
Impairment loss on inventories	**-10,919,597.80**	4,377,655.05
Impairment loss on construction in progress		-706,414.90
Total	**-10,919,597.80**	3,671,240.15

(7) Impairment loss on credit

Item	**Amount for the period**	Amount for previous period
Credit impairment loss on notes receivable	**-2,093,022.80**	1,961,465.24
Credit impairment loss on accounts receivable	**-3,624,120.49**	-10,349,762.27
Credit impairment losses on other receivables	**2,315,067.36**	3,701,773.94
Total	**-3,402,075.93**	-4,686,523.09

(8) Non-operating expenses

Item	**Amount for the period**	Amount for previous period
Penalties and overdue fine	**1,150,378.97**	470,174.16
Losses on disposal of non-current assets	**352,014.38**	1,458,351.46
Others		1,903,690.35
Total	**1,502,393.35**	3,832,215.97

9. Income Tax Expenses

Item	**Amount for the period**	Amount for previous period
Income tax expenses for the period calculated in accordance with tax laws and relevant regulations	**26,688,442.98**	72,929,664.54
Deferred income tax expenses	**-6,052,532.99**	-2,744,701.42
Total	**20,635,909.99**	70,184,963.12

Note: Longhai Glass, Puyang CNBM Photovoltaic Materials, Bengbu CNBM Information Display, Hefei New Energy and Tongcheng New Energy, the wholly-owned subsidiaries of the Company, and Yixing New Energy, a controlled subsidiary of the Company, are high-tech enterprises and subject to an enterprise income tax rate of 15% in 2021.

10. Basic Earnings Per Share

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

Item	**Amount for the period**	Amount for previous period
Net profits attributable to the holders of ordinary shares of the Company	**264,595,142.78**	372,861,545.19
Weighted average number of ordinary shares in issue of the Company	**580,918,609.00**	552,075,169.25
Basic earnings per share *(RMB/share)*	**0.46**	0.68

No diluted earnings per share was calculated as the Company did not have any potential dilutive shares during the year ended 31 December 2021.

11. *Accounts Receivable and Notes Receivable*

(1) *Accounts receivable:*

Item	Book balance	Opening balance
Accounts receivable	**552,650,324.05**	756,306,261.81
Less: provision for bad debts	**114,145,602.57**	114,351,899.64
Accounts receivable, net	**438,504,721.48**	641,954,362.17

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

The aging of accounts receivable based on their recording dates is analysed as below:

Aging	Closing balance	Opening balance
Within 1 year	**425,260,917.50**	637,037,337.11
1–2 years	**33,223,135.32**	30,063,663.73
2–3 years	**11,291,882.09**	20,235,637.58
3–4 years	**14,885,060.83**	10,955,320.15
4–5 years	**10,947,806.15**	2,767,277.60
Over 5 years	**57,041,522.16**	55,247,025.64
Total	**552,650,324.05**	756,306,261.81

(2) *Notes receivable by category*

Item	Closing balance	Opening balance
Trade acceptance	**209,183,174.11**	104,532,034.37
Less: Provision for bad debts	**4,183,663.49**	2,090,640.69
Total	**204,999,510.62**	102,441,393.68

(3) *Accounts receivable financing*

Item	Closing balance	Opening balance
Notes receivable	**369,857,635.69**	448,697,313.21
Total	**369,857,635.69**	448,697,313.21

12. Accounts Payable and Notes Payable

(1) The aging of accounts payable based on their recording dates is analysed as below

Item	Closing Balance	Opening balance
Within 1 year (inclusive)	**604,825,767.23**	381,441,829.92
Over 1 year	**40,690,320.35**	92,283,967.10
Total	**645,516,087.58**	473,725,797.02

(2) Notes payable by category

Item	Closing Balance	Opening balance
Bank acceptance	**650,930,930.94**	508,983,722.37
Total	**650,930,930.94**	508,983,722.37

13. Reserves

(1) Capital reserve

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Capital premium	1,823,846,199.14	1,886,519,109.01	172,126,491.46	3,538,238,816.69
II. Other capital reserves	253,997,175.89			253,997,175.89
Including: Others	253,997,175.89			253,997,175.89
Total	2,077,843,375.03	1,886,519,109.01	172,126,491.46	3,792,235,992.58

Note:

1. In August 2021, according to the Approval on the Non-public Issuance of Shares of Luoyang Glass Company Limited* (Zheng Jian Xu Ke [2021] No. 2104) (《關於核準洛陽玻璃股份有限公司非公開發行股票的批覆》(證監許可[2021]2104號)) issued by the China Securities Regulatory Commission, the Company issued 97,134,531 ordinary shares to specific investors by way of non-public issuance at an issue price of RMB20.59 per share. After deducting relevant issuance expenses such as underwriting fees, legal fees and capital verification fees, the Company raised RMB1,983,653,640.01, including an increase in share capital of RMB97,134,531.00 and an increase in capital reserve of RMB1,886,519,109.01;

2. In August 2021, the Company acquired 60% equity of North Glass, which constitutes a business combination under common control. The impact of this matter on the capital reserve was RMB-172,126,491.46.

(2) Surplus reserve

Item	Opening balance	Increase in the period	Decrease in 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	Percentage of allocation or distribution
Undistributed profit at the end of the previous period before adjustment	**-955,722,560.53**	
Adjustment for total undistributed profit at the beginning of the period (increase expressed with+, and decrease expressed with -)	**45,499,686.70**	
Undistributed profit at the beginning of the period after adjustment	**-910,222,873.83**	
Add: Net profit attributable to owners of Company for the period	**264,595,142.78**	
Undistributed profit at the end of the period	**-645,627,731.05**	

14. Subsequent Matters

On 25 January 2022, it was considered and approved at the 2022 first extraordinary general meeting of the Company that the Company would transfer 100% equity interest in CLFG Luoyang Longhai Electronic Glass Company Limited* (洛玻集團洛陽龍海電子玻璃有限公司), CLFG Longmen Glass Co. Ltd.* (洛玻集團龍門玻璃有限責任公司) and 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) to Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司). On 28 January 2022, the above three companies completed the industrial and commercial changes.

III. DISCUSSION AND ANALYSIS OF THE OPERATIONS DURING THE REPORTING PERIOD

Business review

In 2021, under the leadership of the Board of Directors of the Company, the Company adhered to the guidance of high-quality development, continuously adjusted the structure, accelerated the pace of transformation, focused on the (“Three-Excellence Management”) and developmental operation, and strived to promote the operation measures of seeking development, strengthening financing, stimulating innovation, maintaining prices, reducing costs and relieving pressure. The operating results of the Group decreased year-on-year in 2021, due to the influence of dual control over energy consumption, rising raw material prices and fluctuations in the prices of photovoltaic glass.

1. Remarkable Achievements in Development

Focusing on the national goal of “Carbon Peak and Carbon Neutrality”, the Company immersed itself in the strategic opportunity period for the development of new energy glass, accelerated the construction of new energy glass projects and enterprise mergers and acquisitions, rapidly expanded the main business and strengthened the development momentum. Hefei New Energy and Tongcheng New Energy investment are about to be ready for the commencement of operation; The construction of the new project of Yixing new energy packaging materials has commenced; The Luoyang new energy packaging materials project and the North Glass project are progressing in an orderly manner as planned.

During the reporting period, the Company successfully completed the acquisition of the equity of North Glass acquisition of Zigong New Energy. At the same time, the merger and acquisition of Taiwan Glass (Fujian) is also progressing in an orderly manner.

2. Strong Financing Opens a New Chapter amid Changes

During the reporting period, the Company successfully completed the non-public issuance project and issued 97,134,531 A Shares, raising a total of approximately RMB2 billion. The capital scale of the Company was further expanded, the working capital was correspondingly strengthened, the asset-liability structure was more reasonable, laying a good foundation for the development of the Company.

3. Focusing on Innovation, Improving Quality and Increasing Efficiency

Facing the ever-changing market situation, the Company took technological innovation as the lead, continuously optimized the process and equipment level of each production line, continuously improved the quality of products, and continuously developed new products according to user needs to meet the market demand to the greatest extent. Yixing New Energy successfully commenced mass production of 2258 mm wide plates; Hefei New Energy developed aesthetic components that can fully meet the needs of users. The total yield rate of Longhai Glass repeatedly reached a new high with its quality fully recognized by downstream customers; Bengbu CNBM Information Display further improved the quality of 0.7mm and 0.55mm products through technological research; Puyang CNBM Photovoltaic Materials realized improvement in both quality and yield rate of glass.

In 2021, the Company completed a total of 47 patent applications, including 21 invention patents and 26 utility models, and was authorized 35 patents, including 6 invention patents and 29 utility models. The Company completed R&D investment of RMB157,660,000, stimulating endogenous power continuously.

4. Adjusting Structure and Stabilizing Market

The Company continued to maintain the advantages of 2.0 double-glass production, while increasing the proportion of large-plate glass production; Hefei New Energy increased the proportion of high value-added products such as double-layer coating and aesthetic components; Bengbu CNBM Information Display increased the proportion of end customers.

5. Reducing Costs and Achieving Effective Results

The Company carried out benchmarking criteria for first-class enterprises. The photovoltaic glass segment conducted benchmarking against the “six indicators” such as capacity utilization rate, total yield rate, production-sales rate, collection rate, comprehensive gross profit margin and comprehensive labor productivity to facilitate the significant decrease in costs. The Company saved costs through the Party branch’s innovative establishment activities of “increasing, saving and reducing”, reduced procurement costs through centralized procurement bidding, implemented cost-saving plans, strictly controlled expenses and optimized financial structure.

6. Reducing and Controlling Risks

The Company' s accounts receivable and other receivables for the year significantly decreased; The Company's gearing ratio decreased by 15.10 percentage points to 53.03%.

7. Reform Enhancement and Release of Dynamics

The Company conscientiously implemented the requirements of the three-year action plan for state-owned enterprise reform, formulated the three-year action plan for state-owned enterprise reform. The Company also actively promoted the tenure system and contractual management at the level of managers.

The principal operations during the reporting period

During the reporting period, the Company's operating revenue amounted to RMB3,605,601,992.64, representing a year-on-year increase of RMB224,496,635.62; operating profit amounted to RMB362,605,339.31, representing a year-on-year decrease of RMB175,346,199.85; net profit attributable to the shareholders of the Company amounted to RMB264,595,142.78, representing a year-on-year decrease of RMB108,266,402.41; and basic earnings per share attributable to shareholders of the Company amounted to RMB0.46. Gearing ratio was 53.03%, representing a decrease of 15.10 percentage points from 2020.

(I) Analysis of principal operating activities

1. Analytical statement of changes in relevant items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for current period	Amount for the same period last year	Change *(%)*
Operating revenue	**3,605,601,992.64**	3,381,105,357.02	6.64
Operating costs	**2,737,305,132.64**	2,434,391,750.29	12.44
Taxes and surcharges	**42,783,319.97**	38,292,641.71	11.73
Selling expenses	**19,304,831.08**	23,612,460.65	-18.24
Administrative expenses	**174,899,951.49**	136,974,104.36	27.69
Research and development expenses	**154,331,928.64**	120,749,370.37	27.81
Financial expenses	**125,067,605.00**	133,676,272.84	-6.44

Other income	**36,921,816.28**	55,492,355.91	-33.47
Investment income	**-11,556,042.87**	-9,674,971.70	-19.44
Impairment losses on credit	**-3,402,075.93**	-4,686,523.09	-27.41
Impairment losses on assets	**-10,919,597.80**	3,671,240.15	-397.44
Gains on disposal of assets	**-347,984.19**	-259,318.91	-34.19
Non-operating income	**4,698,890.28**	8,316,068.49	-43.50
Non-operating expense	**1,502,393.35**	3,832,215.97	-60.80
Income tax expenses	**20,635,909.99**	70,184,963.12	-70.60
Net cash flow from operating activities	**136,314,148.15**	470,552,220.97	-71.03
Net cash flow from investment activities	**-1,710,583,296.00**	-253,783,235.99	574.03
Net cash flow from financing activities	**2,384,619,268.87**	-218,143,429.16	1193.14

Reasons for change in selling expenses: a decrease in performance-based remuneration of sales personnel during the reporting period;

Reasons for change in administrative expenses: an increase in the scope of consolidation on the one hand, and an increase in remuneration of management personnel, amortisation of intangible assets and right-of-use assets, as well as intermediary agency fees on the other hand;

Reasons for change in research and development expenses: the increase in research and development investment during the reporting period;

Reasons for change in other investment income: a year-on-year decrease in the amount of debt restructuring during the reporting period;

Reasons for change in impairment losses on credit: the expected impairment on credit decreased year-on-year during the reporting period;

Reasons for change of impairment losses on assets: provision for impairment on assets increased during the reporting period;

Reasons for change in non-operating income: project amount included in non-operating income decreased year-on-year during the reporting period;

Reasons for change in income tax expenses: taxable income decreased year-on-year during the reporting period;

Reasons for change in net cash flow from operating activities: the increase in cash outflow from operating activities was higher than the increase in cash inflow from operating activities during the reporting period;

Reasons for change in net cash flow from investment activities: a year-on-year increase in investment cash expenditure during the reporting period;

Reasons for change in net cash flow from financing activities: a year-on-year increase in equity and debt financing during the reporting period.

2. *Analysis of revenue and costs*

During the reporting period, the Company recorded revenue of RMB3,605,602,000, representing an increase of 6.64% as compared with that of the same period of last year. The operating costs amounted to RMB2,737,305,100, representing an increase of 12.44% as compared with that of the same period of last year. The higher increase in operating costs was mainly due to the increase in the prices of raw materials and fuel materials leading to an increase in production costs on one hand, and an increase in sales volume on the other hand.

(1) Principal operations by industry, by product and by region

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 last year *(%)*	Increase/ decrease of operating costs as compared with last year *(%)*	Increase/ decrease of gross profit margin as compared with last year *(%)*
New materials	3,596,697,279.68	2,730,642,835.57	24.08	8.06	14.22	Decreased by 4.10 percentage points

Principal operations by product

By product	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease of operating revenue as compared with last year (%)	Increase/decrease of operating costs as compared with last year (%)	Increase/decrease of gross profit margin as compared with last year (%)
Information display glass	390,317,126.62	251,437,621.28	35.58	-1.72	-20.03	Increased by 14.75 percentage points
New energy glass	2,741,774,527.87	2,185,393,030.11	20.29	7.15	22.87	Decreased by 10.20 percentage points
Other functional glass	464,605,625.19	293,812,184.18	36.76	24.71	-1.31	Increased by 16.67 percentage points

Principal operations by region

By region	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease of operating revenue as compared with last year (%)	Increase/decrease of operating costs as compared with last year (%)	Increase/decrease of gross profit margin as compared with last year (%)
PRC (excluding Hong Kong, Macau and Taiwan)	3,389,102,997.82	2,594,782,405.73	23.44	7.10	15.63	Decreased by 5.65 percentage points
Other countries and regions	207,594,281.86	135,860,429.84	34.55	26.45	-7.39	Increased by 23.91 percentage points

(2) Analytical statement of production and sales volume

Major product	Unit	Production volume	Outsourcing production volume	Sales volume	Storage volume	Increase/ decrease of production volume as compared with last year (%)	Increase/ decrease of Sales volume as compared with last year (%)	Increase/ decrease of Storage volume as compared with last year (%)
Information display glass	'0,000 square meters	2,717.11	0.00	2,787.45	409.54	-2.06	-20.43	-14.66
New energy glass	'0,000 square meters	13,576.43	899.46	12,595.73	1,569.44	40.22	20.52	1,123.98
Other Functional Glass	'0,000 square meters	1,389.54	0.00	1,429.90	96.79	31.27	14.29	-40.94

(3) Analytical statement of costs

Unit: Yuan Currency: RMB

By industry							
By industry	Component of cost	Amount for current period	Percentage over total cost for the current period (%)	Amount for the same period last year	Percentage over total cost for the same period last year (%)	Percentage of changes in amount for the current period over the same period last year (%)	Status Description
New materials-self-produced	Direct materials	2,064,518,674.27	85.82	1,748,228,524.34	85.54	18.09	
	Direct labour	148,404,383.45	6.17	119,183,379.13	5.83	24.52	
	Manufacturing expenses	192,724,773.14	8.01	176,468,893.85	8.63	9.21	
New materials-outsourcing	Material costs	324,995,004.71	100.00	346,798,003.46	100.00	-6.29	

By industry	Component of Cost	Amount for current period	Percentage over total cost for the current period (%)	Amount for the same period last year	Percentage over total cost for the same period last year (%)	Percentage of changes in amount for the current period over the same period last year (%)	Status Description
By product							
Information display glass	Direct materials	157,852,538.64	62.78	203,385,124.14	64.69	-22.39	
	Direct labour	33,240,053.53	13.22	35,495,718.84	11.29	-6.35	
	Manufacturing expenses	60,345,029.11	24.00	75,518,792.43	24.02	-20.09	
New energy glass-self -produced	Direct materials	1,672,497,824.84	89.90	1,303,480,761.10	91.04	28.31	
	Direct labour	89,485,145.02	4.81	60,993,278.14	4.26	46.71	
	Manufacturing expenses	98,415,055.54	5.29	67,293,053.35	4.70	46.25	
New energy glass-outsourcing	Material costs	324,995,004.71	100.00	346,798,003.46	100.00	-6.29	
Other Functional Glass	Direct materials	234,168,310.79	79.70	241,362,639.10	81.07	-2.98	
	Direct labour	25,679,184.90	8.74	22,694,382.15	7.62	13.15	
	Manufacturing expenses	33,964,688.49	11.56	33,657,048.07	11.31	0.91	

(4) Major sales to customers and major suppliers

The total amount of sales to the top five customers amounted to RMB1,980,404,500, representing 54.93% of the Group's annual sales. The largest customer accounted for 19.04% of the Group's annual sales.

Among the top five customers, sales were aggregated and calculated based on the principle that CNBM and its subsidiaries, the de facto controllers of the Company, are regarded as the same customer. CNBM is the third largest customer of the Group.

The total amount of purchase from the top five suppliers amounted to RMB913,153,000, representing 35.31% of the Group's annual purchases. The largest supplier accounted for 18.63% of the Group's annual purchases.

Among the top five suppliers, the purchase amount was aggregated and calculated based on the principle that CNBM and its subsidiaries, the de facto controllers of the Company, are regarded as the same supplier. CNBM is the largest supplier of the Group.

3. Expenses

Unit: Yuan Currency: RMB

Item	2021	2020	Changes (%)	Reasons of changes
Selling expenses	**19,304,831.08**	23,612,460.65	-18.24	Decrease in performance-based remuneration of sales personnel during the reporting period
Administration expenses	**174,899,951.49**	136,974,104.36	27.69	the scope of consolidation on the one hand, and an increase in remuneration of management personnel, amortisation of intangible assets and right-of-use assets, as well as intermediary agency fees on the other hand

R&D expenses	**154,331,928.64**	120,749,370.37	27.81	Increase in R&D investment during the reporting period
Finance expenses	**125,067,605.00**	133,676,272.84	-6.44	Decrease in finance costs and exchange losses during the reporting period
Income tax expenses	**20,635,909.99**	70,184,963.12	-70.60	Year-on-year decrease in taxable income during the reporting period

4. R&D expenditures

Unit: Yuan Currency: RMB

Expensed R&D expenditure in current period	140,274,706.27
Capitalized R&D expenditure in current period	17,385,469.27
Total of R&D expenditure	157,660,175.54
Percentage of total R&D expenditure to operating revenue *(%)*	4.37
Number of the Company's R&D staff	491
Percentage of R&D staff number to the Company's total number of employees *(%)*	13.11
Proportion of capitalization of R&D investment *(%)*	11.03

5. Cash flow

(1) The net cash flow from operating activities amounted to RMB136,314,100, representing a decrease of RMB334,238,100 as compared with RMB470,552,200 for the same period of last year, this was due to the fact that the increase in cash outflow from operating activities was higher than the increase in cash inflow from operating activities during the reporting period;

(2) The net cash outflow from investing activities amounted to RMB1,710,583,300, representing an increase of RMB1,456,800,100 as compared with the net outflow of RMB253,783,200 for the same period of last year, mainly due to the year-on-year increase in cash expenditure on investment in fixed assets as a result of the increase in construction projects during the reporting period;

(3) The net cash inflow from financing activities amounted to RMB2,384,619,300, representing an increase of RMB2,602,762,700 in the net inflow as compared with the net outflow of RMB218,143,400 for the same period of last year, which was mainly due to the year-on-year increase in net proceeds from non-public issuance of securities and borrowings during the reporting period.

(III) Analysis of 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 period	Percentage of closing balance of last period over the total assets (%)	Percentage of changes in closing balance of current period over the closing balance of previous period (%)
Monetary funds	1,116,571,580.99	12.05	338,338,105.37	5.18	230.02
Notes receivable	204,999,510.62	2.21	102,441,393.68	1.57	100.11
Accounts receivable	438,504,721.48	4.73	641,954,362.17	9.84	-31.69
Other receivables	35,054,042.55	0.38	553,839,445.64	8.49	-93.67
Inventories	686,161,229.71	7.40	307,898,221.12	4.72	122.85
Other current assets	190,034,599.15	2.05	60,748,621.82	0.93	212.82
Construction in progress	1,420,340,092.86	15.33	83,910,682.05	1.29	1592.68
Intangible assets	644,275,347.55	6.95	453,958,149.23	6.96	41.92
Deferred income tax assets	16,986,021.11	0.18	10,466,272.12	0.16	62.29
Other non-current assets	185,935,267.61	2.01	33,523,206.41	0.51	454.65
Accounts payable	645,516,087.58	6.97	473,725,797.02	7.26	36.26
Employee compensation payable	60,667,607.28	0.65	44,039,082.77	0.67	37.76
Taxes payable	13,688,263.71	0.15	116,499,806.65	1.79	-88.25
Other current liabilities	20,064,405.18	0.22	7,654,980.24	0.12	162.11
Long-term borrowings	1,032,800,000.00	11.14	640,530,047.96	9.82	61.24

Analysis on industry operating information

In 2021, the national photovoltaic industry focused on carbon peak and carbon neutrality, seized the development opportunities of the industry, overcame the adverse effects of the repeated global pandemic, severe economic situation, etc., continued to deepen the supply-side structural reform, accelerated the promotion of industrial intelligent innovation and upgrading, and the overall industry operation was improving, achieving a good start of the "14th Five-Year Plan". The whole industry achieved steady growth. The overall supply chain of the national photovoltaic industry chain remained safe and stable. The annual output of polysilicon, wafer, battery and module reached 505,000 tons, 227 GW, 198 GW and 182 GW, respectively, representing a year-on-year increase of 27.5%, 40.6%, 46.9% and 46.1%, respectively (Extracted from market research data of Photovoltaic Industry Association).

As the world accelerates its response to climate change, the demand in the photovoltaic market continues to increase. In 2021, the export of photovoltaic products in China exceeded US$28.4 billion. The country actively promoted carbon peak and carbon neutrality, accelerated the construction of large-scale photovoltaic power generation bases, continued to implement policies such as the action plan for innovative development of distributed photovoltaic and intelligent photovoltaic in the whole county, and continuously optimised public service platforms such as standards and testing (Extracted from market research data of Photovoltaic Industry Association).

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	100,851,123.42	-501,103,013.14	726,188.35
CLFG Longhai Electronic Glass Co., Ltd.	New materials	Information display glass	100,000,000	483,195,042.59	185,178,012.56	46,604,975.55
Bengbu CNBM Information Display Materials Co., Ltd.	New materials	Information display glass	632,764,300	814,902,021.88	780,367,563.85	7,446,742.31
CNBM (Puyang) Photoelectric Material Co., Ltd.	New materials	New energy glass	240,000,000	777,426,595.21	280,994,931.20	33,791,348.23
CNBM (Hefei) New Energy Co., Ltd.	New materials	New energy glass	868,000,000	2,272,590,335.70	1,042,899,040.50	64,445,441.59
CNBM (Tongcheng) New Energy Materials Co., Ltd.	New materials	New energy glass	933,388,980	2,042,536,611.03	1,087,871,632.45	30,208,819.60
CNBM (Yixing) New Energy Resources Co., Ltd	New materials	New energy glass	313,700,000	1,430,886,495.11	537,024,318.08	94,025,729.27
Qinhuangdao North Glass Co., Ltd.	New materials	Other functional glass	643,903,700	617,891,379.18	372,505,203.96	124,444,273.96
Kaisheng (Zigong) New Energy Co., Ltd.	New materials	New energy glass	500,000,000	960,489,843.67	510,688,182.81	3,137,797.15
CNBM (Luoyang) New Energy Co., Ltd.	New materials	New energy glass	800,000,000.00	80,200,266.66	80,085,671.69	85,671.69

Operating Plan

In 2022, the Company will seize the strategic opportunities for the development of the new energy industry, maintain its confidence and determination, seek development in opportunities, consolidate the scale of its main business, and strive to achieve growth in both revenue and profit for the year.

1. **Adhere to benchmarking and promoting management.** With the implementation of "streamlined, refined and lean management" as the starting point, the Company will carry out the "Six Rates" benchmarking, continue to optimise the benchmarking indicator system, firmly importance of gross profit margin, to achieve effective leading, find the shortcomings, make up the shortcomings, reduce the cost, promote the further improvement of management, and further improve the performance.

2. **Adhere to innovation and promoting quality.** Innovation is the source of power for enterprise development. We will continue to adhere to technological innovation and product innovation, stimulate endogenous power, organise the production of high value-added, high-quality and high-tech products, and enhance the core competitiveness of the enterprise.

3. **Adhere to operation and promoting efficiency.** Adhering to the business concept of "Price-Cost-Profit" and following the principle of "benefits first, efficiency first", the Company will enhance market research and judgment, strengthen marketing, respond to market demand, adopt differentiated business strategies, continue to transform into ultra-thin or large-scale products and play a leading role in the industry.

4. **Adhere to focusing on capital and facilitating the maintenance of market value.** The Company will strengthen the standardized operation of listed companies, accelerate the pace of merger and acquisition and integration, consolidate the scale of the principal business of new energy, make good use of the dual-carbon policy, promote the Company's development strategy, and enhance the Company's market value to a new level.

5. **Adhere to focusing on projects and promoting development.** Preparing for the commencement of operation of completed projects; the projects to be constructed will be steadily advanced to further consolidate the scale of the principal business of new energy.

6. **Adhere to reform and promoting incentives.** The Company will make good use of the platform of a listed company and actively promote medium and long-term incentives; further improve the internal incentive mechanism and the performance assessment mechanism. We will strengthen the construction of staff team, put into effect the implementation plan for the cultivation and development of reserve cadres, and provide a growth platform for young talents with both integrity and capability.

IV. CAPITAL LIQUIDITY AND FINANCIAL RESOURCES

Capital liquidity

As at 31 December 2021, the Group's liquidity ratio was 0.85 (31 December 2020: 0.71) and quick ratio was 0.58 (31 December 2020: 0.57). The turnover rate of accounts receivable for the year was 5.50 times (2020: 4.67 times); and the turnover rate of inventory was 5.17 times (2020: 7.61 times).

Financial resources

As at 31 December 2021, the Group's cash and cash equivalents amounted to RMB961,479,236.37, including 98.24% denominated in RMB and 1.76% denominated in US$ and other foreign currencies.

As at 31 December 2021, the Group's borrowings from financial institutions amounted to RMB2,615,677,350.77 (31 December 2020: RMB2,267,829,485.92), including short-term loans amounting to RMB1,326,709,864.27 (31 December 2020: RMB1,278,414,071.56) and long-term loans amounting to RMB1,288,967,486.50 (31 December 2020: RMB989,415,414.36).

V. CAPITAL STRUCTURE

As at 31 December 2021, the Group's current liabilities amounted to RMB 3,724,201,381.66 (31 December 2020: RMB3,655,626,917.42), representing an increase of 1.88% from 2020; non-current liabilities amounted to RMB1,190,838,553.88 (31 December 2020: RMB790,346,834.62), representing an increase of 50.67% from the end of 2020; and equity attributable to shareholders of the Company amounted to RMB 3,843,648,733.57 (31 December 2020: RMB1,767,526,442.24), representing an increase of 117.46% from 2020.

VI. MAJOR RESTRICTED ASSETS AS AT THE END OF THE REPORTING PERIOD

Unit: Yuan Currency: RMB

Item	Book value at the end of the period	Reasons for restriction
Monetary funds	**155,092,344.62**	Deposits
Accounts receivables financing	**119,233,770.63**	Notes pledge
Fixed assets	**395,441,301.93**	Mortgage
Intangible assets	**76,851,952.27**	Mortgage
Construction in progress	**29,437,896.38**	Mortgage
Total	**776,057,265.83**	–

VII. CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities.

VIII. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had a total of 3,857 employees. 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 benefits.

IX. DIVIDENDS

The Board of Directors of the Company did not recommend any distribution of dividends for the year ended 31 December 2021.

X. CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Company had complied strictly with the requirements of the Code on Corporate Governance Practices and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

XI. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules of the Stock Exchange as its own code of conduct regarding securities transactions by the Directors. During the reporting period, all the Directors of the Company had strictly complied with the code of conduct in relation to the securities transactions by the Directors under the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules of the Stock Exchange.

XII. AUDIT COMMITTEE

The audit committee of the Board of the Company has reviewed the audited annual results for the year ended 31 December 2021 and the 2021 annual report.

XIII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company did not purchase, sell or redeem any listed securities of the Company.

XIV. CONTINUOUS CONNECTED TRANSACTIONS IN 2021

In 2021, the continuous connected transactions of the Group did not exceed the disclosed annual upper limit.

All continuous connected transactions of the Group are inseparable from the Group's daily operations, and are subject to the general commercial terms and conditions, or the transaction clauses are not inferior to the terms and conditions available to or provided by the independent third parties. The transaction price is fair and reasonable, and in the interests of the shareholders of the Company as a whole.

The Company's continuous connected transaction projects in 2021 have passed the corresponding review and approval procedures according to the relevant listing regulations of Stock Exchange of Hong Kong Limited and SSE, and the actual total transaction volumes have not exceeded the approved upper limit. The Company's independent auditor has reviewed the relevant continuous connected transactions and has issued the audit report of the projects. The Company's independent directors have also reviewed and confirmed the continuous connected transactions in 2021.

XV. AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The data contained in the annual results announcement of the Company for the year ended 31 December 2021 has been agreed by PKF Daxin Certified Public Accountants LLP, the auditor of Company, and is consistent with the data of the Company's 2021 annual report. The 2021 annual report will be dispatched to the shareholders and published on Stock Exchange by the Company in due course.

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

29 March 2022

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*