

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ANNOUNCEMENT IN RESPECT OF
THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
OF THE COMPANY FOR THE REORGANISATION**

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

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the circular of the Company dated 11 October 2017 in relation to, among other things, its (a) very substantial acquisitions and connected transactions; (b) the proposed A share placing; and (c) application for whitewash waiver (the “**Circular**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Circular.

Since the Reorganisation of the Company constitutes a significant asset restructuring of listed companies according to the relevant PRC laws and regulations, the Company is required to prepare the pro forma consolidated financial statements of the Company for the Reorganisation according to the relevant requirements of the “Administrative Measures for Significant Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》)” and the “Standards concerning the Content and Format of Information Disclosure by Companies Offering Securities to the Public No. 26 – Significant Asset Restructuring of Listed Companies (《公開發行證券的公司信息披露內容與格式準則第26號 – 上市公司重大資產重組》)” (Revised in 2017) of the CSRC.

The Appendix I to this announcement is the “Auditors’ Report (審計報告)” (WUYIGE Shen Zi [2018] No. 2-00006) dated 17 January 2018 issued by WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP., which contains the pro forma consolidated financial statements of the Company and its subsidiaries for the eleven months ended 30 November 2017 and for the year ended 31 December 2016, prepared in accordance with the PRC Accounting Standards for Business Enterprises, for the purpose of submission by the Company to the CSRC in connection with the significant asset restructuring documents. Such report is prepared in Chinese and the English translation is provided for reference only.

(Unless otherwise stated, the figures contained in this announcement are denominated in Renminbi.)

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

Luoyang, the PRC
18 January 2018

As at the date of this announcement, the Board comprises four executive Directors: Mr. Zhang Chong, Mr. Ni Zhisen, Mr. Wang Guoqiang and Mr. Ma Yan; one non-executive Director: Mr. Xie Jun; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Liu Tianni, Mr. Ye Shuhua and Mr. He Baofeng.

* For identification purposes only

APPENDIX I

Luoyang Glass Company Limited*

Auditors' Report

WUYIGE Shen Zi [2018] No. 2-00006

大信會計師事務所(特殊普通合夥)

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

AUDITORS' REPORT

WUYIGE Shen Zi [2018] No. 2-00006

To the Shareholders of Luoyang Glass Company Limited*

I. AUDIT OPINION

We have audited the accompanying pro forma financial statements of Luoyang Glass Company Limited* (the “**Company**”) prepared in accordance with the basis of preparation set out in note 3 thereto, which comprise the pro forma consolidated balance sheets of the Company as at 30 November 2017 and 31 December 2016, the pro forma consolidated income statements of the Company from January to November 2017 and for the year 2016 and the notes to the pro forma financial statements.

In our opinion, the pro forma financial statements of the Company have been prepared, in all material aspects, in accordance with the requirements of the Accounting Standard for Business Enterprises and the basis of preparation as set out in the note 3 to the accompanying pro forma financial statements, which give a fair view of the pro forma financial position of the Company as at 30 November 2017 and 31 December 2016 and the pro forma operating results of the Company from January to November 2017 and for the year 2016.

II. BASIS OF AUDIT OPINION

We conducted our audit in accordance with the provisions of the Chinese Certified Public Accountants Auditing Standards. The section headed “Certified Public Accountants’ Responsibility for Audit of Pro Forma Financial Statements” in the auditors’ report further elaborated on our responsibilities under these standards. In accordance with the China Code of Ethics for Certified Public Accountants, we are independent of the Company and perform other ethical responsibilities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

III. MANAGEMENT’S AND GOVERNING BODIES’ RESPONSIBILITY FOR THE PRO FORMA FINANCIAL STATEMENTS

The management of the Company (hereinafter referred to as the “**Management**”) is responsible for preparing and fairly presenting the pro forma financial statements in accordance with the Accounting Standards for Business Enterprises and designing, implementing and maintaining necessary internal controls so that there are not material misstatement in the pro forma financial statements due to fraud or error.

In preparing the pro forma financial statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing relevant matters and applying the going concern assumption, unless the Management plans to liquidate the Company, cease operation or have no other realistic alternatives.

The governing bodies are responsible for monitoring the financial reporting process of the Company.

IV. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITY FOR AUDIT OF PRO FORMA FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance as to whether the overall pro forma financial statements are free from material misstatement due to fraud or error, and to provide an auditors' report which contains our audit opinion. Reasonable assurance is a high level of assurance, but there is not a guarantee that an audit performed in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can be caused by fraud or error, and are generally considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision made by the users of the pro forma financial statements on the basis of the financial statements.

In carrying out the audit in accordance with the auditing standards, we exercise professional judgement and maintain professional scepticism. At the same time, we also perform the following tasks:

- (I) Identify and assess the risk of material misstatement of financial statements whether due to fraud or error, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence to provide a basis for the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation or override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
- (II) Understand the internal controls related to the audit to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (III) Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- (IV) Conclude on the Management's appropriateness of using the going concern assumption. At the same time, based on the audit evidence obtained, conclusions are drawn as to whether a material uncertainty exists related to events or conditions that may cast significant doubts on the ability of the Company to continue as a going concern. If we conclude that there exists a material uncertainty, we are required to draw the attention of the users of the statements in the auditors' report to the relevant disclosures in the pro forma financial statements. If the disclosures are not sufficient, we shall issue an unqualified opinion. Our conclusion is based on the information available up to the date of the auditors' report. However, future events or circumstances may cause the Group to cease to continue as a going concern.
- (V) Evaluate the overall presentation, structure and content, including disclosures, of the pro forma financial statements and whether the pro forma financial statements have been fairly reflected the relevant transactions and events.
- (VI) Obtain adequate and appropriate audit evidence regarding the financial information of entities or business activities in the Group in order to express an audit opinion on the pro forma financial statements. We are responsible for directing, supervising and implementing the Group's audit and assume full responsibility for the audit opinion.

We communicate with the governing bodies on the issues such as the planned scope of the audit, the time schedule and significant audit findings, including any significant deficiencies in internal control that they identify during the audit.

V. OTHER EXPLANATIONS

This report is to be used solely by the Company for submissions to the China Securities Regulatory Commission in connection with its significant assets restructuring, and shall not be used for any other purpose. We and our certified public accountants who performed this engagement take no responsibility for any consequences arising from inappropriate use of this report.

WUYIGE Certified Public Accountants LLP. Chinese Certified Public Accountant:
Qiao Guanfang

Chinese Certified Public Accountant:
Wang Haizhou

Beijing, the PRC
17 January 2018

PRO FORMA CONSOLIDATED BALANCE SHEET

Prepared by: Luoyang Glass Company Limited*

Unit: RMB Yuan

Items	Notes	30 November 2017	31 December 2016
Current Assets:			
Cash and cash equivalents	VII (1)	135,569,904.79	248,020,020.85
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable	VII (2)	434,506,619.09	104,356,977.54
Accounts receivable	VII (3)	561,809,983.47	356,764,683.62
Advances to suppliers	VII (4)	17,992,822.73	9,150,661.72
Interests receivable			
Dividends receivable			
Other receivables	VII (5)	60,407,226.42	109,961,482.90
Inventories	VII (6)	196,023,656.75	225,066,290.40
Classified as assets held for sale			
Non-current assets due within one year			
Other current assets	VII (7)	38,615,555.55	66,898,919.96
Total current assets		<u>1,444,925,768.80</u>	<u>1,120,219,036.99</u>

Items	Notes	30 November 2017	31 December 2016
Non-current assets:			
Available-for-sale financial assets	VII (8)		
Held-to-maturity investments			
Long-term receivables	VII (9)	55,000,000.00	55,000,000.00
Long-term equity investments			
Investment properties			
Fixed assets	VII (10)	1,778,400,760.70	1,885,812,876.39
Construction in progress	VII (11)	239,258,201.21	95,120,361.81
Construction materials		13,980.58	
Disposal of fixed assets			
Productive biological assets			
Gas assets			
Intangible assets	VII (12)	317,142,561.22	268,594,635.93
Development expenditure			
Goodwill			
Long-term deferred expenses	VII (13)	5,774,976.67	3,515,290.90
Deferred tax assets	VII (14)	3,230,434.47	5,074,137.91
Other non-current assets	VII (15)	2,198,370.00	5,838,860.00
Total non-current assets		2,401,019,284.85	2,318,956,162.94
Total assets		3,845,945,053.65	3,439,175,199.93

Items	Notes	30 November 2017	31 December 2016
Current liabilities:			
Short-term borrowings	VII (16)	832,690,250.00	376,100,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable	VII (17)	163,979,031.25	172,586,473.44
Accounts payables	VII (18)	526,919,760.86	513,315,481.35
Receipts in advance	VII (19)	22,779,667.76	14,665,222.41
Employee compensation payable	VII (20)	18,562,786.57	36,128,119.69
Tax payables	VII (21)	29,768,529.26	22,497,684.36
Interests payables	VII (22)	6,244,875.00	1,769,060.99
Dividends payables			
Other payables	VII (23)	406,213,476.17	228,094,542.29
Classified as liabilities held for sale			
Non-current liabilities due within one year	VII (24)	161,947,948.30	521,207,062.91
Other current liabilities			
Total current liabilities		<u>2,169,106,325.17</u>	<u>1,886,363,647.44</u>

Items	Notes	30 November 2017	31 December 2016
Non-current liabilities:			
Long-term borrowings	VII (25)	393,334,134.45	307,721,374.23
Debentures payable			
Long-term payables			
Long-term employee compensation payable			
Special payables			
Estimated liability			
Deferred income	VII (26)	8,336,926.64	19,290,781.82
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		<u>401,671,061.09</u>	<u>327,012,156.05</u>
Total Liabilities		<u>2,570,777,386.26</u>	<u>2,213,375,803.49</u>
Owners' equity:			
Total owners' equity attributable to parent company		1,178,118,866.37	1,132,672,674.95
Minority interests		97,048,801.02	93,126,721.49
Total owners' equity		<u>1,275,167,667.39</u>	<u>1,225,799,396.44</u>
Total liabilities and owners' equity		<u>3,845,945,053.65</u>	<u>3,439,175,199.93</u>
<i>Legal representative:</i> Zhang Chong	<i>Person in charge of accounting:</i> Ma Yan	<i>Person in charge of accounting department:</i> Chen Jing	

PRO FORMA CONSOLIDATED INCOME STATEMENT

Prepared by: Luoyang Glass Company Limited*

Unit: RMB Yuan

Items	Notes	January to November 2017	2016
I. Operating revenue	VII (27)	1,348,295,733.22	1,167,664,709.74
Less: Operating cost	VII (27)	1,015,669,967.05	943,672,429.92
Tax and surcharges	VII (28)	18,655,845.40	11,904,922.43
Selling expenses	VII (29)	49,483,368.75	36,984,647.94
Administrative expenses	VII (30)	155,455,859.09	138,823,047.83
Financial expenses	VII (31)	70,939,812.55	41,291,378.06
Impairment losses of assets	VII (32)	18,523,812.33	22,716,501.72
Add: Gains from changes in fair value			
Investment income			
Including: Gains from investment			
in associates and			
joint ventures			
Other gains	VII (33)	49,090,026.52	
II. Operating profit (loss is represented by “-”)		68,657,094.57	-27,728,218.16
Add: Non-operating income	VII (34)	4,544,134.81	108,295,260.83
Including: Gains on disposal of			
non-current assets	VII (34)	83,418.35	282,222.82
Less: Non-operating expense	VII (35)	265,942.12	4,459,894.98
Including: Loss on disposal of			
non-current assets	VII (35)		15,875.60
III. Total profit (total loss is represented by “-”)		72,935,287.26	76,107,147.69
Less: Income tax expenses	VII (36)	23,567,016.31	16,290,022.67
IV. Net profit (net loss is represented by “-”)		49,368,270.95	59,817,125.02
Including: Net profit attributable to the			
owners of the parent			
company		45,446,191.42	59,660,718.95
Minority interests		3,922,079.53	156,406.07

Items	Notes	January to November 2017	2016
V. Other comprehensive income, net of tax			
Other comprehensive income attributable to owners of the parent company, net of tax			
Other comprehensive income attributable to minority interests, net of tax			
VI. Total comprehensive income		49,368,270.95	59,817,125.02
Total comprehensive income attributable to owners of the parent company		45,446,191.42	59,660,718.95
Total comprehensive income attributable to minority interests		3,922,079.53	156,406.07
VII. Earnings per share			
(I) Basic earnings per share		0.08	0.11
(II) Diluted earnings per share			

Legal representative:
Zhang Chong

*Person in charge of
accounting:*
Ma Yan

*Person in charge of
accounting department:*
Chen Jing

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS

(All monetary amounts in these notes are expressed in RMB unless otherwise stated)

I. COMPANY PROFILE

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 was established as part of the restructuring plan of China Luoyang Float Glass Group Company Limited* (“**CLFG**”), a state-owned enterprise. Pursuant to approvals from relevant PRC authorities including the State Commission for Economic Restructuring and the National Administration Bureau of State-owned Assets, CLFG, as the sole promoter, established the Company on 6 April 1994. At the time of its establishment, the Company had a registered capital of RMB400,000,000 divided into 400,000,000 state-owned legal person shares of RMB1.00 each, which was paid up in full by CLFG by way of transfer of its principal business undertakings and subsidiaries together with the relevant assets and liabilities.

On 29 June 1994, the Company issued 250,000,000 H shares at the issue price of HK\$3.65 per share, which were listed on The Stock Exchange of Hong Kong Limited on 8 July 1994.

Pursuant to the plan disclosed in the H shares prospectus and with the approval from the Securities Commission of the State Council, the Company issued 40,000,000 A shares to the public in the PRC and 10,000,000 A shares to the employees of the Company on 29 September 1995 at RMB5.03 each, which were listed on the Shanghai Stock Exchange on 30 October 1995 and 10 May 1996, respectively.

In June 2006, pursuant to Administrative Measures for Equity Division Reform of Listed Companies (上市公司股權分置改革管理辦法) issued by the China Securities Regulatory Commission (“**CSRC**”) and Operational Guideline for Equity Division Reform of Listed Companies (上市公司股權分置改革業務操作指引) issued by the Shanghai Stock Exchange, CLFG took its 21,000,000 shares in the Company as consideration to compensate holders of tradable A-shares of the Company for the purpose of getting the circulation right to the Company’s shares after the proposal was agreed by shareholders at a general meeting of the Company and approved by the Ministry of Commerce of the PRC with the document Shang Zi Pi [2006] No. 1232. Upon completion of the equity division reform, CLFG held 379,000,000 shares of the Company.

On 30 November 2006, the Intermediate People's Court of Luoyang, Henan Province made an adjudication Luo Zhi Zi [2007] No. 18-32 ((2007)洛執字第 18-32 號) ordering CLFG to pay off its debts of RMB629,942,543 owing to the Company with the 199,981,758 A shares held by it in the Company. Upon change of registration for such shares at China Securities Depository & Clearing Corp. Ltd. Shanghai Branch on 6 December 2006, the number of shares of the Company held by CLFG was changed to 179,018,242 and the total share capital of the Company was changed to 500,018,242 shares.

On 3 September 2010, CLFG sold down 20,000,000 unrestricted tradable shares of the Company through the block trading system of Shanghai Stock Exchange, accounting for approximately 4% of the Company's total share capital. After the sell-down, CLFG held 159,018,242 unrestricted tradable shares of the Company, accounting for 31.8% of the Company's total share capital.

Pursuant to the resolution of 2015 first extraordinary general meeting of the Company held on 25 August 2015, and the Approval for Issuance of Shares by Luoyang Glass Company Limited* to China Luoyang Float Glass (Group) Company Limited* for Assets Acquisition and Raising of Supporting Funds (Zheng Jian Xu Ke [2015] No. 2813) issued by the CSRC on 4 December 2015, the Company issued 15,000,000 new shares to CLFG for the purpose of purchasing relevant assets in December 2015. On 26 January 2016, the Company issued 11,748,633 RMB-denominated ordinary shares of RMB1.00 each to specific investors at a fixed price. After this issuance, the total share capital of Company comprised 526,766,875 shares.

On 17 October 2016, CLFG transferred its 69,000,000 shares in the Company to Bengbu Institute by way of agreement. Upon completion of the transfer, the de facto controller of the Company remained unchanged. CLFG held 105,018,242 shares of the Company, accounting for 19.94% of the Company's total share capital. Bengbu Institute held 69,000,000 shares of the Company, accounting for 13.10% of the Company's total share capital.

The principal activities of the Company and its subsidiaries (the “**Group**”) are manufacturing and sale of ultra-thin glass substrates. The scope of business includes manufacturing of glass and relevant sophisticated processed goods, integrated mechanical equipment, electric appliances and accessories, sale of self-produced products, provision of technical consultancy and technical services.

Registration Number/Unified Social Credit Code: 914103006148088992

Legal representative: Zhang Chong

Registered address and address of head office: No. 9, Tang Gong Zhong Lu, Xigong District, Luoyang

As of 30 November 2017, the total share capital of the Company comprised 526,766,875 shares.

These financial statements were approved for disclosure by the board of directors of the Company.

II. SIGNIFICANT ASSETS RESTRUCTURING

(I) Plan for significant assets restructuring

Pursuant to the plan for assets restructuring, the Company proposed to acquire an aggregate of 100% equity interest in CNBM (Hefei) New Energy Company Limited* (**“Hefei New Energy”**) held by China Luoyang Float Glass (Group) Company Limited* (**“CLFG”**) and Hefei High-Tech Construction Investment Group Company* (**“Hefei High-Tech”**), an aggregate of 100% equity interest in CNBM (Tongcheng) New Energy Materials Company Limited* (**“Tongcheng New Energy”**) held by Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. (**“Huaguang Group”**), CNBM Bengbu Design & Research Institute for Glass Industry (**“Bengbu Institute”**) and China Triumph International Engineering Co., Ltd. (**“International Engineering”**), and an aggregate of 70.99% equity interest in CNBM (Yixing) New Energy Company Limited* (**“Yixing New Energy”**) held by Triumph Technology Group Company* (**“Triumph Group”**), Yixing Environmental Technology Innovation Venture Investment Company Limited* (**“Yixing Environmental Technology”**) and GCL System Integration Technology Co., Ltd. (**“GCL System Integration”**), and to issue shares to no more than 10 specific investors including Triumph Group to raise supporting funds of up to RMB511,865,700 (**“Restructuring”** or **“Transaction”**).

The considerations for these underlying assets were determined by reference to the valuation results set out in the Asset Valuation Reports issued by Beijing Pan-China Assets Appraisal Co., Ltd. (**“Beijing Pan-China”**) taking 31 October 2016 as valuation base date and filed with competent state-owned assets supervision and administration authorities.

As at 31 October 2016, i.e. the valuation base date for the underlying assets of the Transaction, the appraised values of 100% equity interest in Hefei New Energy, 100% equity interest in Tongcheng New Energy and 100% equity interest in Yixing New Energy were RMB307,824,981.58, RMB221,651,108.68 and RMB345,238,266.81, respectively. By reference to the appraised values and upon negotiations among the parties concerned, the considerations for 100% equity interest in Hefei New Energy, 100% equity interest in Tongcheng New Energy and 70.99% equity interest in Yixing New Energy were determined at RMB307,825,000, RMB221,651,200, and RMB245,089,500, respectively. The issue price of the shares to be issued for acquisition of the assets is RMB23.45 per share, which is not less than 90% of the average trading price of A shares of the Company over the 20 trading days preceding the price determination date (i.e. 8 February 2017, being the announcement date of the board resolution in respect of the Transaction). The final issue price is subject to approval by the CSRC.

Based on the consideration for 100% equity interest in Hefei New Energy and the issue price, the number of shares to be issued to each of CLFG and Hefei High-Tech is 10,097,588 and 3,029,276, respectively, totaling 13,126,864 shares.

Based on the consideration for 100% equity interest in Tongcheng New Energy and the issue price, the number of shares to be issued to each of Huaguang Group, Bengbu Institute and International Engineering is 6,377,490, 2,365,976 and 708,610, respectively, totaling 9,452,076 shares.

Based on the consideration for 70.99% equity interest in Yixing New Energy and the issue price, the number of shares to be issued to each of Triumph Group, Yixing Environmental Technology and GCL System Integration is 7,508,991, 1,877,247 and 1,065,338, respectively, totaling 10,451,576 shares.

(II) Basic information on assets to be acquired

1. *Hefei New Energy*

Hefei New Energy was invested and established by China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) and Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司) on 4 March 2011, and it had obtained the Enterprise Business License with an operating period commencing on 4 March 2011 and expiring on 4 March 2061 issued by Hefei Administration for Industry & Commerce.

At its inception, Hefei New Energy had a registered capital of RMB100,000,000.00, and as verified by the Capital Verification Report (Wan Zhong An Yan Zi [2011] No. 071) issued by Anhui Zhongan Certified Public Accountants Co., Ltd.* (安徽中安會計師事務所有限公司) on 2 March 2011, it had received an initial contribution amounting to RMB20,000,000.00. On 14 November 2011, pursuant to the resolutions passed at its general meeting, Hefei New Energy increased its registered capital from RMB100,000,000.00 to RMB130,000,000.00, and the increase in paid-in capital of RMB110,000,000.00 had been verified by the Capital Verification Report (Anhui Yong He Yan Zi [2011] No. 093) issued by Anhui Yong He Certified Public Accountants Ltd.* (安徽永合會計師事務所有限公司) on 29 November 2011. Upon such change in registered capital, Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司), China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) and Hefei High-Tech Construction Investment Group Company* (合肥高新建設投資集團公司) had contributed RMB70,000,000.00, RMB30,000,000.00 and RMB30,000,000.00, respectively, representing 53.84%, 23.08% and 23.08% of the registered capital, respectively. On 12 July 2014, pursuant to the resolutions passed at the general meeting of Hefei New Energy, Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司) transferred its 53.84% equity interests in Hefei New Energy to China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), and such equity transfer had been registered with the administration for industry & commerce on 20 August 2014. On 20 October 2014, pursuant to the resolutions passed at the general meeting of Hefei New Energy, China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) transferred its 23.08% equity interests in Hefei New Energy to China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), and such equity transfer had been registered with the administration for industry & commerce on 30 October 2014.

Legal representative: Zhang Chong

Corporate domicile: 601 Changning Avenue, High-tech Zone, Hefei

Unified social credit code: 91340100570418775Y

The registered capital is RMB130,000,000.00, among which, CLFG and Hefei High-Tech Construction Investment Group Company* (合肥高新建設投資集團公司) had contributed RMB100,000,000.00 and RMB30,000,000.00, respectively, representing 76.92% and 23.08% of the registered capital, respectively. The controlling shareholder is China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司).

Its scope of business mainly includes research, development, production and sales of solar photovoltaic glass and further processed glass; import and export of technologies; and investment in solar photovoltaic industry related enterprises.

2. *Tongcheng New Energy*

Tongcheng New Energy is a company with limited liability established with joint contributions made by Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司), Anhui Hengchang Group Co., Ltd.* (安徽恒昌集團有限公司) and China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司). On 24 December 2010, it was issued the Enterprise Business License with the registration number of 340881000046390(1-1) by Tongcheng Administration for Industry & Commerce. At its inception, Tongcheng New Energy had a registered capital of RMB100 million, among which, Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司), Anhui Hengchang Group Co., Ltd.* (安徽恒昌集團有限公司) and China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) had contributed RMB50 million, RMB40 million and RMB10 million, respectively, representing 50%, 40% and 10% of the registered capital, respectively.

On 4 September 2013, it was resolved at the general meeting of Tongcheng New Energy that Anhui Hengchang Group Co., Ltd.* (安徽恒昌集團有限公司) was approved to transfer all its 40% equity interests in Tongcheng New Energy to Tongcheng Construction Investment and Development Co., Ltd.* (桐城市建設投資發展有限責任公司).

On 28 August 2016, it was resolved at the general meeting of Tongcheng New Energy that Tongcheng Construction Investment and Development Co., Ltd.* (桐城市建設投資發展有限責任公司) was approved to transfer all its 40% equity interests in Tongcheng New Energy to Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司).

On 21 October 2016, it was resolved at the general meeting of Tongcheng New Energy that the registered capital was approved to increase from RMB100 million to RMB133.38898 million. This increase in registered capital of RMB33.38898 million had been fully subscribed for by a new shareholder CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司). Upon such change in equity interests, Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司), China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) and CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.* had contributed RMB90 million, RMB10 million and RMB33.38898 million, respectively, representing 67.47%, 7.5% and 25.03% of the registered capital, respectively.

Unified social credit code: 91340881567507232G

Corporate domicile: North Third Road of Tongcheng Economic Development Zone, Anqing, Anhui

Legal representative: Mao Lingwen

Registered capital: RMB133.38898 million

Scope of business: research, development, production and sales of solar photovoltaic, photothermal materials, components and ancillary products; and self-operated and commissioned import and export business for products and technologies (other than products and technologies whose dealing, import or export is restricted or prohibited to operate by the State).

3. *Yixing New Energy*

Yixing New Energy is a company with limited liability established with joint contributions made by Triumph Technology Group Company*, Far East Optoelectronics Company Limited* (遠東光電股份有限公司), Yixing Environmental Technology Innovation Venture Investment Company Limited* (宜興環保科技創新創業投資有限公司) and GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司). On 28 October 2016, it was issued a business license with the unified social credit code of 91320282MA1MXWBJ1H by Yixing Market Supervision and Administration Bureau. At its inception, Yixing New Energy had a registered capital of RMB313.7 million, among which, Triumph Technology Group Company*, Far East Optoelectronics Company Limited*, Yixing Environmental Technology Innovation Venture Investment Company Limited* and GCL System Integration Technology Co., Ltd.* had contributed RMB160,000,000.00, RMB91,000,000.00, RMB40,000,000.00 and RMB22,700,000.00, respectively, representing 51.00%, 29.01%, 12.75% and 7.24% of the registered capital, respectively.

Corporate domicile: No. 1 Xinyunlai Road, Taoyuan Development Zone, Gaocheng Town, Yixing

Legal representative: Zhang Chong

Registered capital: RMB313.7 million

Scope of business: development, research, production and sales of photovoltaic glass. (Businesses that require approval under laws shall only be carried out with the approval from the relevant authorities)

III. BASIS OF PREPARATION OF PRO FORMA FINANCIAL STATEMENTS

As the Reorganisation constitutes a significant assets restructuring of the listed companies, the pro forma consolidated financial statements are required to be prepared with regard to the financial statements of the business of the Company after Reorganization pursuant to requirements under Administrative Measures on Significant Assets Restructuring of Listed Companies (上市公司重大資產重組管理辦法) and the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 – Significant Asset Restructuring of Listed Companies (revised in 2017) (公開發行證券的公司信息披露內容與格式準則第26號–上市公司重大資產重組) of China Securities Regulatory Commission.

Assuming that the purchase of the respective 100% equity interest in Hefei New Energy and Tongcheng New Energy by issuance of shares was completed on 1 January 2016 and the purchase of 70.99% equity interest in Yixing New Energy (incorporated in October 2016) by issuance of shares was completed on 31 October 2016, under the circumstances where the Company maintains sustained operation as a prerequisite, based on the shareholding structure after the Reorganisation, the pro forma financial statements are prepared on the following assumptions:

1. That the relevant resolutions contained in Note 2 to the pro forma financial statements be approved by China Securities Regulatory Commission.
2. Assuming that as at 1 January 2016, the Company completed the issuance of 22,578,940 A Shares of par value of RMB1 at the issue price of RMB23.45 per share for purchase of the respective 100% equity interest in Hefei New Energy and Tongcheng New Energy, and went through all procedures in relation to the asset purchase on 1 January 2016; assuming that as at 31 October 2016 the Company completed the issuance of 10,451,576 A Shares of par value of RMB1 at the issue price of RMB23.45 per share for purchase of 70.99% equity interest in Yixing New Energy, and went through all procedures in relation to the assets purchase on 31 October 2016;
3. The pro forma financial statements are based on the 2016 Annual Financial Statements and the financial statements from January to November 2017 of the Company having been audited by WUYIGE Certified Public Accountants LLP., and the respective financial statements for the assets to be purchased for the year 2016 and from January to November 2017 having been audited by WUYIGE Certified Public Accountants LLP., and prepared using important accounting policies and estimates as well as preparation method of consolidated financial statements as described in the Notes.

The abovementioned financial statements for the assets to be purchased refer to the financial statements of Yixing New Energy from 28 October 2016 (the “**Incorporation Date**”) to 31 December 2016 and from January to November 2017 and the respective financial statements of Hefei New Energy and Tongcheng New Energy for the year 2016 and from January to November 2017.

4. Given that the Company, Hefei New Energy, Tongcheng New Energy and Yixing New Energy are all controlled by Triumph Technology Group Company* (凱盛科技集團有限公司*) before and after the transactions, the pro forma consolidated financial statements have therefore followed relevant requirements of accounting treatments concerning business combination under common control.
5. The pro forma financial statements take no account of fund raising for the Reorganisation by way of non-public share issue.
6. The pro forma financial statements take no account of relevant taxes and charges that might incur during the Reorganisation.
7. As the preparation of the pro forma financial statements is in consideration of the assumption that the transactions have been completed during the relevant periods, and for the abovementioned specific purposes, the pro forma financial statements do not include the pro forma statement of cash flows and the pro forma statement of changes in equity. In preparing the pro forma consolidated balance sheet, only total equity attributable to shareholders of the parent company and total minority interests are presented instead of any detailed breakdown in the segment of shareholders’ equity.

As the Reorganization plan is subject to ratification of the CSRC, the final approved reorganization plan may be deviant from the abovementioned assumptions used in the pro forma financial statements in respect of the actual share issue and the consideration thereof as well as the issuance costs of the Company, etc. Therefore, adjustments will be made to relevant assets and liabilities accordingly when finally recorded in the accounts after the completion of the Reorganisation.

IV. STATEMENT ON COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The pro forma financial statements of the Company were prepared in accordance with Accounting Standards for Business Enterprises and the basis of preparation contained in Note 3, reflecting the Company’s pro forma financial positions, operating results and other relevant information on a true and complete basis.

V. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES

(I) Accounting period

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

(II) Operating cycle

The normal operating cycle of the Company is 12 months in a year, and the operating cycle is determined as the classification criterion of the liquidity of assets and liabilities.

(III) Functional currency

The Company's functional currency is the Renminbi ("RMB").

(IV) Business combination

1. Enterprise merger under common control

In case the consideration for the long-term equity investments formed in the enterprise merger under common control is paid by way of cash, transfer of non-cash assets or assumption of debts, the Company will regard the share of carrying amount of the net assets of the merged party in the ultimate controller's consolidated financial statements obtained as the initial investment cost of long-term equity investments as at the date of combination. In case the consideration for the combination is paid by issuance of equity instruments, the aggregate nominal value of shares issued will be deemed as the share capital. The difference between the initial investment cost of long-term equity investments and the carrying amount of consideration (or aggregate nominal value of shares issued) for the combination shall be adjusted against capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

2. *Enterprise merger not under common control*

For this kind of enterprise merger, the acquisition cost is the aggregate fair value of assets paid, liabilities incurred or assumed and equity instruments issued by the acquirer in exchange for the control of the acquiree on the date of acquisition. The recognizable and identifiable assets, liabilities and contingent liabilities acquired or assumed, through enterprise merger not under common control shall be measured at fair values on the date of acquisition. When the cost of the enterprise merger exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets obtained, the difference shall be recognized as goodwill value. Where the cost of the enterprise merger is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be included in non-operating income for the current period if it remains true after reassessment.

(V) Preparation method of consolidated financial statements

1. *Scope of consolidated financial statements*

The Company incorporated all of its subsidiaries (including the separate entities controlled by the Company) into the scope of consolidated financial statements, including the enterprises under the Company's control, divisible part in the investees and structured entities.

2. *To unify the accounting policies, date of balance sheets and accounting periods of the parent company and subsidiaries*

When preparing consolidated financial statements, adjustments are made if the subsidiaries' accounting policies and accounting periods are different from that of the Company, in accordance with the Company's accounting policies and accounting periods.

3. *Offset matters in the consolidated financial statements*

The consolidated financial statements shall be prepared on the basis of the balance sheets of the parent company and subsidiaries, which offset the internal transactions incurred between the parent company and subsidiaries and within subsidiaries. The owners' equity of the subsidiaries not attributable to the parent company shall be presented as "minority interests" under the owners' equity item in the consolidated balance sheet. The long-term equity investment of the parent company held by the subsidiaries, deemed as treasury stock of the corporate group as well as the reduction of owners' equity, shall be presented as "Less: Treasury stock" under the owners' equity item in the consolidated balance sheet.

4. *Accounting treatment of subsidiaries acquired from merger*

For subsidiaries acquired under enterprise merger involving enterprises under common control, mergers were deemed to have taken place when the ultimate controller began to exercise control over them, the assets, liabilities, operating results and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the financial year in which the combination took place. When preparing the consolidated financial statements, for the subsidiaries acquired from business combination not involving entities under common control, the identifiable net assets of the subsidiaries are adjusted on the basis of their fair values on the date of acquisition.

(VI) Classification of joint arrangements and accounting for joint operations

1. *Classification of joint arrangements*

Joint arrangements are divided into joint operations and joint ventures. Joint arrangements achieved not through separate entities are classified as joint operations. Separate entities refer to the entities with separate identifiable financial architecture including separate legal entities and legally recognized entities without the qualification of legal entity. Joint arrangements achieved through separate entities are generally classified as joint ventures. In case of changes in rights entitled to and obligations undertaken by the parties of joint venture under a joint arrangement due to the changes in relevant facts and circumstances, the parties of joint venture will re-assess the classification of joint arrangements.

2. *Accounting treatment for joint operations*

The parties of joint operation should recognize the following items in relation to their share of interest in joint operation, and proceed with accounting in accordance with the relevant provisions under the Accounting Standards for Business Enterprises: to recognize their separate assets or liabilities held, and recognize the assets or liabilities jointly held according to their respective shares; to recognize the income from the disposal of their output share under joint operation; to recognize the income from the disposal of output under joint operation according to their respective shares; to recognize the expenses incurred separately, and recognize the expenses incurred under joint operation according to their respective shares.

For the parties of a joint operation not under common control, if they are entitled to relevant assets and undertake relevant liabilities of the joint operation, accounting will be carried out with reference to the provisions of the parties of joint operation; otherwise, it should be subject to relevant provisions under the Accounting Standards for Business Enterprises.

3. *Accounting treatment for joint ventures*

The parties of a joint venture should perform accounting for investments in the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments. The parties do not share the control of the joint venture should carry out accounting depending on their influence on the joint venture.

(VII) Recognition standard for cash and cash equivalents

Cash presented in the cash flow statements represents the cash on hand and deposits available for payment at any time. Cash equivalents presented in the cash flow statements refer to short-term, highly liquid investments held that are readily convertible to known amounts of cash and which are subject to an insignificant risk on change in value.

(VIII) Translation of foreign currency transactions and financial statements denominated in foreign currency

1. *Translation of foreign currency transactions*

Foreign currency transactions of the Company are recorded in the functional currency translated at the spot exchange rates on the transaction date. At the balance sheet date, foreign currency monetary items are translated to RMB using the spot exchange rate at that date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate used in initial recognition or on the last balance sheet date shall be recorded into the profit or loss for the current period, except for those arising from borrowings denominated in foreign currencies and used for financing the construction of qualifying assets, which are capitalized as cost of the related assets. Foreign currency non-monetary items measured at historical cost shall continue to be translated using the spot exchange rate at the date of transaction. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date when the fair value is determined. The exchange difference arising therefrom shall be treated as the change in fair value (including the change in exchange rate), and included in profit or loss for the current period or recognized as other comprehensive income.

2. *Translation of financial statements denominated in foreign currency*

If the functional currencies used as the bookkeeping base currency by the subsidiaries, joint ventures and associates under the control of the Company are different from that of the Company, their financial statements denominated in foreign currencies shall be translated to perform accounting and prepare the consolidated financial statements. The assets and liabilities in the balance sheet are translated into functional currency at the spot exchange rates at the balance sheet date. Except the item “Retained earnings”, the owner’s equity items are translated into functional currency at the spot exchange rates. The income and expenses items in the income statement are translated into functional currency at the spot exchange rates at the transaction dates. The resulting exchange differences of the financial statements denominated in foreign currencies are presented under other comprehensive income of owner’s equity item in the balance sheet. The cash flow of foreign currency which can be determined by the systematic and reasonable system shall be translated at the spot exchange rate at the transaction date. The effect of exchange movement on the cash shall be included separately in the cash flow statement. On disposal of foreign operations, exchange differences arising from the translation of financial statements denominated in foreign currencies related to the foreign operation shall be transferred to profit or loss for the current period either entirely or at the proportion of disposal of foreign operations.

(IX) Financial instruments

1. *Classification and recognition of financial instruments*

Financial instruments are classified as financial assets or financial liabilities and equity instruments. A financial asset, a financial liability or an equity instrument is recognized when the Company becomes a contractual party of a financial instrument.

At initial recognition, financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity investments, receivables and available-for-sale financial assets. Except for receivables, the classification of financial assets is based on the purpose and capability of holding the financial assets of the Company and its subsidiaries. At initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial assets at fair value through profit or loss include held-for-trading financial assets held for the purpose of selling in the short term and financial assets designated at fair value through profit or loss at initial recognition; receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; available-for-sale financial assets include non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition; held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that Management has the positive intention and ability to hold to maturity.

2. *Measurement of financial instruments*

Financial instruments of the Company are initially recognized and measured at fair values. Subsequent measurement is dealt with based on different categories: financial assets at fair value through profit or loss, financial assets available for sale and financial liabilities at fair value through profit or loss are measured at fair values; held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized costs; derivative financial assets or liabilities linked to and which must be settled by delivery of an equity instrument (without a quoted price in an active market) whose fair value cannot be measured reliably are measured at cost. Except for financial instruments held for hedging purposes, the gains or losses arising from the changes in fair values in subsequent measurements of the Company's financial assets or financial liabilities are accounted for as follows: ① the gains or losses resulting from the changes in fair values of the financial assets or financial liabilities which are measured at fair values through profit and loss for the current period are recorded as change in fair value in profit or loss. ② Changes in fair values of available-for-sale financial assets are recorded in other comprehensive income.

3. *Recognition of the fair value of financial instruments by the Company*

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques to determine its fair value. The value appraisal techniques mainly include market approach, income approach and cost approach.

4. *Basis of recognition and measurement of transfer of financial assets and liabilities*

When the Company has transferred nearly all of the risks and rewards related to the ownership of a financial asset to the transferee, or neither transferred nor retained nearly all of the risks and rewards related to the ownership of the financial asset but given up the control of the financial asset, the financial asset shall be derecognized. When the criteria for derecognition of a financial asset are met, the difference between the carrying amount of the transferred financial asset and the sum of the consideration received from the transfer and the accumulated fair value changes previously recorded in other comprehensive income are recorded in profit or loss for the current period. If the partial transfer satisfies the criteria for derecognition, the entire carrying amount of the transferred financial asset shall proportionally allocated between the derecognized portion and the retained portion according to their respective relative fair value.

When all or part of the current obligation to a financial liability has been terminated, the entire or part of such financial liability shall be derecognized.

5. *Impairment of financial assets*

When an impairment loss on a financial asset carried at amortized cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit or loss for the current period.

When an impairment loss on a financial asset measured at cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows. The impairment loss on such financial asset will not be reversed once it is recognized.

Where there is objective evidence that an impairment loss on available-for-sale financial assets occurs, the cumulative loss arising from the decline in fair value that had been recognized directly in shareholders equity is removed from equity and recognized in impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognized, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognized, the increase in its fair value in a subsequent period is recognized directly in shareholders equity.

For investments in equity instruments, the specific quantitative criteria for the Company to determine “serious” or “not temporary” decrease in their fair value, cost computing method, method for determining closing fair value, and basis for determining the continuous decrease period are set out below:

Specific quantitative criterion on “serious” decrease in fair value	Decrease in closing fair value relative to the cost has reached or exceeded 50%.
Specific quantitative criterion on “not temporary” decrease in fair value	Fall for 12 consecutive months.
Cost computing method	Consideration of payment at acquisition (net of cash dividends declared but not yet paid or due but unpaid interest on bonds) and the relevant transaction cost are recognized as the investment cost.

Method for determining fair value at period end	As for a financial instrument for which there is an active market, the quoted prices in the active market shall be used to recognize the fair values thereof. Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques to determine its fair value.
Basis for determining the continuous decrease period	The rebound in the continuous fall or the period with the continuous trend of fall is less than 20%. Rebound duration not more than six months is treated as continuous decrease period.

(X) Receivables

The receivables of the Company mainly included account receivables, long-term receivables and other receivables. If there is objective evidence that receivables have been impaired at the balance sheet date, impairment loss shall be recognized base on the differences between the carrying amount and the present value of estimated future cash flows.

1. *Individually significant receivables and with provision for bad debts on an individual basis*

Basis and criteria for determining whether a receivable is individually significant	Receivables with the book balance of over RMB5 million.
Methods for making bad debt provision for individually significant receivables	To recognize according to the difference between the carrying amount and the present value of estimated future cash flows.

2. *Receivables for which bad debt provision is made on group basis*

Basis for group determination	Nature of receivables and risk characteristics
The group with provision for bad debts based on aging analysis methods	Except for receivables for which no bad debt provision is made, receivables which are unimpaired through separate test of impairment are divided into certain portfolios of credit risk in accordance with the aging analysis methods, and then the provision for bad debts is made in proportion to the balance of these receivable portfolios.
The group without provision for bad debts	(1) Various guarantee and security deposits related to the production and operations that are fully recoverable upon maturity; (2) Receivables due from related parties with good financial position; (3) Other balances that have positive evidence indicating they are fully recoverable.
Methods for making provision for bad debts on group basis	
The group with provision for bad debts based on aging analysis methods	Aging analysis methods.
The group without provision for bad debts	No provision for bad debts will be made.

In the groups, the provision for bad debts based on aging analysis methods set out as follows:

Age	Provision rate for accounts receivable (%)	Provision rate for other receivables (%)
Within 1 year (including 1 year)	0	0
1–2 years	30	30
2–3 years	50	50
3–4 years	100	100
4–5 years	100	100
Over 5 years	100	100

3. *Individually insignificant receivables with provision for bad debts on an individual basis*

Basis for individual provision	Concrete evidence indicates that there is obvious difference in recoverability.
Provision method	Bad-debt provision is made on individual basis, and full provisions are made for receivables due from related parties that are estimated to be fully unrecoverable.

(XI) Inventories

1. *Classification for inventories*

Inventories means finished goods or merchandise held for sale in the ordinary course of business, unfinished products in the process of production, materials or supplies used in the process of production or rendering of services. Inventories mainly include raw materials, revolving materials, work in progress and goods in stock.

2. *Measurement for delivered inventories*

Upon delivery of inventories, the actual cost of such inventories will be determined by using weighted average method.

3. *Provision for impairment of inventories*

At the end of the period, after a thorough inspection of the inventories, provision for decline in value of inventories will be made and adjusted at the lower of the cost and the net realizable value. Net realizable value of held-for-sale commodity stocks, such as finished goods, goods in stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling prices less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labour contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

Provision for decline in value of inventories is made on an item-by-item basis at the end of the period. For large quantity and low value items of inventories, provision may be made based on categories of inventories; for items of inventories relating to a product line that is produced and marketed in the same geographical area and with the same or similar end uses or purposes, which cannot be measured separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis.

Should the factors causing any write-down of the inventories do not exist, the amount of write-down will be recovered and be reversed from the provision for diminution in value of inventories that has been made. The reversed amount will be included in the current profits and losses.

4. *Inventory system*

The Company adopts perpetual inventory system.

5. *Amortization of low-value consumables and packaging materials*

Low-value consumables are amortized using one-off write-off method. Packaging materials and other revolving materials are amortized using equal-split amortization method.

(XII) Recognition of assets held for sale

The Company classifies non-current assets or disposal groups that meet the following conditions as held for sale: First, they are immediately sold under current conditions based on the practice of selling such assets or disposal groups in similar transactions; second, the sale is very likely to occur that the enterprise has already made a resolution on a sales plan and has obtained a definite purchase promise, and the sale is expected to be completed within one year. According to the relevant regulations, the Company's assets can be sold unless it is approved by the relevant authorities of the enterprise and government regulators. It must have been approved.

For the initial measurement or remeasurement of the non-current assets held for sale or the disposal group on the balance sheet date, if the book value is higher than the net amount after the fair value less the selling expenses, the book value shall be reduced to the fair value less the net amount after selling expenses is recognized as the impairment loss of assets is recorded in the profits and losses of the current period and the provision for impairment of assets held for sale is made.

The assets held for sale in the balance sheet or the assets in the disposal group held for sale are classified as assets classified as held for sale and the liabilities in the disposal group held for sale are classified as Liabilities held for sale.

(XIII) Long-term equity investments

1. Determination of initial investment cost

For a long-term equity investment obtained from business combination under common control, the initial cost is measured at the share of the carrying amount of the equity of the combined party; for a long-term equity investment obtained from business combination not under common control, the initial cost is the combination cost at the date of acquisition. For a long-term equity investment acquired by cash, the initial investment cost shall be the total purchase price. For a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is recognized according to relevant requirements of Accounting Standards for Business Enterprises No.12 – Debt Restructuring. For a long-term equity investment acquired by exchange of non-monetary assets, the initial investment cost is recognized according to relevant standards and regulations.

2. *Method for subsequent measurement and profit or loss recognition*

Where the investor has a control over the investee, long-term equity investments are measured using cost method. Long-term equity investments in associates and joint ventures are measured using equity method. Where part of the equity investments of an investor in its associates are held indirectly through venture investment institutions, common fund, trust companies or other similar entities including investment linked insurance funds, such part of equity investments indirectly held by the investor shall be measured at fair value through profit or loss according to relevant requirements of Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments regardless whether the above entities have significant influence on such part of equity investments, while the remaining part shall be measured using equity method.

3. *Basis of determination of joint control and significant influence over the investee*

Joint control over an investee refers to where the activities which have a significant influence on return on certain arrangement could be decided only by mutual consent of the investing parties sharing the control, which includes the sales and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities and financing activities, etc. Significant influence on the investee refers to that: significant influence over the investee exists when holding more than 20% but less than 50% of the shares with voting rights or even if the holding is below 20%, there is still significant influence if any of the following conditions is met: there is representative in the board of directors or similar governing body of the investee; participation in the investee's policy setting process; assigning key management to the investee; the investee relies on the technology or technical information of the investing company; or major transactions with the investee.

(XIV) Fixed assets

1. *Recognition conditions of fixed assets*

Fixed assets are tangible assets that are held for production of goods, provision of labour services, leasing or operational management, with useful life of more than one financial year. A fixed asset is recognized when both of the following conditions are met: economic benefits associated with the fixed asset are very likely to flow into the enterprise; and the cost of the fixed asset can be measured reliably.

2. Classification and depreciation methods of fixed assets

The fixed assets of the Company are mainly classified as buildings and structures, machinery and equipment, electronic equipment, transportation equipment, etc. Depreciation is provided based upon the straight-line method. The Company determines the useful life and estimated net residual value of a fixed asset according to the nature and use pattern of the fixed asset. The Company, at the end of each year, conducts review on the useful life, estimated net residual value and the depreciation method of the fixed assets. If it differs from its previous estimate, adjustment will be made accordingly. The Company provides depreciation for all its fixed assets other than fully depreciated fixed assets that are still in use and land individually accounted for.

Category of assets	Estimated useful life (Year)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	30–50	3–5	1.90–3.23
Machinery and equipment	4–28	3–5	3.39–24.25
Electronic equipment	10	3	9.70
Transportation equipment	6–12	3–5	7.92–16.17
Other equipment	4–28	3–5	3.39–24.25

(XV) Construction in progress

There are two types of construction in progress for the Company: self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when the project is completed and ready for its intended use. A fixed asset is ready for intended use if any of the following criteria is met: the construction of the fixed asset (including installation) has been completed or substantially completed; the fixed asset has been put into trial production or trial operation and it is evidenced that the asset can operate normally or produce steadily qualified products; or the result of trial operation proves that it can run or operate normally; little or no further expenditure will be incurred for construction of the fixed asset; or the fixed asset constructed has achieved or basically achieved the requirement of design or contract.

(XVI) Borrowing costs

1. *Recognition principle for capitalization of borrowing costs*

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized and included in the cost of the related asset. Other borrowing costs are recognized as expenses when incurred through profit or loss account. Qualifying assets refer to fixed assets, investment properties and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. *Calculation method of amount to be capitalized*

The capitalization period refers to the period beginning from the commencement of capitalizing borrowing costs to the date of ceasing capitalization, excluding the period of suspension of capitalization. Where the acquisition and construction or production of a qualifying asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

For designated borrowings, the capitalized amount shall be the actual interest expense incurred for the designated borrowings, less the interest income from the unused funds of the designated borrowings or investment income from the temporary investments; and for general borrowings, the capitalized amount shall be the weighted average of the accumulated expenditure exceeding the capital expenditure from designated borrowings times the capitalization rate of the general borrowings occupied (i.e. the weighted average rate of the general borrowings); and for borrowings with discount or premium, the discount or premium is amortized over the term of the borrowings to adjust the interest in every period using effective interest rate method.

Effective interest rate method is a method that amortized discount or premium or interest expense is calculated according to the actual rate of borrowings. Among which, the effective interest rate is the rate used to discount the future cash flow of borrowings during its expected duration to the present carrying amount of the borrowings.

(XVII) Intangible assets

1. *Measurement of intangible assets*

Intangible assets of the Company are initially measured at costs. The actual costs of purchased intangible assets include the considerations and relevant expenses paid. The actual costs of intangible assets contributed by investors are the prices contained in the investment contracts or mutually agreed. If the price contained in the investment contracts or agreements is not a fair value, the actual cost shall be determined based on the fair value. The cost of a self-developed intangible asset is the total expenditure incurred for bringing the asset to its intended use.

Subsequent measurement of the Company's intangible assets: Intangible assets with finite useful lives are amortized on a straight-line basis; at the end of each year, the useful lives and amortization policy are reviewed, and adjusted accordingly if there are differences from original estimates. Intangible assets with indefinite useful lives are not amortized and the useful lives are reviewed at the end of each year. If there is objective evidence that the useful life of an intangible asset is finite, the intangible asset is amortized using the straight line method according to the estimated useful life.

2. *Determination basis of infinite useful life*

An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company or it has no definite useful life. The determination basis of intangible assets with infinite useful lives: derived from contractual rights or other legal rights and there are no explicit years of use stipulated in the contract or laws and regulations; the period over which the asset is expected to generate economic benefits for the Company still could not be estimated after considering the industrial practices or relevant expert opinion.

At the end of each year, the useful lives of the intangible assets with indefinite useful lives are reviewed. The review is performed by the departments that use the intangible assets, using the down-to-top approach, to determine if there are changes to the indefinite useful lives.

3. *Specific standards for research and development phases for internal research and development project and specific standards for capitalization requirements met by expenditure incurred in development stage*

As for an internal research and development project, expenditure incurred in the research phase is recognized in profit or loss in the period as incurred. Expenses incurred in the development stage are recognized as intangible assets if all of the following conditions are met: (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale; (2) the intention to complete the intangible asset for use or for sale; (3) the way the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset; (4) the availability of adequate techniques, financial resources and other resources to complete the development of the intangible asset and the ability to use or sell the intangible asset; (5) the expenditures attributable to the development of the intangible asset could be reliably measured.

Basis for distinguishing research phase and development phase of an internal research and development project: research stage is the activities carried out for the planned investigation and search for new technology and knowledge, which has the characteristics of planning and exploration; before commercial production or other uses, the application of new technologies or other knowledge obtained from the research phase to produce new or improved materials, equipment and products is regarded as development phase, which has the characteristics of pinpointing and greater likelihood of achieving results.

(XVIII) Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress and intangible assets are tested for impairment if there is any indication that these assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value disposal less costs and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is calculated and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Once the impairment loss of such assets is recognized, it will not be reversed in any subsequent period.

(XIX) Long-term deferred expenses

Long-term deferred expenses of the Company are expenses which have been paid but the benefit period is over one year (excluding one year). Long-term deferred expenses are amortized over the benefit period. If a long-term deferred expense cannot benefit the future accounting period, the unamortized balance shall be transferred to the profit or loss in the current period.

(XX) Staff remuneration

Staff remuneration refers to compensation or indemnification in various forms given to employees by a company for services rendered by such employees or for termination of employment relationship with such employees. Staff remuneration mainly includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term remuneration

During the accounting period in which an employee provides service, short-term remuneration incurred is recognized as liabilities and charged to profit or loss, or if otherwise required or allowed by other accounting standards, to the related costs of assets for the current period. At the time of actual occurrence, the Company's employee benefits are recorded into the profits and losses of the current year or assets associated costs according to the actual amount. The non-monetary employee benefits are measured at fair value. Regarding to the medical insurance, work-related injury insurance, maternity insurance and other social insurances, housing provident fund and labour union expenditure and personnel education that the Company paid for employees, the Company should recognize corresponding staff remuneration payables according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities and include these expenses in the profit or loss of the current period or recognized as respective assets costs

2. *Post-employment benefits*

During the accounting period for which employees provide their service, the Company shall recognize the amounts payable as liabilities calculated based on the defined contribution plans, and shall recognize it in current profit or loss or the relevant asset cost. According to the formula determined by the expected accumulated welfare unit method, the welfare obligations generated in defined benefit plans shall be attributable to the period for which employees provide their service and shall be recognized in current profit or loss or the relevant asset cost.

3. *Termination benefits*

When the Company provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognized and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Company recognizes such cost or expenses associated with the restructuring involving the payment of termination benefits.

4. *Other long-term employee benefits*

Such other long-term employee benefits provided to employees by the Company is in compliance with the conditions for the defined contribution plans and shall be processed pursuant to the provisions of the defined contribution plans. In addition, net liabilities or net assets of other long-term employee benefits shall be recognized and measured pursuant to the relevant provisions of the defined benefits plan.

(XXI) Estimated liability

If an obligation in relation to contingency is the present obligation of the Company and the performance of such obligation are likely to lead to the outflow of economic benefits and its amount can be reliably measured, such obligation shall be recognized as estimated liability. Initial measurement should be made by the Company in accordance with the best appraisable amount of expenses to fulfill relevant current obligation. The best appraisable amount should be a middle value if the expense occurred in a continuous period in which kinds of results occurred at the same possibility. If there are lots of projects, the best appraisable amount should be calculated and determined based on all kinds of results and relevant possibility.

At the balance sheet date, the Company shall review the carrying amount of estimated liability and an adjustment is necessary according to the current best appraisable amount if there is obvious evidence that carrying amount cannot fairly represent the best appraisable amount.

(XXII) Revenue

1. *Sales of goods*

Revenue from the sale of goods shall be recognized at the amount received or receivable from buyers based on contractual or agreed prices, only when all of the following conditions are satisfied: (i) the significant risks and rewards of ownership of the goods have been passed to the buyer; (ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the associated economic benefits will flow to the enterprise; and (v) the associated costs incurred or to be incurred can be measured reliably.

Specific recognition method for revenue: Upon delivery of goods, receipt by customers upon acceptance, and invoice or bill of lading or other relevant documents being delivered to customers who purchase goods, the sales revenue is realized.

If the selling income according to the contract or agreement is deferred and is of financial nature, the revenue from sale of goods should be the fair value of receivable amount of contract or agreement.

2. *Provision of labour services*

At the balance sheet date, when the outcome of a transaction involving the rendering of labour services can be estimated reliably, revenue from provision of labour services shall be recognized using the percentage of completion method. The progress of completion of the transaction is recognized by the Company by reference to ratio of the actual cost with respect to the estimated total cost. At the balance sheet date, when the outcome of the transaction involving the rendering of labour services cannot be estimated reliably, it shall be dealt with in the following ways: (i) if the cost of labour services incurred is expected to be compensated, the revenue from the rendering of labour services is recognized to the extent of actual cost incurred to date, and the relevant cost is transferred to cost of labour service in the same amount; or (ii) if the cost of labour services incurred is not expected to be compensated, the cost incurred should be included in current profit or loss, and no revenue from the rendering of labour services may be recognized.

3. *Abalienating the right to use an asset*

When the inflow of economic benefits from the abalienation of the use right of assets is probable and the income can be measured reliably, the income from abalienating the right to use an asset is recognized.

(XXIII) Government grants

1. *Types of government grants*

Government grants refer to the monetary assets or non-monetary assets (excluding the capital invested by the government as the owner) free obtained by the Company from the government and are mainly classified into two types: government grants related to assets and that related to income.

2. *Accounting treatment of government grants*

The government grants related to assets, which is related to the daily activities of the Company, are included in other gains, otherwise, they are included in non-operating income.

Government grants measured at the nominal amount shall be directly included in the current profit or loss.

The government grants related to income are respectively treated as follows: the relevant expenses or losses used for compensating the enterprise in the future period shall be recognized as deferred income, and included in the current profit or loss during the period when the related expenses are recognized. When used to compensate for the related expenses or losses already incurred in the enterprise, they shall be directly included in the current profit or loss. When included in the current profit or loss, government grants related to the daily activities of the Company are included in other income; government grants unrelated to the Company's daily activities are included in non-operating income.

3. *Specific standards for differentiating government grants related to asset from that related to income*

Government grants acquired by the Company for the purpose of purchasing, constructing or otherwise forming long-term assets are recognized as government grants related to assets, otherwise they are recognized as related to income.

Where there is no express regulation on subsidy object in government documents, the criteria for differentiating government grants related to asset from that related to income is as below: (i) government grant subject to a certain project shall be separated according to the relative ratio of the expenditure incurred to form assets to expenditure charged to expenses pursuant to the budget of the designated project, and the proportion shall be reviewed on each balance sheet date and modified if necessary; and (ii) government grants shall be categorized as related to income if its usage is just subject to general statement and not limited to designated specific project in relevant document.

4. *Recognition of government grants*

Government subsidies measured at the amount of receivables are recognized at the end of the period when there is conclusive evidence of meeting the relevant conditions as required by the financial support policies and expected to receive the financial support funds. Other government grants except the government grants measured by receivable amount are recognized when the grants are actually received.

5. *Accounting treatment of policy preferential loan discount*

- (1) When the finance authority allocates the discount interest fund to the bank which issues loans and the bank which issues loans provides the loan to the Company at the policy-based preferential interest rate, the Company recognizes the value of borrowing the loan amount actually received and calculates the related borrowing costs according to the principal of the borrowing and the policy-based preferential interest rate.
- (2) If the government directly allocates interest-subsidized funds to the Company, the Company will offset against the borrowings through the corresponding discount.

(XXIV) Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets or deferred income tax liabilities are recognized based on the difference between the carrying amounts of the assets or liabilities and their tax bases (or, for items not recognized as assets or liabilities but whose tax base can be determined under tax laws, such tax base can be determined as their difference), and are calculated at the tax rates expected to apply to the period in which the assets are recovered or the liabilities are settled.
2. Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. At the balance sheet date, deferred income tax assets unrecognized in prior periods are recognized to the extent that there is obvious evidence that it has become probable that sufficient taxable income will be available in subsequent periods against which the deductible temporary differences can be utilized. The carrying amount of a deferred income tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred income tax asset to be utilized.
3. As for taxable temporary difference related to the investments of subsidiaries and associated enterprises, the deferred income tax liabilities are recognized unless the Company can control the timing for the reversal of temporary differences and such differences are much likely not to be reversed in the foreseeable future. As for the deductible temporary difference related to investments of subsidiaries and associated enterprises, the deferred income tax assets shall be recognized when such temporary differences are much likely to be reversed in the foreseeable future and the taxable income are available against which the deductible temporary difference can be utilized.

(XXV) Leases

1. Accounting treatment for operating leases: Rental expenses for operating leases shall be recorded into the cost of the relevant asset or the current period's profit and loss on a straight-line basis during the lease term.
2. Accounting treatment for financing leases: the lower of the fair value of the leased assets and the present value of the minimum lease payment shall be taken as the book value of the leased assets. The difference of the book value of the assets under lease and the minimum lease payment shall be the unrecognized financing expenses and shall be amortized according to the actual interest rate within the lease term. The balance derived from deducting the unrecognized financing expenses from the minimum lease payment shall be presented as long-term payables.

(XXVI) Explanation on changes in significant accounting policies and accounting estimates

On 10 May 2017, the Ministry of Finance promulgated the revised "Accounting Standards for Business Enterprises No. 16 – Government Grants" (《企業會計準則第16號 – 政府補助》), effective from 12 June 2017. At the same time, the "Enterprise Accounting Standards No. 16" issued in 2006 was abolished. The amendment to the standards requires enterprises to treat the existing government grants as of on 1 January 2017 according to prospective application, while the new government grants granted from 1 January 2017 to the implementation date of the standards must be adjusted according to the revised standards. The Group has adopted the revised standard since 12 June 2017.

The main contents of the above changes in accounting policies are as follows: The government grants related to the daily activities of the enterprise shall be included in other income or offset the related costs and expenses according to the substance of the economic business. The enterprise shall, on the item of "operating profit" in the income statement, presents the item of "Other Revenue" alone, and the government grants included in other income are listed. Government grants unrelated to the daily activities of the enterprise shall be included in the non-operating income and expenses.

Items	Before the change in the accounting policies	After the change in the accounting policies
Other revenues		49,090,026.52
Non-operating income	49,090,026.52	

VI. TAXES

Category	Tax basis	Tax rate
Value-added tax	Assessable value-added part of sales income and labour services income	13%–17%
Urban maintenance and construction tax	Value-added tax and business tax paid	5%–7%
Educational surcharge	Value-added tax and business tax paid	3%
Enterprise income tax	Enterprise income tax	15%, 25%

Name of entity paying taxes	Income tax rate
The Company	25%
Longhai Company, Bengbu Company, Hefei New Energy and Tongcheng New Energy	15%
Other subsidiaries	25%

VII. NOTES TO SIGNIFICANT ITEMS OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and cash equivalents

Items	30 November 2017	31 December 2016
Cash	303,925.86	333,549.75
Deposits at banks	115,880,753.10	191,242,361.52
Other monetary funds	19,385,225.83	56,444,109.58
Total	135,569,904.79	248,020,020.85

(II) Notes receivable

Items	30 November 2017	31 December 2016
Bank acceptance	218,577,203.89	76,446,675.70
Trade acceptance	215,929,415.20	27,910,301.84
Total	434,506,619.09	104,356,977.54

Note: As of 30 November 2017, the outstanding endorsed trade acceptance notes without termination have been recognized as RMB188,399,322.06.

(III) Accounts receivable

1. Accounts receivable by category

Category	30 November 2017			
	Carrying amount Amount	Ratio (%)	Provision for bad debts Amount	Provision ratio (%)
Accounts receivable with significant single amount and individual provision for bad debts				
Accounts receivable with provision for bad debts made on group basis	626,086,627.63	100.00	64,276,644.16	10.27
Including: Groups with provision for bad debts based on aging analysis	521,057,144.13	83.22	64,276,644.16	12.26
Groups without provision for bad debts	105,029,483.50	16.78		
Account receivables with insignificant single amount and individual provision for bad debts				
Total	<u>626,086,627.63</u>	<u>100.00</u>	<u>64,276,644.16</u>	<u>10.27</u>

Category	31 December 2016			
	Carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Account receivables with significant single amount and individual provision for bad debts				
Accounts receivable with provision for bad debts made on group basis	414,041,262.09	100.00	57,276,578.47	13.83
Including: Groups with provision for bad debts based on aging analysis	346,497,720.78	83.69	57,276,578.47	16.53
Groups without provision for bad debts	67,543,541.31	16.31		
Account receivables with insignificant single amount and individual provision for bad debts				
Total	414,041,262.09	100.00	57,276,578.47	13.83

(1) Accounts receivable with provision for bad debts made on group basis

(i) Accounts receivable with provision for bad debts based on aging analysis

Aging	30 November 2017			31 December 2016		
	Carrying	Provision	Provision for	Carrying	Provision	Provision for
	amount	Ratio (%)	bad debts	amount	Ratio (%)	bad debts
Within 1 year	435,639,998.92			282,895,221.68		
1-2 years	28,367,414.75	30.00	8,510,224.42	8,631,825.88	30.00	2,589,547.76
2-3 years	2,566,621.44	50.00	1,283,310.72	567,285.02	50.00	283,642.51
3-4 years	511,851.41	100.00	511,851.41	1,037,719.89	100.00	1,037,719.89
4-5 years	605,589.30	100.00	605,589.30	2,672,254.67	100.00	2,672,254.67
Above 5 years	53,365,668.31	100.00	53,365,668.31	50,693,413.64	100.00	50,693,413.64
Total	521,057,144.13	12.34	64,276,644.16	346,497,720.78	16.53	57,276,578.47

- (ii) In groups, accounts receivable without provision for bad debts are as follows:

Item	30 November 2017	31 December 2016
Group with no provision for bad debts (related parties)	<u>105,029,483.50</u>	<u>67,543,541.31</u>
Total	<u>105,029,483.50</u>	<u>67,543,541.31</u>

2. Top five accounts receivable by closing balance collection of the borrowers as at 30 November 2017

Company names	Carrying amount	Percentage of the total accounts receivable (%)
Risen Energy Co., Ltd.* (東方日升新能源股份有限公司)	80,448,232.84	12.85
Jetion Solar (China) Co., Ltd.* (中建材浚鑫科技有限公司)	72,052,113.09	11.51
Shenzhen Yongchangsheng New Materials Co., Ltd.* (深圳市永昌晟新型材料有限公司)	45,627,787.98	7.29
Changshu Canadian Solar Power Technology Co., Ltd. (常熟阿特斯陽光電力科技有限公司)	42,892,873.31	6.85
Changzhou Trina Solar Limited (常州天合光能有限公司)	<u>33,875,899.90</u>	<u>5.41</u>
Total	<u>274,896,907.12</u>	<u>43.91</u>

(IV) Prepayments

1. Aging analysis of prepayments

Aging	30 November 2017		31 December 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	17,595,440.84	97.79	9,075,366.83	99.18
1–2 years	337,787.00	1.88	48,487.65	0.53
2–3 years	32,787.65	0.18	5,740.00	0.06
Above 3 years	26,807.24	0.15	21,067.24	0.23
Total	17,992,822.73	100.00	9,150,661.72	100.00

2. Top five debtors in terms of prepayments as at 30 November 2017

Company name	Carrying amount	As a percentage of the total balance of prepayments (%)
Jiangsu Electric Power Company Yixing Power Supply Company* (江 蘇省電力公司宜興市供電公司)	4,813,295.69	26.75
Hubei Yongcheng Industry Co., Ltd.* (湖北永乘實業股份有限公司)	3,067,830.57	17.05
State Grid Anhui Electric Power Company Hefei Power Supply Company* (國網安徽省電力公 司合肥供電公司)	2,348,665.82	13.05
Yixing Zhize Marketing Planning Co., Ltd.* (宜興市智澤營銷策劃有 限公司)	1,217,115.00	6.76
Qingdao Dashunyou Technology Co., Ltd.* (青島大順友科技股份有 限公司)	1,145,200.00	6.36
Total	12,592,107.08	69.97

(V) Other receivables**1. Categories of other receivables**

Category	30 November 2017			
	Carrying amount Amount	Ratio (%)	Provision for bad debts Amount	Provision ratio (%)
Other receivables with significant single amount and individual provision for bad debts	10,808,704.00	9.73	10,808,704.00	100.00
Other receivable with provision for bad debts made on group basis	100,252,083.05	90.27	39,844,856.63	39.74
Including: Groups with provision for bad debts based on aging analysis	66,414,585.36	59.80	39,844,856.63	59.99
Groups without provision for bad debts	33,837,497.69	30.47		
Other receivables with insignificant single amount and individual provision for bad debts				
Total	111,060,787.05	100.00	50,653,560.63	45.61

Category	31 December 2016			
	Carrying amount Amount	Ratio (%)	Provision for bad debts Amount	Provision ratio (%)
Other receivables with significant single amount and individual provision for bad debts	10,808,704.00	6.76	10,808,704.00	100.00
Other receivable with provision for bad debts made on group basis	149,131,350.76	93.24	39,169,867.86	26.27
Including: Groups with provision for bad debts based on aging analysis	41,264,516.69	25.80	39,169,867.86	94.92
Groups without provision for bad debts	107,866,834.07	67.44		
Other receivables with insignificant single amount and individual provision for bad debts				
Total	159,940,054.76	100.00	49,978,571.86	31.25

(1) Other receivables with significant single amount and individual provision for bad debts as at 30 November 2017

Name of the debtor	Carrying amount	Amount of bad debts	Aging	Provision Ratio (%)	Reason for making provision
Zhengzhou Xili Sub-branch of China Construction Bank* (建行 鄭州西里支行)	10,808,704.00	10,808,704.00	Above 5 years	100.00	Full provision for bad debts due to failure of recovery
Total	10,808,704.00	10,808,704.00			

(2) *Other receivables with provision for bad debts made on group basis*

(i) Other receivables with provision for bad debts based on aging analysis

Aging	30 November 2017			31 December 2016		
	Carrying amount	Provision Ratio (%)	Provision for bad debts	Carrying amount	Provision Ratio (%)	Provision for bad debts
Within 1 year	25,995,244.54			958,282.07		
1-2 years	131,674.20	30.00	39,502.26	980,792.51	30.00	294,237.75
2-3 years	964,624.51	50.00	482,312.26	899,624.00	50.00	449,812.00
3-4 years	899,564.00	100.00	899,564.00	281,153.89	100.00	281,153.89
4-5 years	278,813.89	100.00	278,813.89	202,850.27	100.00	202,850.27
Above 5 years	38,144,664.22	100.00	38,144,664.22	37,941,813.95	100.00	37,941,813.95
Total	66,414,585.36	59.99	39,844,856.63	41,264,516.69	94.92	39,169,867.86

(ii) In the group, other receivables with no provision for bad debts

Item	30 November 2017	31 December 2016
Group with no provision for bad debts (related party, petty cash, security deposit, etc.)	33,837,497.69	107,866,834.07
Total	33,837,497.69	107,866,834.07

2. *Other receivables categorized by nature*

Nature	30 November 2017	31 December 2016
Guarantee deposits, security deposits, petty cash	17,162,643.38	82,312,284.44
Compensation for performance commitment		23,783,372.88
Current accounts	93,898,143.67	53,844,397.44
Total	111,060,787.05	159,940,054.76

3. Top five debtors in terms of other receivables as of 30 November 2017

Name of debtor	Nature	Carrying amount	Aging	As a percentage of the total carrying amount of other receivables (%)	Balance of provision for bad debts
International Far Eastern Leasing Co., Ltd.* (遠東國際租賃有限公司)	Guarantee deposit	13,636,363.00	1-2 years	12.28	
Zhengzhou Xili Sub-branch of China Construction Bank* (建行鄭州西里支行)	Current accounts	10,808,704.00	Over 5 years	9.73	10,808,704.00
Taiping & Sinopec Financial Leasing Co., Ltd.* (太平石化金融租賃有限公司)	Guarantee deposit	10,000,000.00	Within 1 year	9.00	
Zhuge Town Government* (諸葛鎮政府)	Current accounts	9,856,832.00	Over 5 years	8.88	9,856,832.00
Compensation for personnel resettlement	Current accounts	17,440,000.00	Within 1 year	15.70	
Total		61,741,899.00		55.59	20,665,536.00

(VI) Inventories

1. Category of inventories

Category	30 November 2017			31 December 2016		
	Carrying amount	Provision for depreciation	Book value	Carrying amount	Provision for depreciation	Book value
Raw materials	112,781,489.15	1,325,240.88	111,456,248.27	79,031,101.49	1,375,019.80	77,656,081.69
Work in progress	9,373,138.57	269,863.36	9,103,275.21	6,930,279.06		6,930,279.06
Goods in stock	90,457,031.87	15,532,119.86	74,924,912.01	172,848,223.97	32,915,410.22	139,932,813.75
Revolving materials	539,221.26		539,221.26	547,115.90		547,115.90
Total	213,150,880.85	17,127,224.10	196,023,656.75	259,356,720.42	34,290,430.02	225,066,290.40

2. *Change of provision for depreciation of inventories*

Category	31 December 2016	Provision for the current period	Decrease for the current period Reversal	Write-off	30 November 2017
Raw materials	1,375,019.80	225,895.73		275,674.65	1,325,240.88
Work in progress		269,863.36			269,863.36
Goods in stock	<u>32,915,410.22</u>	<u>1,512,111.87</u>	<u>714,781.29</u>	<u>18,180,620.94</u>	<u>15,532,119.86</u>
Total	<u>34,290,430.02</u>	<u>2,007,870.96</u>	<u>714,781.29</u>	<u>18,456,295.59</u>	<u>17,127,224.10</u>

(VII) Other current assets

Item	30 November 2017	31 December 2016
Tax to be verified and deducted	37,500,983.48	64,628,416.15
Taxes paid in advance	<u>1,114,572.07</u>	<u>2,270,503.81</u>
Total	<u>38,615,555.55</u>	<u>66,898,919.96</u>

(VIII) Available-for-sale financial assets

1. *Available-for-sale financial assets*

Item	30 November 2017			31 December 2016		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Available-for-sale equity instruments	<u>7,791,217.53</u>	<u>7,791,217.53</u>		<u>7,791,217.53</u>	<u>7,791,217.53</u>	
Including: measured at cost	<u>7,791,217.53</u>	<u>7,791,217.53</u>		<u>7,791,217.53</u>	<u>7,791,217.53</u>	
Total	<u>7,791,217.53</u>	<u>7,791,217.53</u>		<u>7,791,217.53</u>	<u>7,791,217.53</u>	

2. The investment breakdown in important equity instruments measured at cost at the end of the period

Investee	31 December 2016	Carrying amount		30 November 2017	31 December 2016	Provision for depreciation		30 November 2017	Shareholding ratio in the investee (%)	Cash dividend for the current period
		Increase for the current period	Decrease for the current period			Increase for the current period	Decrease for the current period			
1. CLFG Luoyang Jingwei Glass Fibre Co., Ltd. (Note)	4,000,000.00			4,000,000.00	4,000,000.00			4,000,000.00	35.90	
2. CLFG Luoyang Jingjiu Glass Products Company Limited (Note)	1,500,000.00			1,500,000.00	1,500,000.00			1,500,000.00	31.08	
3. CLFG Luoyang New Lighting Company Limited (Note)	2,291,217.53			2,291,217.53	2,291,217.53			2,291,217.53	29.45	
Total	7,791,217.53			7,791,217.53	7,791,217.53			7,791,217.53		

Note: The Company is of the view that, despite the Company's shareholding in the investees exceeds 20%, since the Company did not assign any Management personnel to the investees, or participate in any formulation of the investees' financial and operating policies, or engage in any significant transactions with the investees, or provide any key technological information to the investees. Thus, the Company is of the view that it has no significant impact on the investees and was classified as available-for-sale financial assets.

3. Change in the impairment of available-for-sale financial assets during the Reporting Period

Category of available-for-sale financial assets	Available-for-sale Equity instruments	Total
Balance of provision for impairment as at 31 December 2016	7,791,217.53	7,791,217.53
Provision for the period Including: transfer from other comprehensive income		
Decrease for the period Including: subsequent reverse from increase in fair value		
Balance of provision for impairment as at 30 November 2017	7,791,217.53	7,791,217.53

(IX) Long-term receivables

1. Long-term receivables

Item	30 November 2017			31 December 2016			Range of discount rate
	Carrying amount	Provision for bad debts	Book value	Carrying amount	Provision for bad debts	Book value	
Receivables from disposal of equity interest in the Industrial Company	55,000,000.00		55,000,000.00	55,000,000.00		55,000,000.00	
Total	55,000,000.00		55,000,000.00	55,000,000.00		55,000,000.00	

(X) Fixed assets**1. Fixed assets**

Item	Buildings	Machinery	Transportation equipment	Others	Total
I. Original book value:					
1. Balance as at 31 December 2016	776,304,414.60	1,555,875,079.77	7,078,846.14	5,824,975.25	2,345,083,315.76
2. Increase for the current period	14,338,821.47	58,560,348.41	582,079.99	561,397.31	74,042,647.18
(1) Purchase	1,163,944.00	24,144,635.09	582,079.99	491,527.94	26,382,187.02
(2) Transferred from construction in progress	13,174,877.47	34,415,713.32		69,869.37	47,660,460.16
3. Decrease for the current period	35,937,926.40	137,470,155.34	62,865.00		173,470,946.74
(1) Disposal or retirement			62,865.00		62,865.00
(2) Transfer into construction in progress	35,937,926.40	121,390,379.02			157,328,305.42
(3) Decrease in the project settlement amount		16,079,776.32			16,079,776.32
4. Balance as at 30 November 2017	754,705,309.67	1,476,965,272.84	7,598,061.13	6,386,372.56	2,245,655,016.20
II. Accumulated depreciation					
1. Balance as at 31 December 2016	68,560,649.06	376,634,725.45	4,134,651.11	2,393,847.32	451,723,872.94
2. Increase for the current period	19,558,076.61	85,164,422.89	635,988.61	1,024,901.56	106,383,389.67
(1) Provision	19,558,076.61	85,164,422.89	635,988.61	1,024,901.56	106,383,389.67
3. Decrease for the current period	10,636,249.93	97,293,689.14	25,302.67		107,955,241.74
(1) Disposal or retirement			25,302.67		25,302.67
(2) Transfer into construction in progress	10,636,249.93	97,293,689.14			107,929,939.07
4. Balance as at 30 November 2017	77,482,475.74	364,505,459.20	4,745,337.05	3,418,748.88	450,152,020.87
III. Provision for impairment					
1. Balance as at 31 December 2016		7,546,566.43			7,546,566.43
2. Increase for the current period		9,555,668.20			9,555,668.20
3. Decrease for the current period					
4. Balance as at 30 November 2017		17,102,234.63			17,102,234.63
IV. Book value					
1. Book value as at 30 November 2017	677,222,833.93	1,095,357,579.01	2,852,724.08	2,967,623.68	1,778,400,760.70
2. Book value as at 31 December 2016	707,743,765.54	1,171,693,787.89	2,944,195.03	3,431,127.93	1,885,812,876.39

(XI) Construction in progress

1. Construction in progress

Item	30 November 2017			31 December 2016		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Longhai – new-generation information display ultra-thin glass substrate production line	40,400,469.04		40,400,469.04			
Ultra-white photothermal materials projects	4,862,355.85		4,862,355.85			
CNBM (Hefei) New Energy Industrial base phase I preparatory engineering	28,215,489.57		28,215,489.57	44,224,322.64		44,224,322.64
Hefei New Energy oxy-combustion new photovoltaic cover material phase II production line project	118,169.81		118,169.81			
Smart plant	773,504.30		773,504.30			
Testing center				1,728,535.21		1,728,535.21
Yixing New Energy 48 million m ² solar coating glass phase II production line project	152,420,871.86		152,420,871.86	49,167,503.96		49,167,503.96
Tongcheng processing glass production lines 4#	12,467,340.78		12,467,340.78			
Total	239,258,201.21		239,258,201.21	95,120,361.81		95,120,361.81

(XII) Intangible Assets

Item	Software	Land use rights	Patent right	Non-patent technology	Trademark use rights	Total
I. Original book value						
1. Balance as at 31 December 2016	491,453.02	286,739,028.89	94,339.62	12,316,037.70	6,000,000.00	305,640,859.23
2. Increase for the current period	25,641.03	58,276,296.60				58,301,937.63
(1) External purchase	25,641.03	58,276,296.60				58,301,937.63
3. Decrease for the current period		2,011,785.37				2,011,785.37
4. Balance as at 30 November 2017	517,094.05	343,003,540.12	94,339.62	12,316,037.70	6,000,000.00	361,931,011.49
II. Accumulated amortization						
1. Balance as at 31 December 2016	192,663.80	24,807,529.56	4,717.08	6,041,312.86	6,000,000.00	37,046,223.30
2. Increase for the current period	150,593.53	6,579,708.97	8,647.76	1,128,970.04		7,867,920.30
(1) Provision	150,593.53	6,579,708.97	8,647.76	1,128,970.04		7,867,920.30
3. Decrease for the current period		125,693.33				125,693.33
4. Balance as at 30 November 2017	343,257.33	31,261,545.20	13,364.84	7,170,282.90	6,000,000.00	44,788,450.27
III. Provision for impairment						
IV. Book value						
1. Book value as at 30 November 2017	173,836.72	311,741,994.92	80,974.78	5,145,754.80		317,142,561.22
2. Book value as at 31 December 2016	298,789.22	261,931,499.33	89,622.54	6,274,724.84		268,594,635.93

Note: 1. The land use right certificate for the land located in the development zone in Luoyang with an amount of RMB9,415,764.88, the intangible asset of the Group, was under application as at the end of the period.

2. Land use rights among the Group's intangible assets were all for lands located in the PRC with remaining use periods ranging from 28 to 50 years.

(XIII) Long-term deferred expenses

Category	31 December 2016	Increase for the current period	Amortized amount for the current period	Other decreased amount	30 November 2017
Reconstruction of the electrical circuit of the office	270,000.00		99,000.00		171,000.00
Refurbishment fees		757,941.76	126,323.63		631,618.13
Consultation service charge	<u>3,245,290.90</u>	<u>3,750,000.00</u>	<u>2,022,932.36</u>		<u>4,972,358.54</u>
Total	<u>3,515,290.90</u>	<u>4,507,941.76</u>	<u>2,248,255.99</u>		<u>5,774,976.67</u>

(XIV) Deferred tax assets and deferred tax liabilities**1. Deferred tax assets and deferred tax liabilities before offsetting**

Item	30 November 2017		31 December 2016	
	Deferred tax assets/ liabilities	Deductible/ Taxable temporary differences	Deferred tax assets/ liabilities	Deductible/ Taxable temporary differences
Deferred tax assets				
Provision for impairment of assets	2,546,059.47	16,973,729.75	3,200,642.11	19,383,172.46
Deferred income	<u>684,375.00</u>	<u>4,562,500.00</u>	<u>1,873,495.80</u>	<u>12,489,972.00</u>
Total	<u>3,230,434.47</u>	<u>21,536,229.75</u>	<u>5,074,137.91</u>	<u>31,873,144.46</u>

(XV) Non-current assets

Item	30 November 2017	31 December 2016
Prepayment for engineering and equipment	<u>2,198,370.00</u>	<u>5,838,860.00</u>
Total	<u>2,198,370.00</u>	<u>5,838,860.00</u>

(XVI) Short-term loans**1. Category of short-term loans**

Conditions	30 November 2017	31 December 2016
Mortgage loan	23,300,000.00	151,600,000.00
Guaranty loan	809,390,250.00	224,500,000.00
Total	<u>832,690,250.00</u>	<u>376,100,000.00</u>

(XVII) Notes payable

Item	30 November 2017	31 December 2016
Bank's acceptance bills	111,900,283.80	122,586,473.44
Commercial acceptance bills	52,078,747.45	50,000,000.00
Total	<u>163,979,031.25</u>	<u>172,586,473.44</u>

(XVIII) Accounts payable

Item	30 November 2017	31 December 2016
Within 1 year (including 1 year)	218,299,391.03	161,838,847.96
Over 1 year	308,620,369.83	351,476,633.39
Total	<u>526,919,760.86</u>	<u>513,315,481.35</u>

Significant accounts payables aged over one year as at 30 November 2017

Name of Creditor	Carrying amount	Reason for non-payment
China Triumph International Engineering Co., Ltd.	273,423,781.04	Unsettled
China Triumph International Engineering Co., Ltd. Bengbu Branch* (中國建材國際工程集團有限公司蚌埠分公司)	219,348,939.58	Unsettled
Total	<u>492,772,720.62</u>	

(XIX) Payments received in advance

Item	30 November 2017	31 December 2016
Within 1 year (including 1 year)	18,950,022.86	5,628,290.37
Over 1 year	3,829,644.90	9,036,932.04
Total	<u>22,779,667.76</u>	<u>14,665,222.41</u>

(XX) Staff remuneration payables**1. Staff remuneration payables are shown as follows:**

Item	31 December 2016	Increase for the period	Decrease for the period	30 November 2017
1. Short-term remuneration	32,204,787.69	143,278,909.71	157,331,083.45	18,152,613.95
2. Post-employment benefits – defined contribution plan	3,923,332.00	15,159,708.89	18,672,868.27	410,172.62
3. Termination benefits		19,489,238.43	19,489,238.43	–
Total	<u>36,128,119.69</u>	<u>177,927,857.03</u>	<u>195,493,190.15</u>	<u>18,562,786.57</u>

2. Short-term staff remuneration

Item	31 December 2016	Increase for the period	Decrease for the period	30 November 2017
1. Salary, bonus, allowance and subsidy	16,439,043.74	119,140,640.49	126,029,050.59	9,550,633.64
2. Staff's welfare		10,103,785.11	10,064,193.98	39,591.13
3. Social insurance premium	1,026,787.39	7,541,166.44	8,364,286.13	203,667.70
Including: Medical insurance	864,437.80	6,114,050.88	6,820,379.22	158,109.46
Work-related injury insurance	102,754.01	1,043,160.91	1,109,117.88	36,797.04
Maternity insurance	59,595.58	383,954.65	434,789.03	8,761.20
4. Housing Provident fund	6,974,821.03	4,805,006.23	11,080,764.15	699,063.11
5. Labour union expenses and employee education expenses	7,764,135.53	1,321,901.90	1,427,577.53	7,658,459.90
6 Other short-term remuneration		366,409.54	365,211.07	1,198.47
Total	<u>32,204,787.69</u>	<u>143,278,909.71</u>	<u>157,331,083.45</u>	<u>18,152,613.95</u>

3. *Defined contribution plans*

Item	31 December 2016	Increase for the period	Decrease for the period	30 November 2017
1. Basic pension insurance	3,729,121.98	14,564,142.57	17,896,969.54	396,295.01
2. Unemployment insurance	194,210.02	595,503.04	775,835.45	13,877.61
3. Enterprise annuity		63.28	63.28	-
Total	3,923,332.00	15,159,708.89	18,672,868.27	410,172.62

(XXI) Tax payable

Category	30 November 2017	31 December 2016
Value-added tax	2,678,857.35	2,959,791.08
Business tax	75,649.29	75,649.29
Enterprise income tax	19,103,762.11	12,102,375.43
City maintenance tax	278,030.25	294,379.66
Property tax	4,323,687.66	3,377,760.99
Land-use tax	2,728,071.85	3,045,112.59
Individual income tax	320,450.96	250,303.14
Education surcharges	190,504.16	207,513.66
Other tax and charges	69,515.63	184,798.52
Total	29,768,529.26	22,497,684.36

(XXII) Interest payable

Category	30 November 2017	31 December 2016
Interest on long-term and short-term loan	6,244,875.00	1,769,060.99
Total	6,244,875.00	1,769,060.99

(XXIII) **Other payables**

Nature of payment	30 November 2017	31 December 2016
Borrowings from related parties	389,208,547.56	199,845,421.83
Deposits and security deposits	2,370,525.65	1,301,963.70
Contribution from minority shareholders in the form of debts	1,432,431.19	10,000,000.00
Announcement and intermediary fee	3,613,179.34	5,617,787.84
Other current account	9,588,792.43	11,329,368.92
Total	<u>406,213,476.17</u>	<u>228,094,542.29</u>

(XXIV) **Non-current liabilities due within one year**

Item	30 November 2017	31 December 2016
Long-term loans due within one year	<u>161,947,948.30</u>	<u>521,207,062.91</u>
Total	<u>161,947,948.30</u>	<u>521,207,062.91</u>

(XXV) **Long-term loans**

Loan conditions	30 November 2017	31 December 2016
Mortgage loan	464,361,981.28	222,478,306.53
Guaranty loan	90,920,101.47	574,780,130.61
Credit loan		31,670,000.00
Total	555,282,082.75	828,928,437.14
Less: Long-term loans due within one year	<u>161,947,948.30</u>	<u>521,207,062.91</u>
Total	<u>393,334,134.45</u>	<u>307,721,374.23</u>

Note: As of 30 November 2017, the range of the interest rates for long-term loans was between 2.5% and 6.44%.

(XXVI) **Deferred income**

1. Deferred income is shown as follows by category:

Item	31 December 2016	Increase for the period	Decrease for the period	30 November 2017	Reasons of formation
Government grants	<u>19,290,781.82</u>	<u>950,000.00</u>	<u>11,903,855.18</u>	<u>8,336,926.64</u>	
Total	<u><u>19,290,781.82</u></u>	<u><u>950,000.00</u></u>	<u><u>11,903,855.18</u></u>	<u><u>8,336,926.64</u></u>	

2. Government-subsidized projects

Item	31 December 2016	New additional subsidy for the current period	Amount recorded in non-operating income for the current period	Other changes	30 November 2017	Related to assets/income
Fiscal subsidy for ultra-thin and ultrawhite glass production lines	2,632,500.00		1,113,750.00		1,518,750.00	Related to assets
Land-use subsidy for ultra-thin and ultra-white glass production lines projects	2,305,103.82		49,427.18		2,255,676.64	Related to assets
0.45mm E-glass technology research and application projects	1,863,206.01		1,863,206.01			Related to income
Special fund for ultra-thin production line	600,000.00		37,500.00		562,500.00	Related to assets
Subsidy for stabilizing employment from the Social Security Bureau	70,018.76		70,018.76			Related to income
Special fund for innovative provincial construction of Anhui province of 2016	1,050,000.00				1,050,000.00	Related to income
Special municipal supporting funds for major provincial technology projects of 2016	2,000,000.00				2,000,000.00	Related to income
Major special fund for science and technology of Anhui Province of 2017 granted by Bengbu Municipal Bureau of Science and Technology and Intellectual Property		950,000.00			950,000.00	Related to income
Technology projects construction funds	8,769,953.23		8,769,953.23			Related to income
Total	<u><u>19,290,781.82</u></u>	<u><u>950,000.00</u></u>	<u><u>11,903,855.18</u></u>		<u><u>8,336,926.64</u></u>	

(XXVII) Operating income and operating cost

Item	January to November of 2017		2016	
	Income	Cost	Income	Cost
I. Principal				
operations	1,295,102,943.40	967,289,726.18	1,127,693,415.85	910,437,783.96
Glasses	1,295,102,943.40	967,289,726.18	1,127,693,415.85	910,437,783.96
II. Other operations	53,192,789.82	48,380,240.87	39,971,293.89	33,234,645.96
Raw material, utility, and technological services, etc.	53,192,789.82	48,380,240.87	39,971,293.89	33,234,645.96
Total	<u>1,348,295,733.22</u>	<u>1,015,669,967.05</u>	<u>1,167,664,709.74</u>	<u>943,672,429.92</u>

(XXVIII) Tax and surcharges

Item	January to November of 2017	2016
Business tax		5,741.68
Property tax	6,121,292.22	3,361,344.70
Land-use tax	9,890,409.06	6,029,812.87
City maintenance tax	1,116,058.26	1,828,424.52
Education surcharges	668,864.69	237,057.06
Others	859,221.17	442,541.60
Total	<u>18,655,845.40</u>	<u>11,904,922.43</u>

(XXIX) Selling expenses

Item	January to November of 2017	2016
Staff's remuneration	6,457,394.40	6,987,769.25
Depreciation expenses	204,102.13	278,399.29
Transportation costs	40,161,849.92	26,859,610.45
Handling charges	395,252.80	624,331.64
Material consumption	212,315.32	397,595.15
Other selling expenses	2,052,454.18	1,836,942.16
Total	<u>49,483,368.75</u>	<u>36,984,647.94</u>

(XXX) Administrative expenses

Item	January to November of 2017	2016
Staff's remuneration	67,141,333.04	55,948,912.35
Depreciation of fixed assets	10,560,566.19	7,209,853.67
Amortization of intangible assets	7,293,500.63	6,427,460.86
Intermediary engagement fees	7,489,300.90	9,145,329.32
Research and development fees	52,569,389.19	24,595,765.11
Taxes	82,041.75	5,833,468.74
Transportation fees	771,760.73	1,667,104.30
Business travelling fees	2,860,655.58	2,351,773.84
Repair fees	1,573,309.08	1,286,172.14
Utility	924,845.32	1,283,291.46
Property management fees	1,544,852.20	2,003,325.12
Low-value consumables	738,888.43	6,758,245.03
Other expenses	1,905,416.05	14,312,345.89
Total	<u>155,455,859.09</u>	<u>138,823,047.83</u>

Note: Pursuant to the “Regulations for the Accounting Treatment of VAT” (Cai Kuai [2016] No. 22) (“《增值税會計處理規定》(財會[2016]22號)”), the relevant taxes such as property tax, land use tax, vehicle use tax and stamp duty used for calculation of administrative expenses occurred subsequent to 1 May 2016 were adjusted to be presented as items under the “tax and surcharges”.

(XXXI) Financial expenses

Item	January to November of 2017	2016
Interest expense	62,478,037.06	42,522,305.70
Less: Interest income	935,831.73	8,558,290.78
Exchange loss	1,000,499.26	148,153.54
Less: Exchange gain		34,209.89
Bank charges (interest paid on discounting of bills)	4,632,671.05	4,022,638.91
Other expenses	3,764,436.91	3,190,780.58
Total	<u>70,939,812.55</u>	<u>41,291,378.06</u>

(XXXII) **Asset impairment losses**

Item	January to November of 2017	2016
Loss on bad debts	7,675,054.46	-1,953,197.39
Loss on inventory depreciation	1,293,089.67	22,197,414.53
Impairment losses on fixed assets	9,555,668.20	2,472,284.58
Total	18,523,812.33	22,716,501.72

(XXXIII) **Other income**

Item	January to November of 2017	2016
Government grants	49,090,026.52	
Total	49,090,026.52	

(XXXIV) **Non-operating income**

1. Breakdown of non-operating income

Item	January to November of 2017		2016	
	Amount	Amount recognized as non- recurring gain or loss of the current period	Amount	Amount recognized as non-recurring gain or loss of the current period
Total gain on disposal of non-current assets	83,418.35	83,418.35	282,222.82	282,222.82
Including: Gain on disposal of fixed assets	22,266.73	22,266.73	27,348.92	27,348.92
Gain from disposal of intangible assets	61,151.62	61,151.62	254,873.90	254,873.90
Government grants	1,565,500.00	1,565,500.00	104,840,076.91	104,840,076.91
Gain from debt restructuring	1,904,753.34	1,904,753.34	3,130,969.27	3,130,969.27
Other gains	990,463.12	990,463.12	41,991.83	41,991.83
Total	4,544,134.81	4,544,134.81	108,295,260.83	108,295,260.83

2. *Government grants recognized as gain or loss of the current period*

Item	January to November of 2017	2016	Related to assets/ income
Supporting fund granted by the management committee of industrial cluster zone in Puyang county		66,474,750.00	Related to income
Special subsidy for new materials granted by the Bureau of Finance of Longzihu District of Bengbu		17,000,000.00	Related to income
Subsidy granted by Treasury Payment Center of Yanshi (incentive funds for supporting enterprise development)		10,322,700.00	Related to income
Fund for supporting enterprises granted by the Bureau of Finance of Longzihu District of Bengbu		2,500,000.00	Related to income
Subsidy for supporting enterprises and stabilizing employment granted by Social Security Funds Collecting Center of Bengbu		2,482,648.98	Related to income
Funds for construction of technology projects in Comprehensive Experimental Zone for Independent Innovation of Bengbu		1,230,046.77	Related to income
Fiscal subsidy for ultra-thin and ultra-white glass production line		1,215,000.00	Related to assets
Subsidy for stabilizing enterprise employment allocated by Social Security Center of Luoyang		540,880.00	Related to income
Special subsidy for “application technology R&D”		280,131.60	Related to income
Special fund for ultra-thin glass production line		75,000.00	Related to assets
Land-use subsidy for ultra-thin and ultra-white glass production line project		53,920.56	Related to assets
Hefei R&D project subsidies		2,254,000.00	Related to income
Others		410,999.00	Related to income
Incentive payments for patents of 2016 of Yuhui District granted by the Science and Technology Bureau of Yuhui District of Bengbu	4,500.00		Related to income

Item	January to November of 2017	2016	Related to assets/ income
Construction funds of 2017 for strong manufacturing province granted by the Commission of Economy and Information Technology of Longzihu District of Bengbu (subsidy for intelligent factory and digital workshop)	500,000.00		Related to income
Special funds for the 2017 construction of innovative provinces in Anhui Province (second batch) – incentive payments for cultivation of high-tech enterprises granted by Bengbu Municipal Science and Technology Bureau	200,000.00		Related to income
Party building funds allocated by the Organization Department of CPC Committee of Bengbu Longzihu District	10,000.00		Related to income
Subsidy of Bengbu Municipal Bureau of Science and Technology and Intellectual Property for high-tech enterprises	150,000.00		Related to income
Incentive payments for revenue increase in principal business	150,000.00		Related to income
Incentive payments for energy saving and consumption reduction	50,000.00		Related to income
Hefei Municipal Innovative Enterprises	30,000.00		Related to income
Incentive payments for economics and trade of the High-Tech Zone of Hefei	10,000.00		Related to income
Incentive payments for intellectual property	11,000.00		Related to income
Incentive payments for being recognized as a “National High – tech Enterprise”	200,000.00		Related to income
Financial treasury transfer of Hefei High-tech Industrial Development Zone (subsidy for qualification identification of 02400101148)	200,000.00		Related to income
Subsidy for the standardization of safety production	50,000.00		Related to income
Total	1,565,500.00	104,840,076.91	

(XXXV) **Non-operating expenses**

Item	January to November of 2017		2016	
	Amount	Amount recognized as non- recurring gain or loss of the current period	Amount	Amount recognized as non-recurring gain or loss of the current period
Total loss on disposal of non-current assets			15,875.60	15,875.60
Including: Loss on disposal of fixed assets			15,875.60	15,875.60
Indemnities, liquidated damages and penalties	251,409.49	251,409.49	4,431,441.73	4,431,441.73
Other expenses	14,532.63	14,532.63	12,577.65	12,577.65
Total	265,942.12	265,942.12	4,459,894.98	4,459,894.98

(XXXVI) **Income tax expenses**

1. Breakdown of income tax expense

Item	January to November of 2017	2016
Current income tax expenses under applicable tax laws and regulations	21,723,312.87	17,102,003.10
Deferred income tax expenses	1,843,703.44	-811,980.43
Total	23,567,016.31	16,290,022.67

(XXXVII) **Assets under restricted ownership or use right**

Item	Book value at 30 November 2017	Reasons for restriction
Monetary funds	20,785,225.83	Deposits for bills and loan
Bills receivable	80,061,981.70	Pledge
Fixed assets	491,583,874.24	Mortgage loan
Intangible assets	54,190,093.72	Mortgage loan
Total	646,621,175.49	

VIII. EQUITY INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Companies now comprising the Group

Name of subsidiaries	Place of Registration	Place of principal business	Nature of business	Shareholding percentage (%)		Methods of Acquisition
				Direct	Indirect	
CLFG Longmen Glass Company Limited* (洛玻集團龍門玻璃有限責任公司)	Luoyang City	Yanshi City	Production and sale	100		Investment
CLFG Longhai Electronic Glass Co., Ltd.* (洛玻集團洛陽龍海電子玻璃有限公司)	Yanshi City	Yanshi City	Production and sale	100		Investment
CNBMG (Puyang) Photoelectric Material Co., Ltd.* (formerly known as Luoyang Luobo Furuida Commerce Co., Ltd.)*(中建材(濮陽)光電材料有限公司(原名:洛陽洛玻福睿達商貿有限公司))	Puyang City	Puyang City	Production and sale	100		Investment
Bengbu CNBM Information Display Material Co., Ltd.* (蚌埠中建材信息顯示材料有限公司)	Bengbu City	Bengbu City	Production and sale	100		Business combination under common control
CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) (Note)	Hefei City	Hefei City	Production and sale	100		Business combination under common control

Name of subsidiaries	Place of Registration	Place of principal business	Nature of business	Shareholding percentage (%)		Methods of Acquisition
				Direct	Indirect	
CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) (Note)	Tongcheng City	Tongcheng City	Production and sale	100		Business combination under common control
CNBM (Yixing) New Energy Company Limited* (中建材(宜興)新能源有限公司) (Note)	Yixing City	Yixing City	Production and sale	70.99		Business combination under common control

Note: Assuming that 100% equity interest in Hefei New Energy and Tongcheng New Energy, and 70.99% equity interest in Yixing New Energy had been acquired, respectively, on 1 January 2016 and 31 October 2016.

IX. RELATED PARTY AND RELATED PARTY TRANSACTIONS

(I) Parent company of the Company

Name of Parent Company	Place of registration	Nature of business	Registered capital	Equity interest in	Voting shares in
				the Company (%)	the Company (%)
China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司)	Luoyang, China	Production of glass, related raw materials and complete sets of equipment	1,286,740,000.00	19.94	19.94

The ultimate controller of the Company is China National Building Material Group Co., Ltd.*.

(II) Subsidiaries

For details, please refer to “VIII. Equity Interests in Other Entities”.

(III) Other related parties

Name of other related parties	Relationship with the Company
Triumph Technology Group Company* (凱盛科技集團有限公司)	Controlling shareholder of the parent company
CLFG (Beijing) International Engineering (洛玻(北京)國際工程有限公司)	Wholly-owned subsidiary of the parent company
CLFG Luoyang Jingrun Coating Glass Co., Ltd* (洛陽晶潤鍍膜玻璃有限公司)	Controlled subsidiary of the parent company
Luoyang New Jingrun Engineering Glass Co., Ltd.* (洛陽新晶潤工程玻璃有限公司)	Controlled subsidiary of the parent company
CLFG Luoyang Glass Engineering Design and Research Co., Ltd.* (洛玻集團洛陽玻璃工程設計研究有限公司)	Wholly-owned subsidiary of the parent company
CLFG Warehousing & Logistics Company Limited* (洛陽洛玻物流有限公司)	Wholly-owned subsidiary of the parent company
Luoyang Luobo Glass Fibre Co., Ltd.* (洛陽玻纖玻璃纖維有限公司)	Controlled subsidiary of the parent company
CLFG Longhao Glass Co., Ltd.* (洛玻集團洛陽龍昊玻璃有限公司)	Wholly-owned subsidiary of the parent company
Yinan Huasheng Mineral Products Industry Co., Ltd.* (沂南華盛礦產實業有限公司)	Controlled subsidiary of the parent company
China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司)	Subsidiary of the de facto controller
Anhui Bengbu Huayi Conductive Film Glass Co., Ltd.* (安徽省蚌埠華益導電膜玻璃有限公司)	Subsidiary of the de facto controller
Henan Zhonglian Glass Co., Ltd.* (河南省中聯玻璃有限責任公司)	Subsidiary of the de facto controller
Triumph Science & Technology Co., Ltd.* (凱盛科技股份有限公司)	Subsidiary of the de facto controller
CTIEC Shenzhen Scieno-tech Engineering Company Limited* (深圳市凱盛科技工程有限公司)	Subsidiary of the de facto controller
Triumph Bengbu Engineering and Technology Company Limited* (蚌埠凱盛工程技術有限公司)	Subsidiary of the de facto controller
Jiangsu CTIEC Environmental Protection Research Institute Co., Ltd.* (江蘇中建材環保研究院有限公司)	Subsidiary of the de facto controller

Name of other related parties	Relationship with the Company
Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited* (中意凱盛(蚌埠)玻璃冷端機械有限公司)	Subsidiary of the de facto controller
Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd.* (安徽華光光電材料科技集團有限公司)	Subsidiary of the de facto controller
Bengbu Chemical Engineering Machinery Making Co., Ltd.* (蚌埠化工機械製造有限公司)	Subsidiary of the de facto controller
CNBM (Bengbu) Photovoltaic Materials Company Limited* (中建材(蚌埠)光電材料有限公司)	Subsidiary of the de facto controller
Dengfeng Hongzhai Silicon Co., Ltd.* (登封紅寨硅砂有限公司)	Controlled subsidiary of the parent company
CNBM Triumph Robotics (Shanghai) Co., Ltd.* (中建材凱盛機器人(上海)有限公司)	Subsidiary of the de facto controller
Anhui Tianzhu Green Energy Technology Co., Ltd.* (安徽天柱綠色能源科技有限公司)	Subsidiary of the de facto controller
CNBM (Zhenjiang) Photovoltaic Application Technology Research Institute Company Limited* (中建材(鎮江)光電應用技術研究院有限公司)	Subsidiary of the de facto controller
Jetion Solar (China) Co., Ltd.* (中建材浚鑫科技有限公司)	Subsidiary of the de facto controller
Shanghai CTIEC Luculent Information Technology Co., Ltd.* (上海凱盛朗坤信息技術股份有限公司)	Subsidiary of the de facto controller
CNBM Light Industry Automation Institute* (中建材輕工業自動化研究所有限公司)	Subsidiary of the de facto controller
Sinoma Science & Technology Co., Ltd. (中材科技股份有限公司)	Subsidiary of the de facto controller
Triumph Photovoltaic Material Co. Ltd. (凱盛光伏材料有限公司)	Subsidiary of the de facto controller
Triumph Quartz Materials (Huang Shan) Co., Ltd.* (凱盛石英材料(黃山)有限公司)	Subsidiary of the de facto controller
CTIEC Shenzhen Scieno-tech Engineering Company Limited. Bengbu Branch* (深圳市凱盛科技工程有限公司蚌埠分公司)	Subsidiary of the de facto controller
China Triumph International Engineering Co., Ltd. Bengbu Branch*	Subsidiary of the de facto controller

Name of other related parties	Relationship with the Company
China Triumph International Engineering Co., Ltd. Hainan Branch* (中國建材國際工程集團有限公司海南分公司)	Subsidiary of the de facto controller
China Triumph International Engineering Co., Ltd. Jiangsu Branch* (中國建材國際工程集團有限公司江蘇分公司)	Subsidiary of the de facto controller
CNBM (Bengbu) Photovoltaic Materials Company Limited*	Subsidiary of the de facto controller
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Subsidiary of the de facto controller
Ruitai Technology Co., Ltd. (瑞泰科技股份有限公司)	Subsidiary of the de facto controller
AVIC Sanxin Solar Photoelectric Glass Co., Ltd.* (中航三鑫太陽能光電玻璃有限公司)	Others
Wonderful Sky Financial Group Limited (皓天財經集團有限公司)	Others

(IV) Related party transactions

1. Purchase and sales of goods and provision and receiving of services

Name of related party	Content of related party transaction	January to November of 2017	2016
Purchasing of goods/receiving of services:			
Anhui Tianzhu Green Energy Technology Co., Ltd.*	Procurement of Equipment	4,370,672.86	4,710,256.39
Luoyang New Jingrun Engineering Glass Co., Ltd.*	Procurement of raw material		1,691,044.73
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Raw material, electricity, maintenance	840,017.27	1,460,358.39
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Technical services	389,056.61	292,452.83
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Capital utilization fee		3,941,834.23
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Service fee	1,391,849.05	1,580,009.43

Name of related party	Content of related party transaction	January to November of 2017	2016
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Purchase of Patents		94,339.62
Bengbu Chemical Engineering Machinery Making Co., Ltd.*	Raw material, maintenance	6,182,583.63	5,436,619.89
Triumph Bengbu Engineering and Technology Company Limited*	Raw material, labour service	313,318.77	131,940.17
Dengfeng Hongzhai Silicon Co., Ltd.*	Raw material	436,014.20	2,992,250.98
Wonderful Sky Financial Group Limited	Bulletin fees	2,780,220.00	2,404,865.49
Triumph Technology Group Company*	Capital utilization fee	5,075,485.63	700,627.99
Triumph Technology Group Company*	Procurement of raw material	108,746,792.84	88,473,037.99
Triumph Quartz Materials (Huang Shan) Co., Ltd.*	Procurement of raw material	3,055,060.51	544,415.40
CLFG Longhao Glass Co., Ltd.*	Procurement of glass sheet	51,778.11	
CNBM Light Industry Automation Institute*	Procurement of spare parts and components	420,588.82	
Shanghai CTIEC Luculent Information Technology Co., Ltd.*	Technical services	1,476,524.00	
CTIEC Shenzhen Scieno-tech Engineering Company Limited*	Procurement of raw material		23,247.86
CTIEC Shenzhen Scieno-tech Engineering Company Limited. Bengbu Branch*	Raw material, equipment	2,391,453.00	71,466.67
Sinoma Science & Technology Co., Ltd.	Projects in progress	36,656.41	
Yinan Huasheng Mineral Products Industry Co., Ltd.*	Raw material		82,096.24
China Triumph International Engineering Co., Ltd. Bengbu Branch*	Design fee	4,280,608.80	
China Triumph International Engineering Co., Ltd. Bengbu Branch*	Procurement of equipment	17,094,017.09	
China Triumph International Engineering Co., Ltd. Hainan Branch*	Procurement of goods	23,371,480.45	25,038,360.60

Name of related party	Content of related party transaction	January to November of 2017	2016
China Triumph International Engineering Co., Ltd. Jiangsu Branch*	Procurement of equipment	41,772,184.90	13,117,569.20
China Luoyang Float Glass (Group) Company Limited*	Capital utilization fee	5,984,585.43	7,119,644.41
CNBM (Bengbu) Photovoltaic Materials Company Limited*	Capital utilization fee	1,587,669.27	440,437.50
CNBM (Zhenjiang) Photovoltaic Application Technology Research Institute Company Limited*	Commissioned development fee		2,075,471.64
Jetion Solar (China) Co., Ltd.* (中建材浚鑫科技有限公司)	Procurement of raw material		9,689.08
CNBM Triumph Robotics (Shanghai) Co., Ltd.*	Procurement of equipment	1,321,709.39	1,997,435.92
Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited*	Spare parts and components/equipment	15,760.69	68,675.21
Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited*	Procurement of raw material	25,555.56	29,017.09
Sales of goods/provision of services:			
Anhui Bengbu Huayi Conductive Film Glass Co., Ltd.*	Sales of products	14,418,660.06	85,980,878.54
Anhui Tianzhu Green Energy Technology Co., Ltd.*	Sales of photovoltaic modules	2,329,861.51	54,177.78
Triumph Photovoltaic Material Co. Ltd.	Sales of products	12,158.86	
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	Provision of service	1,886,792.45	
Triumph Science & Technology Co., Ltd.*	Sales of products	469,923.60	1,469,883.78
Triumph Technology Group Company*	Capital utilization fee		5,005,800.80
CLFG Longhao Glass Co., Ltd.*	Technical service		1,679,245.29
CLFG Longhao Glass Co., Ltd.*	Sales of raw material	1,677,777.78	8,107,000.00
China Triumph International Engineering Co., Ltd.*	Sales of products	5,209,638.68	
China Luoyang Float Glass (Group) Company Limited*	Tenant and utilities	210,625.64	164,549.58

Name of related party	Content of related party transaction	January to November of 2017	2016
AVIC Sanxin Solar Photoelectric Glass Co., Ltd.*	Sales of products	23,887,050.40	1,381,103.60
CNBM (Bengbu) Photovoltaic Materials Company Limited*	Technical services	2,376,093.12	377,358.48
Jetion Solar (China) Co., Ltd.*	Sales of products	54,742,720.18	42,692,437.86

2. Related party guarantees

Guarantor	Guaranteed party	Guarantee amount	Start date of guarantee	End date of guarantee	Guarantee fulfilled or not
China National Building Material Group Co., Ltd.	Luoyang Glass Company Limited*	106,860,000.00	25 January 2017	25 January 2018	No
China National Building Material Group Co., Ltd.	Luoyang Glass Company Limited*	57,600,000.00	26 January 2017	26 January 2018	No
China National Building Material Group Co., Ltd.	Luoyang Glass Company Limited*	60,624,000.00	10 February 2017	9 February 2018	No
China National Building Material Group Co., Ltd.	Luoyang Glass Company Limited*	87,306,250.00	16 January 2017	5 January 2018	No
China Luoyang Float Glass (Group) Company Limited, Triumph Technology Group Company*, Triumph Technology Group Company*	CLFG Longhai Electronic Glass Limited*	50,000,000.00	19 June 2015	18 June 2018	No
China Luoyang Float Glass (Group) Company Limited, Triumph Technology Group Company*, Triumph Technology Group Company*	CLFG Longhai Electronic Glass Limited*	63,636,363.00	23 June 2015	22 June 2018	No

Guarantor	Guaranteed party	Guarantee amount	Start date of guarantee	End date of guarantee	Guarantee fulfilled or not
Triumph Technology Group Company*	Bengbu CNBM Information Display Material Co., Ltd.*	100,000,000.00	8 December 2016	8 December 2019	No
Triumph Technology Group Company*	Bengbu CNBM Information Display Material Co., Ltd.*	100,000,000.00	12 April 2017	22 April 2022	No
Triumph Technology Group Company*	Bengbu CNBM Information Display Material Co., Ltd.*	50,000,000.00	8 November 2017	8 November 2022	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	20,000,000.00	28 November 2018	27 November 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	17,000,000.00	5 April 2018	4 April 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	15,000,000.00	21 July 2018	20 July 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	15,000,000.00	24 July 2018	23 July 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	19,000,000.00	8 September 2018	7 September 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	30,000,000.00	25 October 2017	24 October 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	30,000,000.00	12 October 2018	11 October 2020	No

Guarantor	Guaranteed party	Guarantee amount	Start date of guarantee	End date of guarantee	Guarantee fulfilled or not
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	20,000,000.00	2 June 2017	1 June 2019	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	30,000,000.00	4 February 2018	3 February 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	45,500,000.00	7 February 2018	6 February 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	30,000,000.00	9 March 2018	8 March 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	15,000,000.00	24 May 2018	23 May 2020	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	30,000,000.00	3 March 2017	2 March 2019	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	30,000,000.00	21 February 2017	20 February 2019	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	29,500,000.00	22 February 2017	21 February 2019	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	35,000,000.00	29 October 2017	28 October 2019	No
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	CNBM (Hefei) New Energy Company Limited*	100,000,000.00	26 March 2021	25 March 2023	No

Guarantor	Guaranteed party	Guarantee amount	Start date of guarantee	End date of guarantee	Guarantee fulfilled or not
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	CNBM (Hefei) New Energy Company Limited*	4,500,000.00	28 May 2021	27 May 2023	No
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	CNBM (Hefei) New Energy Company Limited*	95,500,000.00	9 September 2021	8 September 2023	No
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	CNBM (Hefei) New Energy Company Limited*	90,000,000.00	15 December 2021	14 December 2023	No
Triumph Technology Group Company*	CNBM (Hefei) New Energy Company Limited*	49,000,000.00	28 October 2016	27 October 2018	No
CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.*	CNBM (Hefei) New Energy Company Limited*	4,500,000.00	2 June 2016	1 June 2018	No
Triumph Technology Group Company*, Far East Optoelectronics Company Limited*	CNBM (Yixing) New Energy Company Limited*	30,000,000.00	12 April 2017	30 June 2022	No
Triumph Technology Group Company*	CNBM (Yixing) New Energy Company Limited*	75,000,000.00	27 March 2017	26 March 2018	No
Triumph Technology Group Company*	CNBM (Yixing) New Energy Company Limited*	50,000,000.00	28 March 2017	27 March 2018	No
Triumph Technology Group Company*, Far East Optoelectronics Company Limited*	CNBM (Yixing) New Energy Company Limited*	50,000,000.00	26 December 2016	26 December 2018	No
Triumph Technology Group Company*, Far East Optoelectronics Company Limited*	CNBM (Yixing) New Energy Company Limited*	50,000,000.00	12 April 2017	30 April 2020	No

3. Other related party transactions

- (1) Tongcheng New Energy paid bills of RMB2,000,000.00 and RMB1,000,000.00 to Bengbu Optoelectronics Technology Co., Ltd. and CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd., respectively, from January to November 2017, obtaining discounted amounts of RMB1,956,000.00 and RMB978,666.67, respectively.
- (2) Yixing New Energy paid bills of RMB13,790,710.31, RMB7,871,078.09, RMB4,408,080.76, RMB4,408,080.76 and RMB390,000.00 to Bengbu Optoelectronics Technology Co., Ltd., Anhui Zhongchuang Electronic Information Material Co., Ltd., Bengbu Zhongheng New Material Technology Company Limited and CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd., respectively from January to November 2017, obtaining discounted amounts of RMB13,487,416.92, RMB7,705,049.85, RMB4,294,107.38 and RMB383,495.99, respectively.

(V) Accounts receivable and payable of related parties

1. Items of receivables

Item	Name of related party	30 November 2017		31 December 2016	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Bills receivable	Jetion Solar (China) Co., Ltd.*	3,500,000.00			
Accounts receivable	Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd.*			289,079.90	

Item	Name of related party	30 November 2017		31 December 2016	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Anhui Bengbu Huayi Conductive Film Glass Co., Ltd.*	25,372,807.55		28,621,134.25	
Accounts receivable	Anhui Tianzhu Green Energy Technology Co., Ltd.*			717,356.40	
Accounts receivable	Triumph Science & Technology Co., Ltd.*	549,810.62		22,038.01	
Accounts receivable	Luoyang New Jingrun Engineering Glass Co., Ltd.*			1,349,753.33	
Accounts receivable	China Triumph International Engineering Co., Ltd.*	46.64		46.64	
Accounts receivable	AVIC Sanxin Solar Photoelectric Glass Co., Ltd.*	4,725,827.55			
Accounts receivable	Jetion Solar (China) Co., Ltd.*	72,052,113.09		36,514,466.49	
Accounts receivable	CNBM (Bengbu) Photovoltaic Materials Company Limited*	365,878.05			
Accounts receivable	CLFG Longhao Glass Co., Ltd.*	1,963,000.00			
Prepayments	Triumph Bengbu Engineering and Technology Company Limited*	156,240.00		13,500.00	
Prepayments	CNBM Light Industry Automation Institute*			205,000.00	
Prepayments	Triumph Technology Group Company*	1,072,855.25		279,436.97	
Prepayments	CNBM Triumph Robotics (Shanghai) Co., Ltd.*			5,600.00	
Prepayments	Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited*	1,367.52		3,247.43	
Prepayments	CTIEC Shenzhen Scieno-tech Engineering Company Limited. Bengbu Branch*	2,490.00			
Prepayments	Ruitai Technology Co., Ltd.	137,940.00			
Other receivables	CLFG (Beijing) International Engineering	22,796.95		82,796.95	
Other receivables	Luoyang Luobo Glass Fibre Co., Ltd.*	150,738.92		150,738.92	
Other receivables	China Triumph International Engineering Co., Ltd.*	1,650,000.00		1,650,000.00	

Item	Name of related party	30 November 2017		31 December 2016	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	China Luoyang Float Glass (Group) Company Limited*	252,266.47		23,982,714.48	
Other non-current assets	Anhui Tianzhu Green Energy Technology Co., Ltd.*			5,103,700.00	
Other non-current assets	Shanghai CTIEC Luculent Information Technology Co., Ltd.*	710,000.00			
Other non-current assets	Triumph Bengbu Engineering and Technology Company Limited*	36,000.00			

2. *Items of payables*

Item	Name of related party	30 November 2017	31 December 2016
Bills payable	CNBM Light Industry Automation Institute*	287,089.00	205,000.00
Bills payable	China Triumph International Engineering Co., Ltd. Bengbu Branch*	50,000,000.00	50,000,000.00
Bills payable	Triumph Quartz Materials (Huang Shan) Co., Ltd.*	1,343,224.80	
Bills payable	Bengbu Chemical Engineering Machinery Making Co., Ltd.*	501,484.00	
Bills payable	Triumph Bengbu Engineering and Technology Company Limited*	264,310.00	
Bills payable	China Triumph International Engineering Co., Ltd. Jiangsu Branch*	15,537,732.80	
Bills payable	China Triumph International Engineering Co., Ltd. Hainan Branch*	723,408.00	
Bills payable	Shanghai CTIEC Luculent Information Technology Co., Ltd.*	671,200.00	
Accounts payable	CNBM Bengbu Design & Research Institute for Glass Industry	1,159,893.08	963,003.08
Accounts payable	Bengbu Chemical Engineering Machinery Making Co., Ltd.*	1,516,286.93	2,061,966.37
Accounts payable	Triumph Bengbu Engineering and Technology Company Limited*	13,040.00	125,036.90
Accounts payable	Dengfeng Hongzhai Silicon Co., Ltd.*	81,224.51	517,453.69
Accounts payable	Jiangsu CTIEC Environmental Protection Research Institute Co., Ltd.*	1,182,499.11	3,544,508.91
Accounts payable	Triumph Technology Group Company*	3,813,133.19	14,326,296.59
Accounts payable	Triumph Quartz Materials (Huang Shan) Co., Ltd.*	2,000,000.00	
Accounts payable	Shanghai CTIEC Luculent Information Technology Co., Ltd.*	140,800.00	
Accounts payable	CTIEC Shenzhen Scieno-tech Engineering Company Limited. Bengbu Branch*		3,406.84
Accounts payable	Yinan Huasheng Mineral Products Industry Co., Ltd.*	2,714.60	2,714.60
Accounts payable	China Triumph International Engineering Co., Ltd.*	295,218,652.85	282,519,058.29
Accounts payable	China Triumph International Engineering Co., Ltd. Bengbu Branch*	38,554,389.62	38,961,654.50
Accounts payable	China Triumph International Engineering Co., Ltd. Hainan Branch*	10,709,672.28	11,203,545.18
Accounts payable	China Triumph International Engineering Co., Ltd. Jiangsu Branch*	4,000,000.00	13,347,556.00
Accounts payable	Jetion Solar (China) Co., Ltd.*		11,336.22

Item	Name of related party	30 November 2017	31 December 2016
Accounts payable	CNBM Triumph Robotics (Shanghai) Co., Ltd.*	563,000.00	796,000.00
Accounts payable	Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited*	85,400.00	135,400.00
Payments received in advance	Anhui Bengbu Huayi Conductive Film Glass Co., Ltd.*	584,459.71	5,496,513.80
Payments received in advance	CNBM (Bengbu) Photovoltaic Materials Company Limited*		1,800,000.00
Payments received in advance	Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited*	6,552.00	6,552.00
Other payables	CNBM Bengbu Glass Industry Design & Research Institute Co., Ltd.	7,844,921.83	1,574,125.80
Other payables	Bengbu Chemical Engineering Machinery Making Co., Ltd.*		3,500.00
Other payables	Wonderful Sky Financial Group Limited	3,613,179.34	2,659,797.02
Other payables	Triumph Technology Group Company*	155,070,804.96	29,611,416.67
Other payables	Triumph Quartz Materials (Huang Shan) Co., Ltd.*	5,000.00	5,000.00
Other payables	CNBM Light Industry Automation Institute*		3,000.00
Other payables	China Triumph International Engineering Co., Ltd.*	136,800.00	
Other payables	China Triumph International Engineering Co., Ltd. Bengbu Branch*	196,604.80	140,000.00
Other payables	China Triumph International Engineering Co., Ltd. Hainan Branch*	5,000.00	
Other payables	China Luoyang Float Glass (Group) Company Limited*	190,360,146.70	169,994,823.96
Other payables	Sino-Italian CTIEC (Bengbu) Glass Cold-End Machinery Company Limited*	1,600.00	1,600.00
Other payables	CNBM (Bengbu) Photovoltaic Materials Company Limited*	35,587,669.27	

X. COMMITMENTS AND CONTINGENCIES

(I) Capital commitments

As at 30 November 2017, material capital commitments of the Group are set out as follows:

Item	30 November 2017	31 December 2016
Contract has been entered but no provision has been made – Construction project	<u>102,335,600.00</u>	<u></u>
Total	<u>102,335,600.00</u>	<u></u>

(II) Contingencies

None

XI. EVENTS AFTER THE BALANCE SHEET DATE

None

XII. SUPPLEMENTARY INFORMATION

(I) Breakdown of non-recurring profit and loss for the current period

Item	January to November of 2017	2016
1. Profit/loss on disposal of non-current assets, including write-off of provision for asset impairment	83,418.35	266,347.22
2. Government subsidies (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) attributable to profits and losses for the period	40,605,400.01	104,840,076.91
3. Profit/loss from debt restructuring	1,904,753.34	3,130,969.27
4. Costs of corporate reorganization, i.e. expenses for staff settlement, integration costs, etc.	-19,360,303.76	-9,171,745.41
5. Other non-operating income and expenses other than the aforesaid items	724,521.00	-4,402,027.55
6. Effect of income tax	-2,001,963.14	-3,899,002.77
Total	21,955,825.80	90,764,617.67

(II) Return on net assets and earnings per share

Profit for the Reporting Period	Weighted average return on net assets (%)		Basic earnings per share	
	January to November of 2017	2016	January to November of 2017	2016
Net profit attributable to holders of ordinary shares of the Company	3.93	8.22	0.0812	0.1066
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit and loss	2.03	-4.29	0.0420	-0.0556

Luoyang Glass Company Limited*
17 January 2018

* For identification purposes only