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 RELATION TO THE ACCRUAL OF ASSETS IMPAIRMENT PROVISION

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

On 30 March 2021, the Company convened the thirtieth meeting of the ninth session of the Board, at which the "Resolution in relation to the Accrual of Assets Impairment Provision in 2020" was considered and passed, the contents of which are as follows:

I. SUMMARY OF THE ACCRUAL OF PROVISION FOR ASSETS IMPAIRMENT

In order to accurately reflect the Company's financial and operational situation as at the end of 2020, the Company would conduct a review on every asset, and conduct impairment test on assets which show any indication of impairment at the end of each year, according to the "Accounting Standards for Business Enterprises" of the People's Republic of China (the "**PRC**") and the relevant requirements under the accounting policies of the Company. When the net realizable value of any asset is expected to be lower than its book value, assets impairment provision will be made upon confirmation or calculation.

II. PARTICULARS OF THE ACCRUAL OF PROVISION FOR ASSETS IMPAIRMENT

(I) Credit impairment losses

The Company recognized the loss provision for receivables based on the expected credit losses. The probability-weighted amount of the difference in present value between the cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

During the reporting period, the Company made provision for bad debts of RMB15,327,000 on the receivables, reversed provision for bad debts of RMB5,564,000, wrote off credit impairment losses of RMB1,961,500 on the bill receivables due to the maturity of commercial drafts, and wrote off credit impairment losses of RMB3,752,100 due to other receivables were partially received during the current period. The Company increased the credit impairment losses of RMB4,049,400 in total.

(II) Provision for inventories impairment

Inventories were measured at the lower of cost and net realizable value during the reporting period. The inventories impairment provision, i.e. the difference between the book value and the net realizable value of the inventories, in the amount of RMB3,095,600 was recorded by CLFG Longmen Glass Co. Ltd.* (洛玻集團龍門玻璃有限責任公司), a subsidiary of the Company.

III. THE IMPACT OF THE ACCRUAL OF ASSETS IMPAIRMENT PROVISION ON THE COMPANY

The accrual of assets impairment provision amounted to RMB7,145,000 in total, the amount of effect on net profit attributable to shareholders of the listed company amounted to RMB5,995,200 after deducting the factors of income tax and minority interests.

IV. REVIEW PROCEDURES FOR THE ACCRUAL OF ASSETS IMPAIRMENT PROVISION

The "Resolution in relation to the Accrual of Assets Impairment Provision in 2020" was considered and approved at the thirtieth meeting of the ninth session of the Board of the Company.

The Board is of the opinion that, in accordance with the "Accounting Standards for Business Enterprises" of the PRC, the accrual of assets impairment provision was made on a prudent principle with sufficient foundations and fairly reflected the asset conditions of the Company upon the accrual of assets impairment provision, and therefore the Board approved the accrual of assets impairment provision according to the "Accounting Standards for Business Enterprises" of the PRC and the accounting policy of the Company.

The supervisory committee of the Company is of the view that, the decision-making procedure of the accrual of assets impairment provision of the Company is legal with sufficient foundations. The accrual was in compliance with the "Accounting Standards for Business Enterprises" of the PRC and other relevant regulations and fairly reflected the asset conditions of the Company upon the accrual, and therefore the supervisory committee of the Company approved the accrual of assets impairment provision.

The audit committee of the Company is of the view that, the accrual of assets impairment provision was in compliance with the "Accounting Standards for Business Enterprises" of the PRC and the relevant accounting policies of the Company, and was made on a prudent principle with sufficient foundations upon the assets impairment test. Upon the accrual of assets impairment provision, the Company's financial statements for 2020 can fairly reflect the financial situation, asset value and operating results of the Company for the year ended 31 December 2020, which makes the Company's accounting information more reasonable, and therefore the audit committee of the Company approved the accrual of assets impairment provision.

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

Luoyang, the PRC
30 March 2021

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

* *For identification purposes only*