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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED *

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 01108)

VOLUNTARY ANNOUNCEMENT IN RESPECT OF THE SPECIAL REPORT ON UTILISATION OF PREVIOUSLY RAISED PROCEEDS

This announcement is made by the board of directors (the “**Board**”) of Luoyang Glass Company Limited* (the “**Company**”) on a voluntary basis.

References are made to (1) the overseas regulatory announcement of the Company dated 30 December 2020 in relation to the special report on utilisation of previously raised proceeds; and (2) the circular of the Company dated 24 February 2021 (the “**Circular**”). The shareholders of the Company considered and approved by way of an ordinary resolution at the 2021 second extraordinary general meeting held on 12 March 2021 in respect of the report on the utilisation of previously raised proceeds of the Company as of 31 December 2019. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

Pursuant to the Regulations on the Report on the Utilisation of Previously Raised Proceeds (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) issued by China Securities Regulatory Commission, where a listed company applies for issuance of securities and it has been less than five fiscal years since the receipt of the previously raised proceeds, the board of directors shall prepare a report on the utilisation of previously raised proceeds to provide details on the actual utilisation of the latest raised proceeds as of the last date of the latest audited financial report of issuance application documents, and shall resolve on the report on the utilisation of previously raised proceeds and submit it to the general meeting for approval thereafter. The accounting firm shall issue an assurance report on the report on the utilisation of previously raised proceeds prepared by the board of directors.

As the Company has published the audit report for a new year during the period from the application of the non-public issuance of A shares to approval, the Company is required to issue an updated report on the utilisation of previously raised proceeds under the aforesaid requirements and submit it, together with the assurance report issued by the accounting firm, to the general meeting for approval.

Based on the utilisation of previously raised proceeds as of 31 December 2020, the Company has prepared the Special Report on Utilisation of Previously Raised Proceeds of Luoyang Glass Company Limited* (**“2020 Report on Utilisation of Previously Raised Proceeds”**), which was considered and approved at the Board meeting held on 29 April 2021. WUYIGE Certified Public Accountants LLP has conducted a review and examination on the utilisation of previously raised proceeds of the Company as of 31 December 2020 and issued the Review Report on the Utilisation of Previously Raised Proceeds of Luoyang Glass Company Limited*.

The resolution in relation to the 2020 Report on Utilisation of Previously Raised Proceeds of the Company will be submitted, by way of an ordinary resolution, for the shareholders’ consideration and approval at the 2020 annual general meeting. The Company will despatch the notice of annual general meeting containing, among other things, the resolution in relation to the 2020 Report on Utilisation of Previously Raised Proceeds of the Company to the shareholders of the Company in due course.

The full text of the aforesaid 2020 Report on Utilisation of Previously Raised Proceeds of the Company is set out in the appendix of this announcement. The English version of the 2020 Report on Utilisation of Previously Raised Proceeds of the Company is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

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

Luoyang, the PRC
29 April 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

Appendix

SPECIAL REPORT ON UTILISATION OF PREVIOUSLY RAISED PROCEEDS OF LUOYANG GLASS COMPANY LIMITED*

In accordance with the Regulations on the Report on the Utilisation of Previously Raised Proceeds (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) issued by the China Securities Regulatory Commission (the “CSRC”), the Company hereby reports the utilisation of previously raised proceeds as of 31 December 2020 as follows:

I. INFORMATION ON THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Amount of previously raised proceeds and time of receipt

As approved by the CSRC with the Approval on Purchase of Assets by Issue of Shares 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 Raising of Supporting Funds by Luoyang Glass Company Limited* (《關於核准洛陽玻璃股份有限公司向中國洛陽浮法玻璃集團有限責任公司發行股份購買資產並募集配套資金的批覆》) (Zheng Jian Xu Ke [2015] No. 2813), in December 2015, Luoyang Glass Company Limited* (洛陽玻璃股份有限公司) (the “**Company**”) purchased the 100% equity interest in Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司) (the “**Bengbu CNBM Information Display**”) held by China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司) (the “**CLFG**”) by way of issue of shares and payment of balance in cash; in January 2016, Luoyang Glass Company Limited* (洛陽玻璃股份有限公司) issued 11,748,633 RMB-denominated ordinary shares (A Shares) to specific investors at the issue price of RMB18.30 per share through non-public issuance. The total amount of proceeds raised was RMB214,999,983.90, and the actual net proceeds raised was RMB209,624,984.30 after deducting the issuance expenses (underwriting fees) of RMB5,374,999.60. On 26 January 2016, the above-mentioned proceeds were received by the Company and deposited into the special accounts of the Company for the proceeds. WUYIGE Certified Public Accountants LLP has verified the receipt of such proceeds, and also issued the capital verification report named Da Xin Yan Zi [2016] No. 2-00009.

2. *Deposit of the previously raised proceeds in the special accounts*

As of 31 December 2020, the previously raised proceeds of the Company were used up. Details of the deposit of the previously raised proceeds in the special accounts are as follows:

On 26 January 2016, the Company entered into the Supervision Agreement on the Deposit of Proceeds in the Special Accounts with Morgan Stanley Huaxin Securities Company Limited, the independent financial advisor of the Company, Bank of Communications Co., Ltd. Luoyang Branch and China CITIC Bank Corporation Limited Luoyang Branch, pursuant to which the Company opened 2 special accounts to deposit the proceeds in these banks. The account number of special accounts opened by the Company for the proceeds at each of Bank of Communications Co., Ltd. Luoyang Branch and China CITIC Bank Corporation Limited Luoyang Branch was 413069800018800002860 and 8111101013600178830, with the initial deposit amount of RMB0 and RMB209,624,984.30, respectively. Such proceeds were used up, and the above special accounts were cancelled in February 2017 and March 2017, respectively.

(II) Issuance of shares for assets acquisition in 2018

As approved by the CSRC with the Approval on Purchase of Assets by Issue of Shares 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 others and Raising of Supporting Funds by Luoyang Glass Company Limited* (《關於核准洛陽玻璃股份有限公司向中國洛陽浮法玻璃集團有限責任公司等發行股份購買資產並募集配套資金的批覆》) (Zheng Jian Xu Ke [2018] No. 475), the Company issued 10,097,588 shares to CLFG and 3,029,276 shares to Hefei Gaoxin Development and Investment Group Company* (合肥高新建設投資集團公司) (“**Hefei Gaoxin Investment**”) to acquire 100% equity interest in CNBM (Hefei) New Energy Co., Ltd.* (中建材(合肥)新能源有限公司) (“**Hefei New Energy**”), issued 6,377,490 shares 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) (“**Huaguang Group**”), 2,365,976 shares to CNBM Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司) (“**Bengbu Institute**”) and 708,610 shares to China Triumph International Engineering Co., Ltd.* (中國建材國際工程集團有限公司) (“**International Engineering**”) to acquire 100% equity interest in CNBM (Tongcheng) New Energy Materials Co., Ltd.* (中國建材桐城新能源材料有限公司) (“**Tongcheng New Energy**”), and issued 7,508,991 shares to Triumph Technology Group Co., Ltd.* (凱盛科技集團有限公司) (“**Triumph Group**”), 1,877,247 shares to Yixing Environmental Technology Innovation

Venture Investment Co., Ltd.* (宜興環保科技創新創業投資有限公司) (“**Yixing Environmental Technology**”) and 1,065,338 shares to GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司) (“**GCL System Integration**”) to acquire 70.99% equity interest in CNBM (Yixing) New Energy Resources Co., Ltd.* (中建材(宜興)新能源有限公司) (“**Yixing New Energy**”), at the issue price of RMB23.45 per share.

According to the Zheng Jian Xu Ke [2018] No. 475, the Company was approved to raise supporting funds of not more than RMB511,865,700 through non-public issuance of shares. In March 2019, the raising of supporting funds was terminated accordingly due to the automatic invalidation of the approval upon expiry of the validity period.

This issuance of the Company was to issue shares for assets acquisition without raising monetary funds, and therefore no deposit of the proceeds in a special account was involved thereunder.

II. ACTUAL UTILISATION OF THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Comparison table of the utilisation of proceeds

Please refer to Appendix 1 for the comparison table of the utilisation of the previously raised proceeds as of 31 December 2020.

2. Changes in the proceeds

There was no change in the investment projects funded by the proceeds.

3. Difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds and the explanation thereof

There was no difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds.

4. External transfer or replacement of the investment projects funded by the previously raised proceeds

There was no external transfer or replacement of investment projects funded by the previously raised proceeds.

5. *Utilisation of idle proceeds*

There was no utilisation of the idle proceeds.

6. *Information on the unutilised funds from the previously raised proceeds*

There were no unutilised funds from the previously raised proceeds.

(II) Issuance of shares for assets acquisition in 2018

1. *Comparison table for the utilisation of proceeds*

Not applicable.

2. *Changes in the proceeds*

There was no change in investment projects funded by the proceeds.

3. *Difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds and the explanation thereof*

There was no difference between the total amount of actual investment and the committed investment to the projects funded by the previously raised proceeds.

4. *External transfer or replacement of the investment projects funded by the previously raised proceeds*

There was no external transfer or replacement of investment projects funded by the previously raised proceeds.

5. *Utilisation of idle proceeds*

There was no utilisation of the idle proceeds.

6. *Information on the unutilised funds from the previously raised proceeds*

There were no unutilised funds from the previously raised proceeds.

III. ECONOMIC BENEFITS REALISED FROM THE INVESTMENT PROJECTS FUNDED BY THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Comparison table of the benefits realised from the investment projects funded by the previously raised proceeds

Please refer to Appendix 2 of this report for the comparison table of the benefits realised from the investment projects funded by the previously raised proceeds.

2. Explanation on benefits realised from the investment projects funded by the previously raised proceeds which cannot be accounted separately

Not applicable.

3. Explanation on accrued gains realised from the investment projects funded by the previously raised proceeds with less than 20% (inclusive) or above of those as committed

(1) Reasons for gains realised in 2016 being lower than those as committed

In 2016, the real economy was sluggish due to the impact of macroeconomic downturn in China, resulting in product selling prices and operating revenue being lower than expected, and the realized net profit was also lower than expected.

(2) Reasons for gains realised in 2017 being lower than those as committed

The main reasons for Bengbu CNBM Information Display's failure to fulfill its profit commitment in 2017 were as follows: first, the annual average selling price was lower than expected resulting from the excessive growth in production capacity of the electronic glass in China which made the market have taken a hit. Second, in order to improve its product competitiveness and maintain sustained profitability, Bengbu CNBM Information Display increased R&D investment in 2017 to develop and produce new products, optimized and improved process technology, and made a number of scientific research achievements, which, however, affected the output of that period to some extent.

(3) Reasons for gains realised in 2018–2020 being lower than those as forecasted

As competitors increased their investment in ultra-thin electronic glass production lines in 2018, the competition was increasingly intensified and the supply tended to keep balance, resulting in a significant decline in product prices.

In 2019, due to the cyclical nature of the electronic market, the market demand weakened, leading to a periodic oversupply in the market. Market prices continued to fall in the first half of the year and recovered slightly in the second half of the year, but overall prices remained low, resulting in a significant decrease in profits.

In 2020, due to the increased market demand after the pandemic, the prices rebounded to some extent as compared to 2019, and remained relatively stable throughout the year. However, there was a large price gap as compared to forecasts, resulting in a shortfall in expectations.

(II) Issuance of shares for assets acquisition in 2018

1. Comparison table of the benefits realised from the investment projects funded by the previously raised proceeds

Please refer to Appendix 3 of this report for the comparison table of the benefits realised from the investment projects funded by the previously raised proceeds.

2. Explanation on benefits realised from the investment projects funded by the previously raised proceeds that cannot be accounted separately

Not applicable.

3. Explanation on accrued gains realised from the investment projects funded by the previously raised proceeds with less than 20% (inclusive) or above of those as committed

(1) Reasons for gains realised in 2018 being lower than those as committed

The principal businesses of three companies of Hefei New Energy, Tongcheng New Energy and Yixing New Energy (hereinafter referred to as the “**Target Companies**”) are research and development, production and sales of photovoltaic glass and the end users are the photovoltaic power stations, which are greatly affected by the national policy on the photovoltaic industry. On 31 May 2018, the National Development and Reform Committee, the Ministry of Finance and the National Energy Administration jointly issued the “Notice on Matters Related to Photovoltaic Power Generation in 2018” (《關於2018年光伏發電有關事項的通知》) (the “**531 New Policy**”) to control the scale of distributed photovoltaic power and lower subsidy standards of on-grid tariff, which caused great impact on the photovoltaic industry, resulted in a decline in the market price of glass for photovoltaic modules. Although the photovoltaic glass market gradually stabilized and picked up with the increase in price in the fourth quarter of 2018, the annual average sales price decreased to a certain extent over 2017. As affected by the “531 New Policy”, the policy environment of the photovoltaic industry in 2018 changed significantly as compared with that when the profit forecast was made, resulting in that the operating income and net profit of Target Companies fell short of expectations in 2018.

(2) Reasons for gains realised in 2019 being lower than those as committed

Due to the impact of a number of factors, the profit growth of Hefei New Energy and Tongcheng New Energy in 2019 fell short of expectations. The specific reasons are set out as follows:

- ① Under the continuing impact of the “531 PV Policy” promulgated in 2018, the domestic photovoltaic glass market underperformed in 2019, albeit the upturn as compared to the second half of 2018, which resulted in certain adverse impact on the operating results of Hefei New Energy and Tongcheng New Energy, with both market demand and selling price of products falling short of expectations;

- ② The photovoltaic original glass production line of Tongcheng New Energy underwent technological renovation in March 2019 and was ignited for production on 20 June 2019, which affected the supply of original glass during the reporting period, resulting in the decline in manufacture and sales volume, and in turn prejudiced the revenue and profitability;
- ③ Costs for raw materials and energy power used in the production of photovoltaic glass accounted for a large proportion of the production costs. Cost control was under pressure due to continuous increase in prices of raw materials and fuels, such as silica sand and natural gas, during the reporting period;
- ④ Given the capital chain rupture or even bankruptcy of certain downstream customers under the impact of the “531 PV Policy”, provision for credit impairment losses was made for the relevant receivables based on the prudence principle. In particular, the provision for credit impairment losses of each of Hefei New Energy and Tongcheng New Energy was RMB15,800,000 and RMB3,840,000 respectively, which affected the net profit of the two companies during the reporting period.

IV. OPERATION OF ASSETS IN THE INVESTMENT PROJECTS FUNDED BY THE PREVIOUSLY RAISED PROCEEDS

(I) Proceeds raised in 2016

1. Change in asset ownership

The transaction was the purchase of the 100% equity interest in Bengbu CNBM Information Display held by CLFG by way of issue of shares and payment of balance in cash. On 14 December 2015, 100% equity interest in Bengbu CNBM Information Display was transferred to the Company, and it became a wholly-owned subsidiary of the Company.

2. Change in the carrying amount of assets

Unit: RMB'0,000

Item	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Total assets	84,888.26	87,580.63	95,630.68	106,686.73	90,723.73	79,008.59
Total liabilities	7,596.17	12,846.44	16,008.71	24,251.72	15,083.46	9,054.08
Owners' equity	77,292.08	74,734.19	79,621.97	82,435.01	75,640.27	69,954.52

3. Production and operation

Bengbu CNBM Information Display is principally engaged in the research and development, production, sale and deep processing of ultra-thin glass, as well as the sale and relevant technical services of the primary materials, auxiliary materials related to glass and other glass products.

4. Benefits contribution

Unit: RMB'0,000

Item	2020	2019	2018	2017	2016	2015
Net profit	2,557.89	1,112.22	3,372.17	6,794.74	5,685.76	3,084.47
Net profit after deducting the non-recurring profit or loss	1,502.32	-376.69	992.80	5,437.83	3,517.10	3,135.69

5. *Fulfillment of performance undertaking*

For the performance of Bengbu CNBM Information Display in 2015, 2016 and 2017, CLFG made a performance compensation commitment to the Company on a voluntary basis: If the audited net profits of Bengbu CNBM Information Display realized in each of 2015, 2016 and 2017, attributable to the owner of the Company after deduction of non-recurring profit or loss, were lower than the estimated net profits of corresponding years given in the valuation report issued by China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司) on 31 October 2015, it would make compensation to the Company in cash in following way, being the compensation amount payable for a year = estimated net profits for the year – actual net profits for such year. If the result, after computation, of the compensation amount payable for the year is negative, the compensation amount shall be deemed as 0.

For 2015, the estimated net profits of Bengbu CNBM Information Display given in the valuation report was RMB30.8447 million, the audited net profit after deduction of non-recurring profit or loss realized by Bengbu CNBM Information Display for 2015 amounted to RMB31.3569 million, which means that CLFG didn't need to make performance compensation in 2015.

For 2016, the estimated net profits of Bengbu CNBM Information Display given in the valuation report was RMB58.9544 million, the audited net profits realized by Bengbu CNBM Information Display for 2016 amounted to RMB56.8576 million, and, after deduction of non-recurring profit or loss, amounted to RMB35.171 million, resulting in its failure to fulfill its performance commitment. According to the commitment, CLFG shall compensate for the shortfall of RMB23.7834 million to the Company in cash within six months from the date of issue of auditor's report for Bengbu CNBM Information Display for the year of 2016. On 31 March 2017, the Company had received the performance compensation amount of RMB23.7834 million from CLFG.

For 2017, the estimated net profits of Bengbu CNBM Information Display given in the valuation report was RMB69.68 million, the audited net profits realized by Bengbu CNBM Information Display for 2017 amounted to RMB67.9474 million, and, after deduction of non-recurring profit or loss, amounted to RMB54.3783 million, resulting in its failure to fulfill its performance commitment. According to the commitment, CLFG shall compensate for the shortfall of RMB15.3017 million to the Company in cash within six months from the date of issue of auditor's report of Bengbu CNBM Information Display for the year of 2017. On 29 March 2018, the Company had received the performance compensation amount of RMB15.3017 million from CLFG.

(II) Issuance of shares for assets acquisition in 2018

1. *Change in asset ownership*

On 23 March 2018, 100% equity interest in Hefei New Energy was transferred to the Company and the formalities for alteration of relevant industrial and commercial registration were completed, and Hefei New Energy obtained a new business license (Unified social credit code: 91340100570418775Y) issued by the Industrial and Commercial Administration Bureau of Hefei.

On 27 March 2018, 100% equity interest in Tongcheng New Energy was transferred to the Company and the formalities for alteration of relevant industrial and commercial registration were completed, and Tongcheng New Energy obtained a new business license (Unified social credit code: 91340881567507232G) issued by the Administration for Market Regulation of Tongcheng.

On 13 April 2018, 70.99% equity interest in Yixing New Energy was transferred to the Company and the formalities for alteration of relevant industrial and commercial registration were completed, and Yixing New Energy obtained a new business license (Unified social credit code: 91320282MA1MXWBJ1H) issued by the Administration for Market Regulation of Yixing.

2. *Change in the carrying amount of assets*

Unit: RMB'0,000

Item	Hefei New Energy			Tongcheng New Energy			Yixing New Energy		
	31 December 2020	31 December 2019	31 December 2018	31 December 2020	31 December 2019	31 December 2018	31 December 2020	31 December 2019	31 December 2018
Total assets	133,816.05	122,628.98	125,482.38	77,390.63	65,438.25	56,185.76	147,005.43	121,964.58	104,933.43
Total liabilities	83,970.69	82,863.67	103,797.41	43,624.35	39,918.77	31,955.52	88,851.90	82,417.48	70,419.60
Owners' equity	49,845.36	39,765.31	21,684.98	33,766.28	25,519.48	24,230.24	58,153.53	39,547.10	34,513.83

3. Production and operation

The Target Companies are principally engaged in the research and development, production and sales of photovoltaic original glass and its further processed products. The photovoltaic glass produced is ultra-white rolled glass, which is mainly used as cover plate to encapsulate solar cells and is the key material of solar cell modules. The production and operation of the Target Companies are normal.

4. Benefits contribution

Unit: RMB'0,000

Item	Hefei New Energy			Tongcheng New Energy			Yixing New Energy		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Net profit	12,580.05	4,280.33	1,327.97	8,846.80	1,289.24	818.08	21,945.21	5,033.28	1,498.97
Net profit after deducting the non-recurring profit or loss	11,905.29	4,055.42	1,084.88	8,685.18	966.22	697.22	21,743.89	4,791.26	1,166.91

5. Fulfillment of performance undertaking

According to the Profit Guarantee Indemnity Agreements in relation to Acquisition of Assets by Issuance of Shares and the supplemental agreements entered into between the Company and CLFG, Hefei Gaoxin Investment, Huaguang Group, Bengbu Institute, International Engineering, Triumph Group, Yixing Environmental Technology and GCL System Integration, respectively, the profit compensation periods are 2018, 2019 and 2020. The counterparties guaranteed that the actual net profits achieved by the Target Companies during the profit compensation periods shall not be lower than the net profits undertook by the counterparties that the Target Companies shall realize during the profit compensation periods. In the event that the Target Companies fail to achieve the undertaken net profits, counterparties shall calculate the amount of compensation payable each year and the number of shares to be compensated in accordance with “Determination of the amount of compensation” of the agreements. The number of shares to be compensated shall be repurchased by the Company at a total price of RMB1.00; if the shares of the Company held by the counterparties through this reorganization are insufficient to make up the amount of compensation payable in the current period, counterparties shall make up the difference with its own or self-raised cash.

For 2018, the counterparties to the transaction had undertaken that the audited net profits after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy would not be lower than RMB61.6788 million, RMB26.3671 million and RMB33.3703 million, respectively. According to the annual audit reports for 2018 of the three Target Companies issued by WUYIGE Certified Public Accountants LLP, the audited net profits after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2018 were RMB10.8488 million, RMB6.9722 million and RMB11.6691 million, respectively, resulting in their failure to complete the performance commitments, with shortfalls amounting to RMB50.83 million, RMB19.3949 million and RMB21.7012 million, respectively. According to the compensation mode and calculation formula as agreed in the compensation agreement, the total number of shares to be compensated with by the guarantors is 7,400,882, and the Company shall repurchase the compensation shares for underperformance at a total repurchase price of RMB3.00 and cancel such shares subsequently. On 10 December 2019, the Company completed the transfer of the above-mentioned 7,400,882 repurchased shares, and completed deregistration of the repurchased shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

For 2019, the counterparties to the transaction had undertaken that the audited net profit after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy would not be lower than RMB69.3949 million, RMB26.7199 million and RMB41.245 million, respectively. According to the annual audit reports for 2019 of the three Target Companies issued by WUYIGE Certified Public Accountants LLP, the audited net profit after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2019 were RMB40.5542 million, RMB9.6622 million and RMB47.9126 million, respectively, resulting in failure of Hefei New Energy and Tongcheng New Energy to complete their performance commitments, with shortfalls amounting to RMB28.8407 million and RMB17.0577 million, respectively. Yixing New Energy completed its performance commitments for 2019. According to the compensation mode and calculation formula as agreed in the compensation agreement, the total number of shares to be compensated with by the relevant guarantors is 3,856,077, and the Company shall repurchase the compensation shares for underperformance at a total repurchase price of RMB2.00 and cancel such shares subsequently. On 5 November 2020, the Company completed the transfer of the above-mentioned 3,856,077 repurchased shares, and completed deregistration of the repurchased shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

For 2020, the counterparties to the transaction had undertaken that the audited net profit after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy would not be lower than RMB74.1556 million, RMB27.0727 million and RMB47.1475 million, respectively. According to the annual audit reports for 2020 of the three Target Companies issued by WUYIGE Certified Public Accountants LLP, the audited net profit after deducting the non-recurring profit or loss of Hefei New Energy, Tongcheng New Energy and Yixing New Energy for 2020 were RMB119.0529 million, RMB86.8518 million and RMB217.4389 million, respectively. Hefei New Energy, Tongcheng New Energy and Yixing New Energy have all achieved their performance commitments for 2020.

V. COMPARISON OF THE ACTUAL UTILISATION OF THE PREVIOUSLY RAISED PROCEEDS WITH INFORMATION DISCLOSURE

As verified and confirmed item by item between the actual utilisation of proceeds raised in the previous fund raising activities and the application as disclosed in the Company's periodic reports and other information disclosure documents, the actual utilisation is in line with the disclosure.

Appendix 1: Comparison table of the utilisation of the proceeds raised in 2016

Appendix 2: Comparison table of the benefits realised from the investment projects funded by the proceeds raised in 2016

Appendix 3: Comparison table of the benefits realised from the investment projects in relation to issuance of shares for assets acquisition in 2018

Luoyang Glass Company Limited*
29 April 2021

APPENDIX 1:

Comparison table of the utilisation of the proceeds raised in 2016

Prepared by: Luoyang Glass Company Limited*

Unit: RMB'0,000

Total amount of proceeds:			21,500.00			Accumulated amount of proceeds used: 21,500.00				
						Total amount of proceeds used in each year: 21,500.00				
Total amount of proceeds subject to change of use:			0							
Percentage of total amount of proceeds subject to change of use:			0							
No.	Investment Projects		Total investment with the proceeds			Accumulated amount of proceeds invested as at the cut-off date			Difference between actual amount invested and committed investment amount after fund raising activities	The date on which the project is expected to be available (or the completion progress of the project as at the cut-off date)
	Committed investment project	Actual investment project	Committed investment amount before fund raising activities	Committed investment amount after fund raising activities	Actual amount invested	Committed investment amount before fund raising activities	Committed investment amount after fund raising activities	Actual amount invested		
1	Payment of cash consideration to China Luoyang Float Glass (Group) Company Limited for acquisition of partial assets which are for replacement of the balance	Payment of cash consideration to China Luoyang Float Glass (Group) Company Limited for acquisition of partial assets which are for replacement of differences	9,072.97	9,072.97	9,072.97	9,072.97	9,072.97	9,072.97	0	Completed
2	Payment of transaction related tax (issuance fee inclusive)	Payment of transaction related tax (issuance fee inclusive)	1,963.53	1,963.53	1,963.53	1,963.53	1,963.53	1,963.53	0	Completed
3	Replenishment of working capital	Replenishment of working capital	10,463.50	10,463.50	10,463.50	10,463.50	10,463.50	10,463.50	0	Completed
Total			21,500.00	21,500.00	21,500.00	21,500.00	21,500.00	21,500.00	0	

APPENDIX 2:

Comparison table of the benefits realised from the investment projects funded by the proceeds raised in 2016

Prepared by: Luoyang Glass Company Limited*

Unit: RMB'0,000

Actual investment project		Accumulated capacity utilization rate of investment project as at the cut-off date	Types	2015	2016	2017	2018	2019	2020	Accumulated realised benefits as at the cut-off date	Whether or not the estimated benefits are achieved
No.	Project name										
1	Payment of cash consideration to CLFG for acquisition of partial assets which are for replacement of the balance	N/A	Committed benefits	3,084.47	5,895.44	6,968.00	7,058.20	7,041.58	7,024.12	37,071.81	No
			Actual benefits	3,135.69	3,517.10	5,437.83	992.80	-376.69	1,502.32	14,209.05	
2	Payment of transaction related tax (issuance fee inclusive)	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Replenishment of working capital	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: For purchase of 100% equity interest in Bengbu CNBM Information Display from CLFG, asset-based method and income method were adopted for valuation, and finally the valuation outcome using the asset-based method was used as pricing basis. CLFG made voluntary performance compensation commitments for 2015–2017 based on the valuation outcome using income method, and the committed benefits for 2018–2020 were the expected benefits in the valuation using income method.

Note 2: The realised benefits are net profit after deducting the non-recurring profit or loss, and the accumulated realised benefits as at the cut-off date include the realised benefits in 2015, 2016 and 2017; Bengbu CNBM Information Display achieved its committed benefits in 2015, but failed to achieve its committed benefits in 2016 and 2017.

Note 3: The economic benefits of the payment of transaction related tax (issuance fee inclusive) and replenishment of working capital cannot be counted separately.

APPENDIX 3:

Comparison table of the benefits realised from the investment projects in relation to issuance of shares for assets acquisition in 2018

Prepared by: Luoyang Glass Company Limited*

Unit: RMB'0,000

Actual investment project		Accumulated capacity utilization rate of investment project as at the cut-off date	Committed benefits			Actual benefits of the last three years			Accumulated realized benefits as at the cut-off date	Whether or not the estimated benefits are achieved
No.	Project name		2018	2019	2020	2018	2019	2020		
1	Acquisition of 100% equity interest in Hefei New Energy by way of issuance of shares	N/A	6,167.88	6,939.49	7,415.56	1,084.88	4,055.42	11,905.29	17,045.59	No
2	Acquisition of 100% equity interest in Tongcheng New Energy by way of issuance of shares	N/A	2,636.71	2,671.99	2,707.27	697.22	966.22	8,685.18	10,348.62	No
3	Acquisition of 70.99% equity interest in Yixing New Energy by way of issuance of shares	N/A	3,337.03	4,124.50	4,714.75	1,166.91	4,791.26	21,743.89	27,702.06	No

Note: The committed benefits, actual benefits and accumulated realised benefits are all net profit after deducting the non-recurring profit or loss