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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)

**ANNOUNCEMENT IN RELATION TO THE RESPONSE TO
THE “NOTICE REGARDING THE CSRC’S FIRST FEEDBACK
ON THE REVIEW OF ADMINISTRATIVE PERMISSION ITEMS”
IN RELATION TO
THE NON-PUBLIC ISSUANCE OF A SHARES**

All members of the board of directors of Luoyang Glass Company Limited* (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.

References are made to (i) the announcement of the Company dated 30 December 2020 in relation to (1) proposed Non-public Issuance of A Shares; (2) connected transaction in relation to the proposed subscription for A Shares by Triumph Group; and (3) Specific Mandate; (ii) the supplemental announcement of the Company dated 20 January 2021; (iii) the announcement of the Company in respect of the grant of approval by China National Building Material Group Co., Ltd* regarding the Non-public Issuance of A Shares dated 22 February 2021; (iv) the circular of the Company dated 24 February 2021 (the “**Circular**”); (v) the announcement of the Company dated 12 March 2021 on the resolutions passed at the 2021 second extraordinary general meeting, the 2021 first H Shareholders’ Class Meeting and the 2021 first A Shareholders’ Class Meeting; (vi) the announcement of the Company dated 1 April 2021 relating to the acceptance of the application for Non-public Issuance of A Shares by the CSRC; and (vii) the announcement of the Company dated 14 April 2021 in relation to the receipt of the “Notice Regarding the CSRC’s First Feedback on the Review of Administrative Permission Items”. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

On 14 April 2021, the Company has received “Notice Regarding the CSRC’s First Feedback on the Review of Administrative Permission Items”* (《中國證監會行政許可項目審查一次反饋意見通知書》) (Acceptance No.: 210767) (the “**Notice of Feedback**”) issued by the CSRC in relation to the Non-Public Issuance of A Shares. In accordance with the requirements of the Notice of Feedback, the Company and the relevant intermediaries have carefully studied the issues raised in the Notice of Feedback, and explained and illustrated item by item in accordance with the requirements of the Notice of Feedback. The Company hereby makes public disclosure of the “Report on the Response to Feedback of the Application Documents for the Non-public Issuance of Shares of Luoyang Glass Company Limited by Luoyang Glass Company Limited and Citic Securities Company Limited”* (《洛陽玻璃股份有限公司及中信證券股份有限公司關於洛陽玻璃股份有限公司非公開發行股票申請文件反饋意見之回覆報告》) (the “**Report on the Response to the Feedback**”) pursuant to the relevant requirements. The full text of the Report on the Response to the Feedback is set out in the appendix of this announcement. The English version of the Report on the Response to the Feedback is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

The Company will submit the relevant response materials to the feedback to the CSRC within 2 working days after the date of the aforementioned announcement regarding the Report on the Response to the Feedback.

The Non-public Issuance of A Shares remains subject to the further review and the obtaining of the approval from the CSRC (the “**Approval**”). There are uncertainties as to whether the Company can obtain the Approval. The Company will perform its obligation of information disclosure in a timely manner according to the progress of the Approval by the CSRC. Investors are advised to pay attention to investment risks.

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

Luoyang, the PRC
13 May 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

**LUOYANG GLASS COMPANY LIMITED* AND CITIC
SECURITIES COMPANY LIMITED**

**REPORT ON THE RESPONSE TO FEEDBACK OF THE
APPLICATION DOCUMENT FOR THE NON-PUBLIC
ISSUANCE OF SHARES**

Sponsor (Lead underwriter)



North Tower, Excellence Times Square II, No. 8 Zhongxin San Road, Futian District,
Shenzhen, Guangdong Province

May 2021

CHINA SECURITIES REGULATORY COMMISSION :

The Notice Regarding China Securities Regulatory Commission's First Feedback on the Review of Administrative Permission Items (《中國證監會行政許可項目審查一次反饋意見通知書》) (No. 210767) issued by you on April 13, 2021 has been received. In accordance with the requirements of Feedback of the Application Documents for the Non-public Issuance of Shares of Luoyang Glass Co., Ltd. (《關於洛陽玻璃股份有限公司非公開發行股票申請文件的反饋意見》) (hereinafter referred to as the “**Feedback**”), based on the principles of diligence, responsibility, honesty and trustworthiness, CITIC Securities Company Limited. (hereinafter referred to as the “**CITIC Securities**” or “**Sponsor**”), as the sponsor (the lead underwriter) of Luoyang Glass Co., Ltd. (hereinafter referred to as the “**Luoyang Glass**”, “**Issuer**”, “**Company**” or “**Applicant**”) for the non-public issuance of shares, together with the issuer and the issuer's lawyer, Beijing Jia Yuan Law Office (hereinafter referred to as the “**Issuer's Lawyer**”) and the issuer's certified public accountants, WUYIGE Certified Public Accountants LLP (hereinafter referred to as the “**Issuer Accountant**”), has verified, implemented and discussed the issues listed in the Feedback one by one. The reply is set below, please verification.

The fonts in the reply report represent the following meanings:

Questions listed in the feedback

Reply to the question

Opinions of the intermediaries

SimHei (bold)

Times New Roman (unbold)

Times New Roman (bold)

If there is a discrepancy between the total and the mantissa of the sum of the sub-items in the reply to the feedback, it is caused by rounding.

Unless otherwise specified, the reporting period in this reply report refers to 2018, 2019, 2020 and January-March 2021, the abbreviations in the reply report are consistent with the Due Diligence Report on the Non-public Issuance of A Shares of Luoyang Glass Co., Ltd. in 2020 by CITIC Securities Company Limited (《中信證券股份有限公司關於洛陽玻璃股份有限公司2020年度非公開發行A股股票之盡職調查報告》).

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Question 1. Triumph Group, the applicant's indirect controlling shareholder, has participated in the subscription. Please supplement the following explanation: (1) Whether the source of subscription funds of Triumph Group is its own funds, whether there are situations of external raising, holding, structured arrangement or direct and indirect use of funds of the Applicant and its related parties for subscription, and whether there are financial assistance or compensation provided by the Applicant or interested parties, etc; (2) Whether Triumph Group has any reduction situation or plan from six months before the price determination date to six months after the completion of the issuance. If so, express a clear opinion on whether these circumstances violate Article 44 of the Securities Law (《證券法》) and the relevant provisions of the Administrative Measures on Securities Issuance of Listed Companies (《上市公司證券發行管理辦法》). If not, please issue a commitment and make public disclosure. The sponsor and the lawyer are requested to express their opinions on the verification.

Reply :

- I. Whether the source of subscription funds of Triumph Group is its own funds, whether there are situations of external raising, holding, structured arrangement or direct and indirect use of funds of the applicant and its related parties for subscription, and whether there are financial assistance or compensation provided by the Applicant or interested parties, etc;

Triumph Group, the Company's indirect controlling shareholder, was established in May 1988, which is a wholly-owned subsidiary of China National Building Material Group Co., Ltd. and a leader in China's new glass material industry. As of the end of 2020, Triumph Group has a total asset of RMB52.868 billion, including RMB9.752 billion of owner's equity attributable to the parent and RMB3.768 billion of monetary capital. The holding company and Triumph Technology are two listed companies with strong capital strength.

On 13 May 2021, Triumph Group issued the Supplementary Commitment Letter on the Subscription of Non-public Issuance of A Shares of Luoyang Glass (《關於認購洛陽玻璃非公開發行A股股份的補充承諾函》), which mentioned: "The funds used by the Company to subscribe for the shares of the non-public issuance of Luoyang Glass come from the Company's own funds. There are no situations of external raising, holding, structural arrangement or direct or indirect use of Luoyang Glass or its related parties' funds for subscription, and there are no situations of financial assistance or compensation provided by Luoyang Glass or interested parties."

On 30 December 2020, the Company issued the Commitment Letter on the Company's Non-public Issuance of A Shares Without Financial Assistance or Compensation to Investors Who Participate in the Subscription Directly or Through Interested Directions (《關於公司非公開發行A股股票不存在直接或通過利益相關方向參與認購的投資者提供財務資助或補償的承諾函》), which mentioned: "The Company has no commitment to guarantee the minimum income or guarantee the minimum income in disguised form to the investors participating in the subscription, and does not provide financial assistance or compensation to the investors participating in the subscription directly or through the interested parties."

In conclusion, Triumph Group has the capital strength to subscribe for the non-public issuance of shares with its own funds. The source of the subscription funds comes from its own funds. There is no external raising, holding, structural arrangement or direct or indirect use of the Company's and its related parties' funds for subscription. There is no financial assistance or compensation provided by the Company or interested parties.

- II. Whether Triumph Group has any reduction situation or plan from six months before the price determination date to six months after the completion of the issuance. If so, express a clear opinion on whether these circumstances violate Article 44 of the Securities Law and the relevant provisions of the Measures for the Administration of Securities Issuance of Listed Companies. If not, please issue a commitment and make public disclosure. The sponsor and the lawyer are requested to express their opinions on the verification.

On 13 May 2021, Triumph Group issued the Supplementary Commitment Letter on the Subscription of Non-public Issuance of A Shares of Luoyang Glass, confirming and promising that "the company has no reduction situation or plan from six months before the price determination date of the non-public issuance of Luoyang Glass to six months after the completion of the issuance".

The above commitments are publicly disclosed on the Shanghai Stock Exchange website along with the reply to the feedback.

III. Verification opinions of the intermediaries

Regarding the above matters, the sponsor and the issuer's lawyer performed the following verification procedures: (1) checked the Supplementary Commitment Letter on the Subscription of Non-public Issuance of A Shares of Luoyang Glass issued by Triumph Group and the Commitment Letter on the Company's Non-public Issuance of A Shares Without Financial Assistance or Compensation to Investors Who Participate in the Subscription Directly or Through Interested Directions issued by the issuer; (2) checked the information including the business registration of Triumph Group, the 2020 audit report and the announcement of the listed company controlled thereby.

Upon verification, the Sponsor believes that: Triumph Group has the capital strength to subscribe for the non-public issuance of shares with its own funds. The source of the subscription funds comes from its own funds. There is no external raising, holding, structural arrangement or direct or indirect use of the Company's and its related parties' funds for subscription. There is no financial assistance or compensation provided by the Issuer or interested parties. Triumph Group has no reduction situation or plan from six months before the price determination date of the non-public issuance of Luoyang Glass to six months after the completion of the issuance.

Upon verification, the Issuer's Lawyer believes that: Triumph Group has the capital strength to subscribe for the non-public issuance of shares with its own funds. The source of the subscription funds comes from its own funds. There is no external raising, holding, structural arrangement or direct or indirect use of the Company's and its related parties' funds for subscription. There is no financial assistance or compensation provided by the Issuer or interested parties. Triumph Group has no reduction situation or plan from six months before the price determination date of the non-public issuance of Luoyang Glass to six months after the completion of the issuance.

Question 2. The Applicant is requested to provide additional information on the acquisition of the environmental impact assessment documents of the fundraising project, whether the relevant documents are still valid, and whether they can ensure the smooth implementation of the project. The Sponsor and the lawyer are requested to express their opinions on the verification.

Reply :

I. Acquisition of the environmental impact assessment documents of the fundraising project

The fundraising project includes: (i) CNBM (Hefei) New Energy Company Limited*(中 建 材(合 肥)新 能 源 有 限 公 司) Project of Photovoltaic Cell Packaging Material for Solar Equipment; (ii) CNBM (Tongcheng) New Energy Materials Company Limited* (中 國 建 材 桐 城 新 能 源 材 料 有 限 公 司) Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment; (iii) Repayment of interest-bearing liabilities and replenishment of working capital. The acquisition of the environmental impact assessment documents is set below :

(1) CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment

CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment (hereinafter referred to as the “**Hefei New Energy Packaging Material Project**”) originally named CNBM (Hefei) New Energy Co., Ltd. Phase II Project of Oxygen Combustion New Photovoltaic Cover Material Production Line (hereinafter referred to as the “**Hefei New Energy Phase II Project**”), which was planned and constructed in December 2016. The Hefei New Energy Phase II Project obtained the project record from the Economic and Trade Bureau of Hefei High-tech Zone on 29 December 2016 (Hefei High-tech Economic and Trade [2016] No. 653), and obtained the approval of the environmental impact report of the Hefei Environmental Protection Bureau project on 17 January 2018 (Huan Jian Shen [2018] No. 5). Due to factors including market environment and national policy changes, the Hefei New Energy Phase II Project failed to be constructed as scheduled. In November 2020, Hefei New Energy decided to restart the project in accordance with market changes, the national carbon emission reduction target, and the needs of new technology applications

in the industry, and the project was re-established in the Economic and Trade Bureau of Hefei High-tech Zone, with the project name changing to CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment. The construction site of the project has not changed. The production capacity of the glass substrate furnace has been changed from 1,000 tons/day to 650 tons/day, the deep processing manufacturing part has been changed from the original 6 deep processing lines to 5 deep processing lines due to the adjustment of the product structure. The above content has been confirmed by the Economic and Trade Bureau of Hefei High-tech Zone.

Regarding the deep processing line of product structure adjustment, Hefei New Energy has obtained the Approval Opinions on the Environmental Impact Report Form of CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment (《關於對“中建材(合肥)新能源有限公司太陽能裝備用光伏電池封裝材料項目”環境影響報告表的審批意見》) from the Hefei Ecological Environment Bureau (Huan Jian Shen [2021] No. 10014), the approval opinion also clarified that the glass substrate required for further processing comes from the Planned Phase II Project of the New Oxy-fuel Photovoltaic Cover Material Production Line” (also known as the phase II of Hefei New Energy project). For the remaining parts (including glass melting furnaces), since no major changes have occurred, they are still applicable to the approval of the environmental impact report of the Hefei Environmental Protection Bureau project (Huan Jian Shen [2018] No. 5).

(2) CNBM (Tongcheng) New Energy Materials Company Limited Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment

CNBM (Tongcheng) New Energy Materials Co., Ltd. has obtained the approval of the project environmental impact report of the Tongcheng Ecological Environment Sub-bureau of Anqing City (Yitong Huan Jian Han [2021] No. 041).

- (3) Repayment of interest-bearing liabilities and replenishment of working capital

Since the projects under the repayment of interest-bearing liabilities and replenishment of working capital are not listed in the List of Classification Management for Environmental Impact Assessment of Construction Projects, and the projects do not involve construction projects nor environmental pollution problems, and has no need to obtain approval or filing documents from the competent environmental protection department.

In conclusion, CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment and CNBM (Tongcheng) New Energy Materials Company Limited Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment have completed the necessary environmental impact assessment approval procedures, and the repayment of interest-bearing liabilities and replenishment of working capital are not required to obtain relevant approval or filing documents from the competent environmental protection department.

- II. The Environmental Impact Assessment documents of the fundraising project are within the validity period, which can ensure the smooth implementation of the fundraising project

The Article 24 of The Law of the People's Republic of China on Environmental Impact Assessment stipulated that in the event that the nature, scale, location, production process adopted, or measures for preventing pollution and ecological damage of a construction project have experienced major changes after approval of the environmental impact assessment documents of the project, the construction unit shall re-submit environmental impact assessment documents of the project for approval. In the event it has been five years since the approval of the environmental impact assessment documents of a construction project that the project construction is decided to be commenced, the environmental impact assessment documents shall be submitted to the same approving authorities for verification.

In accordance with the Notice on Printing and Distributing the List of Major Changes in Construction Projects in Fourteen Industries including Pulp and Papermaking (《關於印發制漿造紙等十四個行業建設項目重大變動清單的通知》) (Environmental Environment Verification [2018] No. 6) issued by the former Ministry of Environmental Protection, major changes in solar cell glass construction projects refer to:

1. Scale: increase the production capacity of glass melting furnaces by 30% or more;
2. Construction site: relocate the project; adjust near the original site (including changes in the overall layout) resulting in new sensitive points within the protection distance;
3. Production process: newly add online coating process; change from pure oxygen combustion to air combustion, which would increase pollutant emissions; adjust raw and auxiliary materials and fuel, which would cause new pollutants or pollutant emissions to increase;
4. Environmental protection measures: change waste water and furnace waste gas treatment processes, which cause new pollutants or increase emissions of pollutants (except for unorganized emissions of waste gas changed to organized emissions); reduce the height of the furnace exhaust gas cylinder by 10% or more; add new wastewater discharge ports; change the direction of wastewater discharge from indirect discharge to direct discharge; change the location of direct discharge ports, which has increased adverse environmental impacts.

The environmental impact assessment documents of the fundraising project are all within the validity period, with the details as follows:

1. CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment

CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment originally named CNBM (Hefei) New Energy Co., Ltd. Phase II Project of Oxygen Combustion New Photovoltaic Cover Material Production Line, which was planned and constructed in December 2016. Regarding the deep processing line of product structure adjustment, Hefei New Energy has obtained the approval opinions on the environmental impact report form from the Hefei Ecological Environment Bureau on 6 March 2021 (Huan Jian Shen [2021] No. 10014). For the remaining parts (including glass melting furnaces), since no major changes stipulated in the Law of the People's Republic of

China on Environmental Impact Assessment and the Notice on Printing and Distributing the List of Major Changes in Construction Projects in Fourteen Industries including Pulp and Papermaking have occurred, they are still applicable to the approval of the project environmental impact report issued by the Hefei Environmental Protection Bureau on 17 January 2018 (Environmental Environment Verification [2018] No. 5). As of the date of issuance of the feedback reply, the above environmental impact assessment documents are within the validity period, and the project has started construction.

2. CNBM (Tongcheng) New Energy Materials Company Limited Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment

CNBM (Tongcheng) New Energy Materials Company Limited Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment was approved by the Tongcheng Ecological Environment Sub-bureau of Anqing City on 9 March 2021 (Yitong Huan Jian Han [2021] No. 041). As of the date of issuance of the feedback reply, the above environmental impact assessment documents are within the validity period, and the project has started construction.

In conclusion, the environmental impact assessment documents of CNBM (Hefei) New Energy Company Limited Project of Photovoltaic Cell Packaging Material for Solar Equipment and CNBM (Tongcheng) New Energy Materials Company Limited Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment are within the validity period and have started construction, which can ensure the smooth implementation of the fundraising projects.

III. Verification opinions of the intermediaries

Regarding the above matters, the Sponsor and the Issuer's Lawyers have performed the following verification procedures: (1) checked the feasibility study report, project registration, environmental impact report (report form), environmental impact assessment approval documents, and confirmation documents issued by the Economic and Trade Bureau of Hefei High-tech Zone; (2) conducted interviews with the Issuer and relevant government departments, and conducted on-site visits to the site of fundraising projects.

Upon verification, the Sponsor believes that: the fundraising project has fulfilled the necessary environmental assessment procedures, and the relevant environmental impact assessment documents are within the validity period, which can ensure the smooth implementation of the fundraising project.

Upon verification, the Issuer's Lawyer believes that: the fundraising project has fulfilled the necessary environmental assessment procedures, and the relevant environmental impact assessment documents are within the validity period, which can ensure the smooth implementation of the fundraising project.

Question 3. The Applicant is requested to provide additional explanations regarding the administrative penalties imposed on the Applicant and its subsidiaries during the reporting period and the corresponding rectification measures, and whether the relevant circumstances comply with the laws and regulations including the Administrative Measures on Securities Issuance of Listed Companies. The sponsor and lawyer are invited to issue verification opinions.

Reply :

- I. The administrative penalties received by the Applicant and its subsidiaries during the reporting period and the corresponding rectification measures taken

In 2018, 2019, 2020 and January-March to 2021, the administrative penalties received by Luoyang Glass and its subsidiaries and the corresponding rectification measures taken are as follows:

| No. | Penalty Object | Penalty Authority | Reference Number | Penalty Date | Penalty Reason | Penalty Amount | Rectification |
|-----|----------------|--|-----------------------------|---------------|--|----------------|--|
| 1 | Longmen Glass | Luoyang Environmental Protection Bureau ¹ | Luo Huan Fa [2018] No. 7008 | 10 April 2018 | At 17:00 on 21 February 2018, the smoke and dust emission concentration of Longmen Glass No. 1 outlet after desulfurization exceeded the standard by 0.291 times | RMB250,000 | Notified maintenance personnel to maintain and implement compressed air drainage, formulated a compressed air storage tank drainage system, and paid fines |

¹ Luoyang Environmental Protection Bureau is the predecessor of Luoyang Ecological Environment Bureau.

| No. | Penalty Object | Penalty Authority | Reference Number | Penalty Date | Penalty Reason | Penalty Amount | Rectification |
|-----|----------------|---|------------------------------|-----------------|---|----------------|---|
| 2 | Longmen Glass | Luoyang Environmental Protection Bureau | Luo Huan Fa [2018] No. 12054 | 5 August 2018 | At 3:00 on 12 June 2018, the sulfur dioxide emission concentration of Longmen Glass No. 1 outlet after desulfurization exceeded the standard by 0.922 times | RMB400,000 | 1. Increased the smoke indicator display; 2. Improved the working environment of the branch air solenoid valve and optimize the replacement time of the branch air solenoid valve; |
| 3 | Longmen Glass | Luoyang Environmental Protection Bureau | Luo Huan Fa [2018] No. 12055 | 5 August 2018 | At 1-2:00 on June 22, 2018, the sulfur dioxide emission concentration of Longmen Glass No. 1 outlet after desulfurization exceeded the standard by 0.39 times | RMB270,000 | 3. Paid fines |
| 4 | Longmen Glass | Luoyang Environmental Protection Bureau | Luo Huan Fa [2018] No.12075 | 8 October 2018 | The smoke and dust emission concentration after desulfurization of Longmen Glass No. 1 outlet exceeded the standard by 0.35 times | RMB250,000 | Checked and repaired the equipment in time until the data returns to normal, and paid the fine |
| 5 | Longmen Glass | Luoyang Ecological Environment Bureau | Luo Huan Fa [2019] No.7059 | 21 October 2019 | The smoke and dust emission concentration of the furnace exhaust gas outlet of Longmen Glass exceeded the air pollutant emission limit | RMB400,000 | Checked and repaired the equipment in time until the data returns to normal, and paid the fine |

| No. | Penalty Object | Penalty Authority | Reference Number | Penalty Date | Penalty Reason | Penalty Amount | Rectification |
|-----|----------------|--|----------------------------------|----------------|---|----------------|--|
| 6 | Longmen Glass | Luoyang Ecological Environment Bureau | Luo Huan Fa [2019] No.12037 | 21 August 2019 | At 7:00 on 31 March 2019, the nitrogen oxide emission concentration of Longmen Glass exceeded the emission limit of air pollutants | RMB200,000 | Checked and repaired the equipment in time until the data returns to normal, and paid the fine |
| 7 | Longmen Glass | Luoyang Ecological Environment Bureau | Luo Huan Fa [2019] No.9010 | 24 May 2019 | The monitoring equipment industrial computer of gantry glass exhaust gas discharge port automatic crashed, resulting in no on-site automatic monitoring data storage from 13:52 on 20 April to 10:00 on 22 April 2019 | RMB100,000 | Developed an inspection system for environmental protection facilities, arrange for special personnel to conduct regular online inspections, and paid the fine |
| 8 | Longhai Glass | Yanshi Environmental Protection Bureau | Yan Huan Fa Juezi [2020] No. 071 | 8 August 2020 | The waste gas pollution factors of Longhai Glass exceeded the national emission standards by 1.29%, 110.17%, and 171.65%, respectively, in sulfur dioxide, soot, and nitrogen oxides | RMB300,000 | 1. Formulated emergency plans for ultra-low emission flue gas treatment and increased inspections of environmental protection facilities; 2. Invested RMB12 million to upgrade and transform environmental protection facilities and increase backup systems; 3. Paid the fine |

| No. | Penalty Object | Penalty Authority | Reference Number | Penalty Date | Penalty Reason | Penalty Amount | Rectification |
|-----|-------------------|--|---------------------------------|------------------|--|----------------|--|
| 9 | Longhai Glass | Yanshi Environmental Protection Bureau | Yan Huan Fa Juezi [2020] No.416 | 14 December 2020 | The highest value of the hourly average concentration of nitrogen oxides of Longhai Glass between 0:00 a.m. and 1:00 a.m. on 7 August 2020, and between 1:00 a.m. and 2:00 a.m. exceeded the national emission standard by 209%. | RMB500,000 | Completed the transformation of the environmental protection main and backup systems, and paid the fine |
| 10 | Yixing New Energy | Administration for Market Regulation of Yixing | Yishi Jian An Zi [2019] No. 33 | 9 July 2019 | The hidden dangers of reverse loading of forklift forks in the Company's raw material transportation section and inadequate management of the waste slag area in the forklift transportation route were failed to discover and rectify, resulting in one death | RMB100,000 | <ol style="list-style-type: none"> 1. Made a punishment decision on the relevant responsible personnel; 2. Strengthened the management of on-site container loading and unloading, set up a cordon, and the person in charge of the work section would direct on-site; 3. Cleaned up the broken glass in the transportation route and stored in the designated safe area 4. Strengthened the training of safety operation procedures, and is needed certificate to work; 5. Paid the fine |

| No. | Penalty Object | Penalty Authority | Reference Number | Penalty Date | Penalty Reason | Penalty Amount | Rectification |
|-----|------------------------------------|---|---|------------------|---|----------------|--|
| 11 | Longmen Glass | Taxation Bureau of Luoyang Urban-rural Integration Demonstration Zone, State Administration of Taxation | Luo Model Tax Brief Penalty [2019] No. 176903 | 28 November 2019 | From 1 June 2011 to 30 June 2011, the city maintenance and construction tax declaration was not filed as scheduled | RMB350 | Completed the supplementary declaration of the city maintenance and construction tax and paid the fine |
| 12 | Puyang CNBM Photovoltaic Materials | Puyang County Taxation Bureau, State Administration of Taxation | Puxian Tax Brief Penalty [2019] No. 176139 | 21 March 2019 | From 1 February 2019 to 28 February 2019, the declaration of stamp duty on the construction and installation contract and the purchase and sale contract was not carried out as scheduled | RMB300 | Completed the supplementary declaration of stamp duty on the construction and installation project contract, purchase and sale contract, and paid the fine |

II. The relevant situation complies with laws and regulations including the Administrative Measures on Securities Issuance of Listed Companies

- Regarding the above 1st to 6th administrative penalties, the punishment is based on the provisions of Article 99 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), "Where any party commits any of the following acts in violation of the provisions hereof, the competent authority for environmental protection under the people's government at or above the county level shall order it to make corrections or limit production or halt production for rectification, and concurrently impose a fine of not less than RMB100,000 but not more than RMB1 million; where the circumstance is serious, the said authority shall order the wind-up or cessation upon the approval of the people's government having the authority of approval: ...2. the air pollutants are emitted to the extent of exceeding the limit specified by the standards for discharge of air pollutants or the total emission control targets for key air pollutants;..." In accordance with the certificate issued by the Luoyang Ecological Environment Bureau, Longmen Glass has paid the fine and completed the rectification. The fines under the above administrative penalties of Longmen Glass are all below RMB500,000, and Longmen Glass has not been ordered to halt the business for rectification, which does not fall into the serious circumstances stipulated by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.

2. Regarding the above 7th administrative penalty, the punishment is based on the provisions of Article 100 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, "Where any party commits any of the following acts in violation of the provisions hereof, the competent authority for environmental protection under the people's governments at or above the county level shall order it to make corrections, and impose a fine of not less than RMB20,000 but not more than RMB200,000; or order it to halt the business for rectification, provided that no correction is made: ...3. failing to install and use the automatic air pollutant emission monitoring equipment, or failing to have the network connected to the monitoring equipment of the competent authority for environmental protection and to ensure the normal operation of monitoring equipment, in accordance with the provisions; ..." In accordance with the certificate issued by the Luoyang Ecological Environment Bureau, Longmen Glass has paid the fine and completed the rectification. The fines under the above administrative penalty of Longmen Glass is below RMB100,000, and Longmen Glass has not been ordered to halt the business for rectification, which does not fall into the serious circumstances stipulated by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.
3. Regarding the above 8th and 9th administrative penalties, the punishment is based on the provisions of Article 99 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, "here any party commits any of the following acts in violation of the provisions hereof, the competent authority for environmental protection under the people's government at or above the county level shall order it to make corrections or limit production or halt production for rectification, and concurrently impose a fine of not less than RMB100,000 but not more than RMB1 million; where the circumstance is serious, the said authority shall order the windup or cessation upon the approval of the people's government having the authority of approval: ...2. the air pollutants are emitted to the extent of exceeding the limit specified by the standards for discharge of air pollutants or the total emission control targets for key air pollutants;..." Longhai Glass has paid the fines in accordance with the requirements of the Yanshi Environmental Protection Bureau, and the rectification has been completed. The Yanshi Environmental Protection Bureau issued a Certificate on 16 April 2021, confirming that Longhai Glass has paid the relevant fines and completed the rectification. The above behavior is not a major violation of the law and the punishment is not a major administrative penalty.
4. Regarding the above item 10th of administrative penalty, the punishment is based on the provisions of Article 90 of the Law of the People's Republic of China on the Special Equipment Safety, "In the event of an accident, the responsible unit, in addition to be required to bear corresponding compensation and other responsibilities according to laws, shall be imposed a fine in accordance with the following provisions: (1) of more than RMB100,000 but less than RMB200,000 for general accident; ...". In accordance with the Administrative Penalty Decision (《行政處罰決定書》) (Yishi Jian An Zi [2019] No. 33), Yixing New Energy assumed secondary responsibility for the accident, and paid a fine of RMB100,000 in July 2019. The Administration for Market Regulation of Yixing issued a Compliance Certificate (《合規證明》) on 20 January 2021, stating that "the above actions do not cause major casualties and not belong to major violations of the law and social impact, and the above penalties are not major administrative penalties."

5. Regarding the above 11th administrative penalty, the punishment is based on the provisions of Article 62 of the Law of the People's Republic of China on the Tax Collection and Administration, "If the taxpayer fails to file tax returns and submit tax documents within the prescribed time limit, or the withholding obligor fails to submit tax report form and relevant documents regarding tax withholding and payment as well as tax collection and payment to the tax authority within the prescribed time limit, the tax authority shall order it to make corrections within a time limit, and may impose a fine of not more than RMB2,000; may impose a fine of more than RMB2,000 but less than RMB10,000 under serious circumstances." Longmen Glass has paid the fine in accordance with the requirements of the Taxation Bureau of Luoyang Urban-rural Integration Demonstration Zone of the State Administration of Taxation, and the rectification has been completed. The Taxation Bureau of Luoyang Urban-rural Integration Demonstration Zone of the State Administration of Taxation has issued the Certificate, confirming that Longmen Glass has paid the fine. The above behavior is not a major violation of the law and the punishment is not a major administrative penalty.
6. Regarding the above 12th administrative penalty, the punishment is based on the provisions of Article 62 of the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), "Where a taxpayer fails to go through the formalities for tax declaration and submit information on tax payment or a withholding agent fails to submit to the tax authorities statements on taxes withheld and remitted or collected and remitted and other relevant information within the prescribed time limit, he shall be ordered by the tax authorities to rectify within a time limit and may be fined not more than RMB2,000; if the circumstances are serious, he may be fined not less than RMB2,000 but not more than RMB10,000." Puyang CNBM Photovoltaic Materials has paid the fine in full in accordance with the requirements of the Puyang Taxation Bureau of the State Administration of Taxation, and the rectification has been completed. The penalty of Puyang CNBM Photovoltaic Materials amounts to RMB300, which does not belong to the serious circumstances stipulated in the Law of the People's Republic of China on the Administration of Tax Collection.

In conclusion, combined with factors including the reasons for the punishment, the consequences and impact of the punishment, the amount of punishment, the subsequent rectification, and the written explanation issued by some punishment authority, the above administrative penalties do not seriously damage the legitimate rights and interests of investors or the public interest, which comply with laws and regulations including the Administrative Measures on Securities Issuance of Listed Companies.

III. Verification opinions of the intermediaries

Regarding the above matters, the Sponsor and the Issuer's Lawyers have performed the following verification procedures: (1) checked the administrative penalty decisions and corresponding fine payment vouchers received by the Issuer and its Subsidiaries during the reporting period, and checked the illegal facts and the basis for the penalty; (2) checked the verification documents issued by the competent government department; (3) search through the Internet and public information.

Upon verification, the Sponsor believes that the administrative penalties received by the Issuer and its subsidiaries during the reporting period have been rectified. Combined with factors including the reasons for the punishment, the consequences and impact of the punishment, the amount of punishment, the subsequent rectification, and the written explanation issued by some punishment authority, the above administrative penalties do not seriously damage the legitimate rights and interests of investors or the public interest, which comply with laws and regulations including the Administrative Measures on Securities Issuance of Listed Companies.

Upon verification, the Issuer's Lawyer believes that the administrative penalties received by the Issuer and its subsidiaries during the reporting period have been rectified. Combined with factors including the reasons for the punishment, the consequences and impact of the punishment, the amount of punishment, the subsequent rectification, and the written explanation issued by some punishment authority, the above administrative penalties do not seriously damage the legitimate rights and interests of investors or the public interest, which comply with laws and regulations including the Administrative Measures on Securities Issuance of Listed Companies.

Question 4. The controlling shareholder and De Facto controller of the Applicant have business related to glass production. The Applicant is requested to supplement whether the above circumstances constitute horizontal competition, whether the controlling shareholder has violated the horizontal competition commitment, and whether it meets the requirements of No. 4 Regulatory Guidelines for Listed Companies. The sponsor and lawyer are invited to issue verification opinions.

Reply :

I. The controlling shareholder and De Facto controller of the Applicant have business related to glass production. Whether the above situation constitute horizontal competition.

(I) Principle business of the Company

The principal activities of the Company are production and sales of information display glass and new energy glass.

In the information display glass segment, the leading product of the Company is ultra-thin electronic glass substrate with a thickness of 0.12mm-2.0mm, which is the key basic material for the electronic information industry, mainly used for touch screen modules and window protection screens, and can also be processed into ITO conductive film glass and finally used in TN-LCD and STN-LCD displays.

In the new energy glass segment, the leading products are photovoltaic original glass and deep-processed products, mainly including 1.6mm-4.0mm series of ultra-white and high-transmittance solar photovoltaic modules cover and back glass, which are mainly used to encapsulate solar cells and are the key basic materials for photovoltaic modules. In addition, Puyang CNBM Photovoltaic Materials, a wholly-owned subsidiary of the Company, ignited and put into production the ultra-white photothermal glass production line in the second half of 2020, with the main product as the ultra-white photothermal glass.

As of the date of issuance of the feedback reply, the Company and its controlling subsidiaries are engaged in the glass production and sales business as follows:

| No. | Name | Leading Product | Application Field |
|-----|------------------------------------|---------------------------------------|---|
| A1 | Bengbu CNBM Information Display | Ultra-thin electronic glass substrate | Mainly used for touch modules and window protection screen of touch screen, can also be used for TN-LCD, STN-LCD display screen |
| A2 | Longhai Glass | Ultra-thin electronic glass substrate | Mainly used for touch modules and window protection screen of touch screen, can also be used for TN-LCD, STN-LCD display screen |
| A3 | Longmen Glass ^{Note} | Ultra-thin electronic glass substrate | Mainly used for touch modules and window protection screen of touch screen, can also be used for TN-LCD, STN-LCD display screen |
| A4 | Puyang CNBM Photovoltaic Materials | Ultra-white light thermal glass | Solar thermal materials |
| A5 | Hefei New Energy | Solar photovoltaic glass | Solar cell packaging materials |
| A6 | Tongcheng New Energy | Solar photovoltaic glass | Solar cell packaging materials |
| A7 | Yixing New Energy | Solar photovoltaic glass | Solar cell packaging materials |

Note: Longmen Glass has ceased production in January 2020 and intends to upgrade its technology.

(II) The Applicant's controlling shareholder has business related to glass production, whether it constitute horizontal competition

1. Principle business of the applicant's controlling shareholder

CLFG, the controlling shareholder of the Company, does not directly engage in specific business operations itself, and the specific business is carried out through its subsidiaries. The ordinary float glass produced by subsidiaries of CLFG is mainly used in the fields of building curtain wall and decoration.

2. The Applicant's controlling shareholder and the Applicant do not constitute horizontal competition

As of the date of issuance of the feedback reply, in addition to the Company and its controlling subsidiaries, the details of the glass production and sales business of other companies controlled by CLFG are as follows:

| No. | Name | Leading Product | Application Field |
|-----|--------------------------------------|----------------------|-----------------------------------|
| B1 | CLFG Luoyang Longhao Glass Co., Ltd. | Ordinary float glass | Building materials and decoration |

There are significant differences in the raw materials, production process, versatility of the production lines, application areas and downstream customers between the information display glass and new energy glass produced by the Applicant, and ordinary float glass

produced by Luoyang Long Hao Glass Limited (hereinafter referred to as “Long Hao Glass”), as follows:

| Name | The Company (ultra-thin glass for information display glass) | The Company (new energy glass) | Long Hao Glass (ordinary float glass) |
|------------------------------------|--|---|--|
| Product attributes | alkali-containing glass (Soda lime silica glass), 0.12-1.1mm ultra-thin glass | Highly transparent glass (low iron soda lime silicate glass), 1.6-4.00mm calendering glass | alkali-containing glass (Soda lime silica glass), 3mm-12mm ordinary glass |
| Production process | <p>The daily melting capacity of the furnace is less than 250 tons.</p> <p>Float formatting: production and craftsmanship methods that glass liquid floats on the surface of tin liquid and is forced to be flattened and thinned under the action of a special edge drawing machine to form glass products with smooth surface and waviness, meeting the requirements.</p> <p>The process control and parameters of melting, forming and annealing are quite different from those of ordinary float glass production</p> <p>Inspection accuracy: detect micro defects below 50 microns.</p> | <p>Calendering: The production process of adjusting the thickness of the glass by entering the calender from the branch channel runner, adjusting the calender roll spacing and speed of the calender</p> | <p>All the furnaces are of large. It mainly produces 2mm and above glass.</p> <p>Float formatting: production and craftsmanship methods that glass liquid floats on the surface of tin liquid and is forced to be flattened, thinned or thickened under the action of the edge drawing machine to form glass products with smooth surface and high degree of finish.</p> <p>Inspection accuracy: detect glass defects above 0.3mm.</p> |
| Generality of production equipment | The ultra-thin glass production line for information display, special production equipment and ordinary float glass production equipment have no generality Special control equipment, cleaning equipment, testing equipment, waviness detector, etc | Calendaring process and float production process are two distinct processes, so the two kinds of equipment have no generality | The ordinary float glass production line of Long Hao Glass and has no generality with the production equipment for ultra-thin glass for information display |
| Field of application | Mainly used for touch modules and window protection screen of touch screen, can also be used for TN-LCD, STN-LCD display screen | Mainly used in battery for solar equipment. | Construction materials, decoration, home appliances, etc. |
| Downstream customers | ITO film glass processing enterprises, window glass distributors | Solar cell manufacturers | Construction enterprises, home appliance manufacturers, etc. |

(III) The De Facto controller of the Applicant has glass production-related business, whether it constitutes horizontal competition

1. The main business situation of the Applicant's De Facto controller

CNBMG, the De Facto controller of the Company, does not directly engage in specific business operations. The business is carried out through its subsidiaries, mainly including the production and sales of cement, glass, lightweight building materials, new types of houses, glass fibers, composite materials, and refractory materials.

2. The De Facto controller of the Applicant and the Applicant constitute no horizontal competition

As of the date of issuance of the feedback reply, in addition to CLFG and its holding subsidiaries, as well as the Applicant and its holding subsidiaries, the details of other companies controlled by CNBMG engaged in glass production and sales are as follows:

| No. | Name | Leading Product | Application Field |
|-----|--|---|---|
| C1 | China Construction Jiaxing Glass (Heilongjiang) Co., Ltd. | Ordinary float glass | Building materials and decoration |
| C2 | Henan Zhonglian Glass Co., Ltd. | Ordinary float glass | Building materials and decoration |
| C3 | Triumph Jinghua Glass Co., Ltd. | Ordinary float glass | Building materials and decoration |
| C4 | Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. | High temperature glass | Clocks, dials, etc. |
| C5 | Fengyang Triumph Silicon Materials Co., Ltd. | Fire-proof glass | Building fireproof glass, etc. |
| C6 | CNBM (Bengbu) Photoelectronic Materials Co., Ltd. | High-strength cover glass | Phone cover |
| C7 | Chengdu Coe Technology Co., Ltd | 4.5 th generation ultra-thin electronic TFT-LCD glass substrate | Glass substrate for thin film transistor liquid crystal display |
| C8 | Bengbu Coe Technology Co., Ltd | 8.5 th generation ultra-thin electronic TFT-LCD ultra-thin glass substrate | Glass substrate for thin film transistor liquid crystal display |

| No. | Name | Leading Product | Application Field |
|-----|---|--|-----------------------------------|
| C9 | Qinhuangdao Beifang Glass Co., Ltd. | Color glass | Color building, decoration |
| C10 | Qinhuangdao Hongyao Energy-saving Glass Co., Ltd. | Ordinary float glass | Building materials and decoration |
| C11 | Qinhuangdao Yaohua Glass Technology Development Co., Ltd. | Production and sales of ordinary float glass | Building materials and decoration |
| C12 | Qinhuangdao Honghua Special Glass Co., Ltd. | Fire-proof glass | Building fireproof glass, etc. |

Other companies controlled by CNBMG are mainly engaged in the production and sales of ordinary float glass and glass related to display materials.

(1) Ordinary float glass

China Construction Jiaxing Glass (Heilongjiang) Co., Ltd., Henan Zhonglian Glass Co., Ltd., Qinhuangdao Hongyao Energy-saving Glass Co., Ltd., Qinhuangdao Yaohua Glass Technology Development Co., Ltd., Qinhuangdao Honghua Special Glass Co., Ltd., Triumph Jinghua Glass Co., Ltd. (hereinafter referred to as the “**Triumph Jinghua**”) and Qinhuangdao Beifang Glass Co., Ltd. (hereinafter referred to as the “**Beifang Glass**”) are mainly engaged in the production and sales of ordinary glass in the construction field, and the related products include ordinary float glass and colored glass, etc. The production adopts float glass technology, and the finished products are mainly used in the fields of building curtain walls and decoration. The ordinary float glass business of the above Companies are similar to that of CLFG and does not constitute horizontal competition with the applicant’s products.

(2) Display material related glass

Chengdu Coe Technology Co., Ltd (hereinafter referred to as the “**Chengdu Coe**”), Bengbu Coe Technology Co., Ltd (hereinafter referred to as the “**Bengbu Coe**”) and CNBM (Bengbu) Photoelectronic Materials Co., Ltd. (hereinafter referred to as the “**Bengbu Optoelectronics**”) are mainly engaged in the production and sales of glass related to display materials, and the products are 4.5th-generation TFT-LCD electronic glass substrates, 8.5th-generation TFT-LCD ultra-thin electronic glass substrates and high-strength cover glass respectively.

The applicant's main product in the information display glass segment is ultra-thin electronic glass substrates, which are mainly used for touch screen modules and window protection screens, and also be processed into ITO conductive film glass and finally used in TN-LCD and STN-LCD display screens. The Company's information shows that there are significant differences between the glass and Chengdu Opto-electronics, Bengbu Photoelectric and Bengbu Opto-electronics in terms of raw materials, production processes, versatility of production lines, product price, application fields and downstream customers. The details are as follows:

| Name | Company (Information display glass) | Chengdu Opto-electronics (TFT-LCD electronic glass substrate) | Bengbu Photoelectric (TFT-LCD electronic glass substrate) | Bengbu Opto-electronics (high-strength cover glass) |
|------------------------------------|---|---|--|--|
| Product attributes | alkali-containing glass (Soda lime silica glass) | Low-generation alkali-free glass (alkaline earth metal borax aluminum silicate) | High-generation glass (alkaline earth metal borax aluminum silicate) | High alumina glass (sodium aluminum silicate glass and lithium aluminum silicate glass) |
| Production process | Float forming: glass liquid floats on the surface of tin liquid and is formed under the action of multiple forces such as longitudinal traction force and tensioner, and the forming direction is horizontal | Overflow process: glass liquid overflows from both sides of the overflow tank and merges at the bottom thereof, forming a vertical shape under the action of gravity, traction and other forces | Float forming: glass liquid floats on the surface of tin liquid and is formed under the action of multiple forces such as longitudinal traction force and tensioner, and the forming direction is horizontal | Float forming: glass liquid floats on the surface of tin liquid and is formed under the action of multiple forces such as longitudinal traction force and tensioner, and the forming direction is horizontal |
| Generality of production equipment | 1. The overflow process and the float process are two completely different production processes, so there is no generality in all the production equipment of the two processes; 2. Due to the different composition, the three kinds of glass produced by the float process have different process parameters such as melting, forming and annealing, and the production equipment has no generality. | | | |
| Product price | Price per square meter TFT-LCD electronic glass substrate (Chengdu Coe, Bengbu Coe) > high alumina cover glass (Bengbu Optoelectronics) > ultra-thin soda lime silica glass (the Company), and there is a price difference of multiples between two adjacent products, and there is basically no economic substitutability. | | | |

| Name | Company (Information display glass) | Chengdu Opto-electronics (TFT-LCD electronic glass substrate) | Bengbu Photoelectric (TFT-LCD electronic glass substrate) | Bengbu Opto-electronics (high-strength cover glass) |
|----------------------|---|--|--|---|
| Field of application | Mainly used for touch modules and window protection screen of touch screen, can also be used for TN-LCD, STN-LCD display screen | Mainly used for TFT-LCD display screen, one used for the production of the circuit matrix for TFT, one used in the color filter, two together used for processing TFT LCD panels | Mainly used in TFT-LCD display screen, one used to produce the circuit matrix for TFT, one used in the color filter, two together used for processing TFT LCD panels | Mainly used for cover glass for touch products, such as smartphones and tablets |
| Downstream customers | ITO film glass processing enterprises, window glass distributors | TFT LCD panel processing enterprises | TFT LCD panel processing enterprises | Mobile phone cover processing enterprises |

(3) Other fields

Anhui Huaguang Photoelectricity Materials Technology Group Co., Ltd. and Fengyang Kaisheng Silicon Material Co., Ltd. mainly engage in the production of high temperature aluminium glass and fireproof glass used in building, and clock and dials etc. The Company does not have such products.

Therefore, the glass products produced and sold by other enterprises controlled by China National Building Material Group, the De Facto controller of the Company, application fields and customer-oriented market are different from those of the applicant. The equipment and products have poor versatility and do not constitute horizontal competition.

In addition, North Glass and Triumph Jinghua plan to construct the photovoltaic cell packaging projects respectively. In order to avoid horizontal competition, China National Building Material Group plans to ensure that Luoyang Glass holds the shares of relevant entities before the completion of these production projects, so as to avoid horizontal competition with Luoyang Glass. The Company signed the Cooperation Framework Agreement with the shareholders of the above two companies on 30 December 2020 respectively, which intends to give priority to the transfer of the business opportunity to the applicant in a fair and reasonable manner. The audit, evaluation, legal and business due diligence involved in the equity transfer have been completed. On 29 April 2021, the Company signed the Equity Transfer Agreement with China Yaohua Glass Group Finance Co., Ltd., the shareholder of North Glass, in relation to the acquisition of 60% equity interest in North Glass, the acquisition was approved by the 30th meeting of the ninth Board of the Company. The equity acquisition still needs to be submitted to the general meeting of shareholders of the company for consideration. As of the issuing date of this feedback reply, the Company has not signed an official agreement with the shareholders of Triumph Jinghua.

2. Whether the controlling shareholders violate the commitment of horizontal competition, and whether they meet the requirements of No. 4 document of the regulatory guidelines for listed companies

- (I) Commitment of controlling shareholder and actual controllers to avoid horizontal competition

On 7 February 2017, CLFG, the controlling shareholder of the Company, Triumph Group, the indirect controlling shareholder, and China National Building Material Group, the De Facto controller, jointly issued the Undertaking Letter on Avoiding Horizontal Competition during the major asset restructuring of the Company in 2017. The main contents are as follows:

“1. In respect of the businesses or business opportunities similar to those of the Listed Company that the company and the other companies under the control of the company contemplates to conduct or actually obtain in the future, and the assets and businesses generated by such businesses or business opportunities may constitute potential intra-industry competition with the Listed Company:

1. The company would not directly or indirectly engage in any business that is the same as or similar to the main business of Listed Company or its wholly-owned or controlled subsidiaries after the completion of the transaction, to avoid possible direct or indirect business competition for the production and operation of Listed Company, and the company would procure enterprises that are directly or indirectly controlled by them not to directly or indirectly engage in any business or activity that competes with or may compete with the main business of the Listed Company or its wholly owned or controlled subsidiaries in the commercial field;
2. in case that the company or its directly or indirectly controlled enterprises participate in or have the opportunity to participate in any business that directly or indirectly competes with or may compete with the main business of the Listed Company or its wholly-owned or controlled subsidiaries, the company shall abandon or cause their directly or indirectly controlled enterprises to abandon such business or opportunity that may be competitive, or facilitate to offer the business or opportunity to the listed Company or its wholly-owned or controlled subsidiaries on fair and reasonable terms, or transfer the business or opportunity to any other third parties not related to any of them;

3. The company will strictly abide by the relevant provisions of the CSRC, Shanghai Stock Exchange and the Articles of Association of Listed Company, exercise the rights and obligations of shareholders on an equal basis with other shareholders, and will not seek improper interests by taking advantage of the position of controlling shareholders, and will not undermine the legitimate rights and interests of Listed Company and other shareholders.
2. From the date of issuing this Undertaking Letter, the company will make full compensation for the losses or expenses suffered or incurred by the listed company due to its violation of any of the terms of this commitment.
3. This Undertaking Letter shall remain valid for the period when the Listed Company is legally and effectively existing and the company is the controlling shareholder of the Listed Company.

(II) Performance of horizontal competition commitment of controlling shareholders and actual controllers

Since the date of issuing the Undertaking Letter on horizontal competition, CLFG, the controlling shareholder of the Company, Triumph Group, the indirect controlling shareholder, and China National Building Material Group, the De Facto controller, have not directly or indirectly engaged in the same or similar business as the main business of the Applicant or its wholly-owned or holding subsidiary. North Glass and Triumph Jinghua, the indirect holding subsidiaries of China National Building Material Group, which is the De Facto controller of the Company, plan to provide business opportunities to the Applicant on fair and reasonable terms after obtaining business opportunities of the photovoltaic cell packaging projects.

The relevant commitments of the controlling shareholder, CLFG, Triumph Group, and the De Facto controller of China Building Materials Group, to avoid competition among the industry are all in the actual performance, and the interests of small and medium-sized investors are guaranteed through the performance of the commitments.

(III) Whether it is in accordance with the relevant provisions of the Regulatory Guidelines for Listed Companies No. 4

CLFG, the controlling shareholder of the Company, Triumph Group, the indirect controlling shareholder, and China National Building Material Group, the De Facto controller are all in the process of fulfilling the relevant commitments on avoiding horizontal competition, and there is no violation of the commitments. The relevant commitments issued by them are in line with the regulations of the Regulatory Guidelines for Listed Companies No. 4 – Undertakings and Performance by Listed Companies and Listed Companies’ De Facto Controllers, Shareholders, Related Parties and Acquirer and the Regulatory Guidelines for Listed Companies No. 4 (“**Regulatory Guidelines for Listed Companies No. 4**”). The details are as follows:

| Terms | Main contents | Whether the relevant commitment of the controlling shareholder, De Facto controller and other major shareholders of the issuer meet the requirements |
|-----------------|---|--|
| The First Term | The commitments made by the De Facto controllers, shareholders, related parties, acquirers and listed companies (hereinafter referred to as “Committed Related Parties”) in the process of IPO, refinancing, share reform, M & A and corporate governance special activities, such as solving horizontal competition, asset injection, equity incentive, solving property rights defects, etc, must have a clear time limit for performance, and ambiguous words such as “as soon as possible” and “when the right time comes” shall not be used. If the performance of commitments involves the restrictions of industrial policies, the time limit for performance shall be made clear on the basis of the policy permission. Listed companies should fully disclose the specific content of the commitment, the way and time of performance, the analysis of performance ability, the risk and Countermeasures of performance, and the restrictive measures in case of failure to perform. | Yes. There are no ambiguous words such as “as soon as possible” and “when the right time comes”; The issuer has disclosed relevant commitments in the periodic report. |
| The Second Term | Before making the commitment, the related parties shall analyze and demonstrate the realizability of the commitment items and publicly disclose the relevant contents, and shall not promise the items that are obviously impossible to realize according to the situation at that time. If the commitment matters need to be approved by the competent department, the commitment related parties shall clearly disclose the approval to be obtained, and specify the remedial measures if the approval cannot be obtained. | Yes. Before making the commitment, the commitment party has analyzed and demonstrated the realizability of the commitment items, which are not obviously impossible to realize according to the current situation. The commitment does not involve the approval of the competent department. |

| Terms | Main contents | Whether the relevant commitment of the controlling shareholder, De Facto controller and other major shareholders of the issuer meet the requirements |
|-----------------------------|---|--|
| The Third Term | Re-regulate the relevant provisions of commitment, change commitment or exemption from performance commitment | Not applicable |
| The Fourth Term | When the acquirers acquires a listed company and becomes a new De Facto controller, if the relevant matters promised by the original De Facto controller are not fulfilled, the relevant commitment obligations shall be fulfilled or undertaken by the acquirers, and the relevant matters shall be clearly disclosed in the acquisition report. | Not applicable |
| The Fifth Term | If the commitment cannot be fulfilled or can not be fulfilled on schedule due to the objective reasons beyond the control of relevant laws and regulations, policy changes, natural disasters, etc., the related parties shall disclose the relevant information in a timely manner. Except for objective reasons beyond their control, such as changes in relevant laws and regulations, policy changes, natural disasters, etc., if the commitment can not be fulfilled or the fulfillment of the commitment is not conducive to the protection of the rights and interests of the listed company, the related party of the commitment shall fully disclose the reasons, and propose to the listed company or other investors to replace the original commitment with a new commitment or to exempt the performance of the commitment obligation. The above change plan shall be submitted to the general meeting of shareholders for approval. The listed company shall provide online voting method to shareholders and promise that relevant parties and related parties shall avoid voting. The independent directors and the board of supervisors shall express their opinions on whether the change plan proposed by the commitment related parties is legal and compliant, and whether it is conducive to protect the interests of the listed company or other investors. If the change plan is not approved by the general meeting of shareholders and the commitment is expired, it shall be deemed that the commitment has not been fulfilled | Not applicable |
| The Sixth and Seventh Terms | Supervision and treatment of violation of commitment | Not applicable |

| Terms | Main contents | Whether the relevant commitment of the controlling shareholder, De Facto controller and other major shareholders of the issuer meet the requirements |
|-----------------|--|--|
| The Eighth Term | The commitments made by the commitment related parties shall comply with the provisions of the guidelines, and the relevant commitments shall be disclosed by the listed company. If the commitment made by the commitment related parties does not comply with the requirements of the guidelines, the listed company shall timely disclose the relevant information and give risk warning to the investors. The listed company shall disclose in its regular reports the commitments and progress made or being fulfilled during the reporting period. | Yes. The issuer has disclosed the commitment content and performance of the commitment related parties in the periodic report. |

In conclusion, the controlling shareholders and De Facto controllers of the Company have earnestly fulfilled the relevant commitments, and there is no violation of the commitments. The relevant commitments issued by them are in line with the relevant provisions of the Regulatory Guidelines for Listed Companies No. 4.

3. Inspection opinions of intermediary institutions

In respect of the above matters, the sponsor and the lawyer of the issuer have performed the following verification procedures: (1) check the main business scope, technical specifications and application fields of the main products of the Issuer by means of searching information, interviews and on-the-spot visits (2) Through searching information and interviews, the list of companies engaged in glass production business, technical specifications and application fields of the main products of the controlling shareholder and De Facto controller of the issuer are verified, and make comparison with the products of the issuer (3) Check the performance of the commitment to avoid horizontal competition issued by the controlling shareholder and actual controllers, indirect controlling shareholder and De Facto controller of the issuer, as well as the periodic report and temporary announcement of the issuer.

After verification, the Sponsor believes that: the glass production business of the Applicant's controlling shareholder and De Facto controller does not constitute horizontal competition with the Applicant, the controlling shareholder and actual controllers have effectively fulfilled the commitment to avoid horizontal competition, and the relevant commitment meets the requirements of the Regulatory Guidelines for Listed Companies No. 4.

After verification, the lawyer of the applicant believes that: the glass production business of the Applicant's controlling shareholder and De Facto controller does not constitute horizontal competition with the Applicant, the controlling shareholder has effectively fulfilled the commitment to avoid horizontal competition, and the relevant commitment meets the requirements of the Regulatory Guidelines for Listed Companies No. 4.

Question 5. The Applicant is requested to provide a supplementary explanation on whether there will be new related transactions in this issuance and whether it complies with the relevant provisions of the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies”. The sponsor and the lawyer are requested to express their opinions on the verification.

Reply:

1. The issuance will supplement related party transactions

During the Reporting Period, the related transactions between the Company and the controlling shareholder, De Facto controller and its subordinate companies mainly include: (1) obtaining the equipment, materials and construction and installation services required by the related parties for the project; (2) Purchasing soda, quartz sand, etc. from related parties for raw materials for product production; (3) Selling glass products to related parties.

The funds raised in this non-public offering are mainly used for the photovoltaic cell packaging projects for solar equipment, which is developed around the production and sales of new energy glass, the Company’s main business. During the construction period and operation period of the project, it is expected that there will be new related transactions with the controlling shareholder, De Facto controller and their subsidiaries. The details are as follows:

1. Construction period: accept the engineering services provided by related parties for the project construction with raised investment

China Triumph International Engineering, a subsidiary of China National Building Material Group, is a leading enterprise in the field of glass engineering, being the main engineering service provider of the Company’s existing production line. The project construction has signed a contract with the China Triumph International Engineering, a related party, to accept the services provided, such as civil engineering and equipment installation. It is expected that there will be new related party transactions. The above-mentioned transaction contract has fulfilled the necessary related party transaction procedures of the Company and adopted market-oriented pricing.

2. Operation period: purchase raw materials from related parties and sell products to related parties

In the production process of new energy glass, the Company needs to purchase soda, quartz sand and other raw materials. As the largest group of glass R & D, design and production in China, Triumph Technology Group has large-scale procurement of raw materials such as soda with high quality requirements and certain price advantages. In addition, Triumph Technology Group also has its independent quartz placer. In order to ensure the supply and quality of soda, quartz sand and other raw materials, it is reasonable for the Company to purchase soda ash, quartz sand and other raw materials from Triumph Technology Group and its subsidiaries. After the project is put into operation, the Company's photovoltaic glass production capacity will increase, and it is expected to further increase the purchase of soda, quartz sand and other raw materials from Triumph Technology Group and its subsidiaries.

The Company's related parties including Jetion Solar Technology Co., Limited* (中建材浚鑫科技有限公司) are engaged in the manufacture of photovoltaic cells and modules. The photovoltaic glass is the component required for its products. The photovoltaic industry is in the process of rapid development. After the project is put into operation, the production capacity of the Company's photovoltaic glass products will increase. It is expected that the Company will further sell photovoltaic glass products to related parties such as Jetion Solar Technology Co., Limited* (中建材浚鑫科技有限公司).

Assuming: (1) the proportion of the Company's existing production line operating income, operating costs and related party transactions remain unchanged, which is in line with that of 2020; (2) after the completion of the fundraising project, the operating income and operation cost shall be based on the forecast values of the feasibility study report, and the related party transaction may be combined with the feasibility study and the estimated proportion, then after completion of the implementation of this non-public offering, it is expected that the amount of related party transactions of the listed company will increase, among which, the proportion of related party sales to operating income will decrease, the proportion of related party procurement to operating costs will increase slightly, and the change of overall proportion will be relatively stable. The details are as follows:

Unit: RMB'0,000

| Project | Before this non-public offering (For the year 2020) | The estimated increase by this fundraising project | The estimated amount after the implementation of this fundraising project |
|---------------------------------|--|---|--|
| 1. Related sales | 19,041.55 | 10,790.00 | 29,831.55 |
| Operating revenue | 301,179.35 | 207,810.00 | 508,989.35 |
| Proportion in operating revenue | 6.32% | 5.19% | 5.86% |
| 2. Related purchase | 23,913.66 | 23,995.13 | 47,908.79 |
| Operating cost | 207,642.75 | 144,799.34 | 352,442.08 |
| Proportion in operating cost | 11.52% | 16.57% | 13.59% |

Upon completion of the implementation of this non-public offering, it is expected that there will be a slight increase in the proportion of the listed company's related party procurement to operation costs, mainly because the related party procurement is mainly raw materials such as soda ash and quartz sand, the production capacity of new energy glass will be significantly improved upon the implementation of the fundraising projects. As a result of the economies of scale, cost of energy, labor and depreciation, etc., the cost of sales are reduced, and the proportion of cost of raw materials will thus increase. As a result, the overall proportion of procurement of raw materials to cost of sales will also increase. The listed company will be priced in a market-oriented manner, strictly comply with the related party transactions procedures to ensure the reasonableness and fairness of the related party transactions.

2. In accordance with the relevant provisions of the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies”

As China’s largest comprehensive building materials group, China National Building Material Group, through its wholly-owned subsidiary, Triumph Technology Group, has a layout in the raw materials, engineering and application of photovoltaic glass; There are related party transactions between the Company and the subsidiaries of China National Building Material Group in project construction, raw material procurement and sales of photovoltaic glass products. These transactions are commercially reasonable and the required related party transaction consideration procedures are performed, and the pricing is fair.

The project focuses on the production and sales of the applicant’s main business of new energy glass, aiming to improve the production capacity of new energy glass; in the construction stage, the project needs project engineering services, and in the operation stage, it needs to purchase raw materials and sell goods, so the related party transactions will be added. These transactions are of existing types, and will continue to be priced in a market-oriented way and the related party transaction consideration procedures will be performed.

According to the estimation of the feasibility study report of the fundraising project, after the implementation of the non-public offering, the amount of related party transactions of the listed company is expected to increase, in which the proportion of related party sales to operating income will decrease, while the proportion of related party procurement to operating costs will increase slightly, and the change of overall proportion will be relatively stable. As the newly added related transactions are commercially reasonable and priced in a market-oriented way, they will not have a material adverse impact on the independent operation ability of the Company, which is in line with the provisions of Article 10 (4) of the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies”.

3. Inspection opinions of intermediary institutions

In respect of the above matters, the Sponsor and the lawyer of the Issuer have performed the following verification procedures: (1) consulting the feasibility study report of the fundraising project, the related party transaction contracts of the issuer during the Reporting Period, the pricing basis and other documents; (2) interviewing with the financial controller of the issuer to understand the expected related party transactions of the project in the construction stage and the implementation stage.

After verification, the sponsor believes that: the project is the capacity expansion of the existing photovoltaic glass business of the issuer, and it is expected that new related party transactions will be added in the project construction stage and operation stage, which is commercially reasonable; The newly added related transactions are all of the existing transaction types and will continue to be priced in accordance with the market-oriented way and the related transaction consideration procedures will be performed. Such transactions will not have a material adverse impact on the independent operation ability of the issuer, which is in line with the provisions of the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies”.

After verification, the lawyer of the issuer believes that: the project is the capacity expansion of the existing photovoltaic glass business of the issuer, and it is expected that new related party transactions will be added in the project construction stage and operation stage, which is commercially reasonable; The newly added related transactions are all of the existing transaction types and will continue to be priced in accordance with the market-oriented way and the related transaction consideration procedures will be performed. Such transactions will have no material adverse impact on the independent operation ability of the issuer, which is in line with the provisions of the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies”.

Question 6. The Applicant is requested to add explanation on whether the project involves the overcapacity industries involved in the relevant provisions of GUOFA [2009] No. 38 and whether it meets the relevant provisions of the Decision on Amending the Administration Measures on Securities Issuance of Listed Companies on the use of raised funds. The sponsor and the lawyer are requested to express their opinions on the verification.

Reply :

1. Plate glass is an industry with overcapacity involved in the GUOFA [2009] No. 38 document and other relevant regulations, but this fundraising project is a construction project supported by industrial policy.

The main content in relation to the plate glass industry in “Opinions on Containing Overcapacity and Redundant Construction in Certain Industries and Facilitating Sound Industrial Development” (GUOFA [2009] No. 38) are as follows: “strictly control the newly added plate glass production capacity, follow the principles of structural adjustment, elimination of backward capacity, market orientation and reasonable layout, develop high-end and deep-processing glass... On the premise of meeting the planning, we will support large enterprise groups to develop high-tech glass such as electronic flat panel display glass, photovoltaic solar glass, low-radiation coating and high-quality float glass projects.”

This fundraising project is mainly a project of photovoltaic cell packaging materials for solar energy equipment. The main products are photovoltaic solar glass (original products and deep-processing products). Although it belongs to plate glass in terms of product category, it belongs to the construction project supported by GUOFA [2009] No. 38 document.

In the fundraising projects, Hefei New Energy’s investment project uses the full oxygen/oxygen enrichment technology for glass melting furnace, the investment projects of both Hefei New Energy and Tongcheng New Energy use the technology and equipment for the production of one kiln multi-line flat glass; according to the Guidance Catalogue for Industrial Structure Adjustment (2019 version), the projects and products of this fundraising project belong to “2. Full oxygen/oxygen enriched combustion technology for glass furnace; production technology and equipment of multi-line plate glass in one kiln” of “12. Building Materials”.

According to the Guiding Opinions on Resolving Serious Production Overcapacity Conflicts (GUOFA [2013] No. 41), for plate glass, it is necessary to “develop functional glass, encourage the integration of original production and deep processing, achieve over 50% of the deep processing rate of plate glass and cultivate glass intensive processing base”. The fundraising project adopts the integration of original production and deep processing, with a deep processing rate of more than 50%. The product of photovoltaic solar glass belongs to functional glass, which is a construction project encouraged by the Guiding Opinions on Resolving Serious Production Overcapacity Conflicts (GUOFA [2013] No. 41).

II . The fundraising projects are in line with the regulations of “Administration Measures on Securities Issuance of Listed Companies” on use of proceeds

The fundraising projects are in line with the regulations of “Administration Measures on Securities Issuance of Listed Companies” on use of proceeds, details of which are as follows:

| Term | Main content | Whether comply with relevant regulations |
|-------------------|---|---|
| Article X (I) | The amount of proceeds does not exceed the required amount of the project. | Yes. The amount of proceeds this time does not exceed the required amount of the project. |
| Article X (II) | The projects in which the fund raised invested in are in line with the national industrial policies as well as the laws and administrative regulations on environmental protection and land management. | Yes. The purpose of the raised funds issued by the Company is to support the national policy-supported industries, and the required procedures for project establishment and environmental assessment have been fulfilled. The fundraising projects are developed on the existing land, which are in line with the national industrial policies as well as the laws and administrative regulations on environmental protection and land management. |
| Article X (III) | Except for a financial enterprise, the fund raised at present shall not be used as financial investments such as holding transactional financial assets or financial assets available for sale, or lending it to others or use it as entrusted financing, nor may it be used to invest directly or indirectly in any company which mainly engages in the buying and selling securities. | Yes. Not involve in relevant matters. |
| Article X (IV) | The use of the fund raised through the Rights Issue or the implementation of investment project will not result in competition with the controlling shareholder or the actual controller, nor will it affect the Company’s independence in production and business operations. | Yes. This investment projects are photovoltaic cell packaging material for solar equipment, which will not generate horizontal competition and will not have a material adverse impact on the Company’s independence in production and business operations. |
| Article X (V) | The Company has formulated rules on the special deposit of the proceeds and deposited the proceeds in the special account as decided by the Board. | Yes. The Company has set up a special deposit system of the proceeds. |

III. Verification opinions of the intermediaries

Regarding the above matters, the Sponsor and the law firm of the Issuer performed the following verification procedures: (1) obtaining the feasibility study report and project filing documents of the fundraising projects; (2) check the policy documents such as NDRC Document No. 2009-38, NDRC Document No. 2013-41, and the “Industrial Structure Adjustment Guidelines (2019 edition)”; (3) interviewed with management of the Issuer.

After verification, the Sponsor believes that flat glass is an industry with overcapacity as mentioned in NDRC Document No. 2009-38 and other relevant regulations, but the fundraising projects this time are construction projects supported by industrial policies, and they are in line with the regulations of “Administration Measures on Securities Issuance of Listed Companies” on use of proceeds.

After verification, the law firm of the Issuer believes that flat glass is an industry with overcapacity as mentioned in NDRC Document No. 2009-38 and other relevant regulations, but the fundraising projects this time are construction projects supported by industrial policies, and they are in line with the regulations of “Administration Measures on Securities Issuance of Listed Companies” on use of proceeds.

Question 7. The Applicant is requested to explain the estimated progress of use of proceeds raised by investment projects and the estimated schedule of the construction of them; the specific investment composition and rationality of this investment projects, and whether they are of capital expenditure, whether it includes Pre-Board Meeting investment; whether there is significant uncertainty about the necessity of the construction of investment projects; the business model and profit model of investment projects; the implementation body of investment projects. The sponsor and accountant are requested to express their verification opinions.

Reply :

I. The estimated progress of use of proceeds raised by fundraising projects

1. CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The progress of use of proceeds of the estimated raised funds of the project is as follows:

Unit: RMB'0,000

| Project | Period | | | | |
|--------------------------------|----------------------------|---------------------------|--------------|---------------|--------------|
| | 2020 | | 2021 | | 2022 |
| | By 2020/12/30 | 2020/12/31 | January-June | July-December | January-June |
| | (Before the Board meeting) | (After the Board meeting) | | | |
| I. Total investment | 8,892.00 | – | 35,212.50 | 27,280.00 | 6,583.50 |
| Capital investment | 8,892.00 | – | 35,212.50 | 24,139.00 | 6,583.50 |
| Use of original land and plant | 8,892.00 | – | – | – | – |

| Project | Period | | | | |
|--|----------------------------|---------------------------|--------------|---------------|--------------|
| | 2020 | | 2021 | | 2022 |
| | By 2020/12/30 | 2020/12/31 | January-June | July-December | January-June |
| | (Before the Board meeting) | (After the Board meeting) | | | |
| II. Usage of Self-owned Funds and Proceeds | | | | | |
| Other capital expenditure not included in the use of the original land and plant | – | – | 35,212.50 | 27,280.00 | 6,583.50 |
| Among: part of the Proposed Use of Proceeds (Note 2) | – | – | 35,212.50 | 18,204.00 | 6,583.50 |
| Amount of self-owned funds invested | – | – | 0.00 | 9,076.00 | 0.00 |
| III. Progress of Fund Raising | – | – | 58.69% | 89.03% | 100.00% |

2. CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The progress of use of proceeds of the estimated raised funds of the project is as follows:

Unit: RMB'0,000

| Project | Period | | | | |
|--|----------------------------|---------------------------|--------------|---------------|--------------|
| | 2020 | | 2021 | | 2020 |
| | By 2020/12/30 | 2020/12/31 | January-June | July-December | January-June |
| | (Before the Board meeting) | (After the Board meeting) | | | |
| I. Total investment | 2,551.89 | 3,000.00 | 31,370.43 | 44,800.00 | 19,766.68 |
| Capital investment (Note 1) | 2,551.89 | 3,000.00 | 31,370.43 | 39,800.00 | 19,441.68 |
| Use of original land and plant | 2,500.00 | – | – | – | – |
| II. Usage of Self-owned Funds and Proceeds | | | | | |
| Other capital expenditure not included in the use of the original land and plant | 51.89 | 3,000.00 | 31,370.43 | 39,800.00 | 19,441.68 |
| Among: part of the Proposed Use of Proceeds (Note 2) | – | 3,000.00 | 31,300.00 | 39,800.00 | 5,900.00 |
| Amount of self-owned funds invested | 51.89 | – | 70.43 | – | 13,541.68 |
| III. Progress of Fund Raising | 0.00% | 3.75% | 42.88% | 92.63% | 100.00% |

II. Estimated schedule of the construction of investment projects

1. CNBM (Hefei) New Energy Company Limited* (中 建 材 (合 肥)新 能 源 有 限 公 司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The project is expected to be put into production in August 2021. The specific schedule is as follows:

| No. | Work content | Monthly schedule | | | | | | | | | | |
|-----|---|------------------|----------|----------|---------|----------|-------|-------|-----|------|------|--------|
| | | 2020 | | | 2021 | | | | | | | |
| | | October | November | December | January | February | March | April | May | June | July | August |
| 1 | Preparation of the project proposals and feasibility study report | | | | | | | | | | | |
| 2 | Preparation of the project energy evaluation report | | | | | | | | | | | |
| 3 | Project demonstration, filing and obtain governmental approvals | | | | | | | | | | | |
| 4 | Preparation of the environmental impact assessment Report and safety and health assessment report | | | | | | | | | | | |
| 5 | Project review and establishment, geological exploration and preliminary design | | | | | | | | | | | |
| 6 | Project construction drawing design, civil construction, equipment and materials ordering | | | | | | | | | | | |
| 7 | Kiln masonry, equipment installation and commissioning | | | | | | | | | | | |
| 8 | Put into operation | | | | | | | | | | | |

2. CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The project is expected to be put into production in October 2021. The specific schedule is as follows:

| No. | Work content | Monthly schedule | | | | | | | | | | | | | | | | | | |
|-----|---|------------------|-----|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|
| | | 2020 | | | | | | | | | 2021 | | | | | | | | | |
| | | April | May | June | July | August | September | October | November | December | January | February | March | April | May | June | July | August | September | October |
| 1 | Preparation of the project proposals and feasibility study report | | | | | | | | | | | | | | | | | | | |
| 2 | Preparation of the project energy evaluation report | | | | | | | | | | | | | | | | | | | |
| 3 | Project demonstration, filing and obtain governmental approvals | | | | | | | | | | | | | | | | | | | |
| 4 | Preparation of the environmental impact assessment Report and safety and health assessment report | | | | | | | | | | | | | | | | | | | |
| 5 | Project review and establishment, geological exploration and preliminary design | | | | | | | | | | | | | | | | | | | |
| 6 | Project construction drawing design, civil construction, equipment and materials ordering | | | | | | | | | | | | | | | | | | | |
| 7 | Kiln masonry, equipment installation and commissioning | | | | | | | | | | | | | | | | | | | |
| 8 | Put into operation | | | | | | | | | | | | | | | | | | | |

III. The specific investment composition and rationality of fundraising projects, whether they are of a capital expenditure and whether they include pre-board investment

1. The specific investment composition and rationality of investment projects

(1) CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The total investment amount of the project is RMB779.68 million, of which the amount of proceeds to be used is RMB600 million. The specific investment estimation is as follows:

| No. | Name of construction cost | Investment amount (RMB0,000) | | | | |
|----------|---|------------------------------|--------------------|--------------------------|--------------|---------------|
| | | Construction Engineering | Equipment Purchase | Installation Engineering | Other Cost | Total |
| I | Construction investment | 9,730 | 46,237 | 5,608 | 4,360 | 65,935 |
| I | Construction cost | 9,730 | 46,237 | 5,608 | | 61,575 |
| (I) | Main production items | 8,240 | 34,530 | 2,996 | | 45,766 |
| 1 | Raw material system | | 356 | 40 | | 396 |
| 2 | Rolling combined workshop | 4,320 | 20,349 | 1,374 | | 26,043 |
| 3 | Deep processing workshop | 3,840 | 10,911 | 1,195 | | 15,946 |
| 4 | Scrap system | 80 | 200 | 33 | | 313 |
| 5 | Workshop substation | | 1,814 | 254 | | 2,068 |
| 6 | Electrical and lighting of production line | | 900 | 100 | | 1,000 |
| (II) | Auxiliary production facilities | 410 | 9,835 | 1,877 | | 12,122 |
| 1 | Compressed air station | | 500 | 85 | | 585 |
| 2 | Water supply and drainage system | 90 | 170 | 20 | | 280 |
| 3 | Reclaimed water and pure water treatment system | | 660 | 80 | | 740 |
| 4 | Natural gas combustion system | | 350 | 32 | | 382 |
| 5 | General substation | 200 | 900 | 90 | | 1,190 |
| 6 | Heating ventilation | | 1,755 | 300 | | 2,055 |
| 7 | Sewage disposal system | 20 | 400 | 50 | | 470 |
| 8 | Flue gas treatment system | | 3,000 | 500 | | 3,500 |
| 9 | Waste heat power generation boiler room | 100 | 970 | 450 | | 1,520 |
| 10 | Automatic control | | 950 | 150 | | 1,100 |
| 11 | Smart factory | | 180 | 120 | | 300 |

| No. | Name of construction cost | Investment amount (RMB0,000) | | | | |
|-------|---|------------------------------|--------------------|--------------------------|------------|--------|
| | | Construction Engineering | Equipment Purchase | Installation Engineering | Other Cost | Total |
| (III) | Shift dormitory | 900 | | | | 900 |
| (IV) | Photovoltaic power station | | 1,446 | 600 | | 2,046 |
| (V) | General layout, transportation and plant pipe network | 180 | 326 | 135 | | 641 |
| (VI) | Spare parts | | 100 | | | 100 |
| II | Other cost | | | | 2,440 | 2,440 |
| III | Basic reserve fund | | | | 1,920 | 1,920 |
| II | Interest during construction period | | | | 141 | 141 |
| III | Initial working capital | | | | 3,000 | 3,000 |
| | New scale to increase total investment(I+II+III) | 9,730 | 46,237 | 5,608 | 7,501 | 69,076 |
| | Use of the original plant | 5,038 | | | | 5,038 |
| | Use of the original land | | | | 3,854 | 3,854 |
| | Total scale investment | 14,768 | 46,237 | 5,608 | 11,355 | 77,968 |

(2) CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The total investment of the project is RMB1,014.89 million, of which the amount of proceeds to be used is RMB800 million. The specific investment estimation is as follows:

| No. | Name of construction cost | Investment amount (RMB0,000) | | | | |
|----------|---|------------------------------|--------------------|--------------------------|--------------|---------------|
| | | Construction Engineering | Equipment Purchase | Installation Engineering | Other Cost | Total |
| I | Construction investment | 24,991 | 57,888 | 4,843 | 5,943 | 93,664 |
| I | Construction cost | 24,991 | 57,888 | 4,843 | | 87,722 |
| (I) | Main production items | 20,974 | 41,363 | 2,660 | | 64,997 |
| 1 | Raw material system | 2,214 | 980 | 160 | | 3,354 |
| 2 | Rolling combined workshop | 5,800 | 26,044 | 1,300 | | 33,144 |
| 3 | Deep processing workshop | 10,644 | 10,739 | 700 | | 22,083 |
| 4 | Finished product warehouse | 1,800 | | | | 1,800 |
| 5 | Broken glass pile shed | 216 | 65 | | | 281 |
| 6 | Machine repair room | | 185 | | | 185 |
| 7 | Chimney | 300 | | | | 300 |
| 8 | Electrical automation control | | 3,350 | 500 | | 3,850 |
| (II) | Auxiliary production facilities | 588 | 16,425 | 2,183 | | 19,196 |
| 1 | Power supply and distribution system | | 3,250 | 220 | | 3,470 |
| 2 | Compressed air station | | 410 | 55 | | 465 |
| 3 | Sewage disposal system | 20 | 820 | 40 | | 880 |
| 4 | LNG station | | 630 | 70 | | 700 |
| 5 | Heating ventilation (including voc treatment) | | 2,900 | 1,076 | | 3,976 |
| 6 | Water supply and drainage system | 18 | 1,226 | 155 | | 1,399 |
| 7 | Waste heat power generation system | 350 | 3,789 | 367 | | 4,506 |
| 8 | Flue gas treatment system | 200 | 3,400 | 200 | | 3,800 |

| No. | Name of construction cost | Investment amount (RMB0,000) | | | | |
|-------|--|------------------------------|--------------------|--------------------------|------------|---------|
| | | Construction Engineering | Equipment Purchase | Installation Engineering | Other Cost | Total |
| (III) | Shift dormitory and living facilities | 1,260 | | | | 1,260 |
| (IV) | Smart factory control and laboratory | 1,168 | | | | 1,168 |
| (V) | General layout and transportation | 1,000 | | | | 1,000 |
| (VI) | Spare parts | | 100 | | | 100 |
| II | Other cost of project construction | | | | 4,106 | 4,106 |
| III | Basic reserve fund | | | | 1,837 | 1,837 |
| II | Interest during construction period | | | | 325 | 325 |
| III | Initial working capital | | | | 5,000 | 5,000 |
| A | New scale to increase total investment(I+II+III) | 24,991 | 57,888 | 4,843 | 11,267 | 98,989 |
| B | Use of the original assets (land) | | | | 2,500 | 2,500 |
| | Total investment scale(A+B) | 24,991 | 57,888 | 4,843 | 13,767 | 101,489 |

(3) Rationality of composition of investment projects

To sum up, the above-mentioned project investment is mainly construction investment, including the construction costs of main production projects, auxiliary production facilities, shift dormitories and living facilities, smart factory control and laboratories, etc., which matches the purpose of expanding production capacity of the project. The construction investment costs are estimated with reference to similar projects or market prices in the past. The reserve funds refer to the reserve expenses accrued due to the increase in investment caused by uncertain factors that cannot be accurately estimated during the construction period, which are non-capital expenditures with a significantly small amount. The investment amount and composition of the above-mentioned investment projects of the Company are reasonable.

2. Whether they are included in the capital expenditure

In this investment projects, except for the basic reserve fund, construction period interest and working capital, which are non-capital expenditures, all of them are included in capital expenditures. The amount of non-capital expenditure and its proportion to total investment are as follows:

Unit: RMB0'000

| No. | Name of project | Non-capital Expenditure | Total Investment | Ratio of Non-capital Expenditure |
|-----|---|-------------------------|------------------|----------------------------------|
| 1 | CNBM (Hefei) New Energy Company Limited* (中 建 材(合 肥)新 能 源 有 限 公 司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment | 5,061.00 | 77,968.00 | 6.49% |
| 2 | CNBM (Tongcheng) New Energy Materials Company Limited* (中 國 建 材 桐 城 新 能 源 材 料 有 限 公 司) – Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment | 7,162.00 | 101,489.00 | 7.06% |

3. Whether are included in the Pre-Board Meeting investment

At the 23rd meeting of the 9th Board of Directors held on 30 December 2020, the Company reviewed and approved the relevant proposals of this non-public offering. Before the meeting of the Board of Directors, the initial investment of the investment projects are as follows:

Unit: RMB0'000

| No. | Name of project | Investment of Pre-Board Meeting | Capital expenditure deduction of Pre-Board Meeting investment | Proposed use of proceeds |
|-----|---|---------------------------------|---|--------------------------|
| 1 | CNBM (Hefei) New Energy Company Limited* (中 建 材(合 肥)新 能 源 有 限 公 司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment | 8,892 | 65,935 | 60,000 |
| 2 | CNBM (Tongcheng) New Energy Materials Company Limited* (中 國 建 材 桐 城 新 能 源 材 料 有 限 公 司) – Phase I of the Project of Photovoltaic Cell Encapsulating Material for Solar Equipment | 2,551.89 | 91,775.11 | 80,000 |

To sum up, the proceeds raised are all capital expenditures for the use of fundraising projects, excluding the Pre-Board Meeting investment.

4. Whether there is any significant uncertainty about the necessity of the construction of this offering and fundraising projects

1. The Necessity of the Implementation of the fundraising projects

(1) Active Response to the Requirements of the National “13th Five-Year” Plan

In the Outline of the “13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China”, it is stated that “by targeting cutting-edge technologies, adhering to industrial development trends, focusing on key areas and optimizing the integration of policies, we will create space for the growth of emerging industries and gain a competitive advantage in the future, so as to ensure that the added value of strategic emerging industries reaches 15% of China’s GDP” and “we will continue to promote the development of wind power and photovoltaic power generation and actively support solar thermal power generation”. This project aims to produce ultra-thin photovoltaic cell packaging materials, which is a key link in the new energy photovoltaic power generation industry chain, and positively responds to the requirements of the 13th Five-Year Plan for the national economic and social development.

(2) Inevitable requirement for sustainable development under the background of the tight global energy supply and the aggravation of greenhouse effect

With the aggravation of global greenhouse effect, the increasingly tight energy supply and the increasingly stringent requirements on environmental protection in China and abroad, the development and utilization of renewable energy is the only way to cope with the increasingly serious energy and environmental problems, and also the only way to realize sustainable development of human society. The ultrathin photovoltaic cell packaging materials to be produced in this project are the key materials of the solar double-glass modules, which can convert solar energy into electric energy to reduce human consumption of traditional fossil energy, alleviate the contradiction between energy supply and demand, and realize the harmonious development of human and nature. Therefore, the implementation of this project is in line with the requirements of national sustainable development.

- (3) Packaging materials for lightweight double-glass photovoltaic modules with outstanding performance and promising market

With the successive running of the photovoltaic power stations, the issue on the quality of the traditional power stations is exposed accordingly. The double-glass modules have unique advantages in the practical application of photovoltaic power stations, which can better address the issues such as the outbreak of snail pattern, PID attenuation and low power generation, and extend the lifecycle of the modules. The double glass modules lead the future development direction with outstanding advantages. The lightweight feature is the key development trend of the double-glass modules, in which, the most effective way for achieving the thinner double-glass modules is to reduce the thickness of the packaging materials. The thinner packaging materials for photovoltaic cells not only can reduce the packaging costs and transportation costs of modules, but also can be used in roofs, parking lots, agricultural greenhouses and other projects with limited load-bearing capacity, the application scope of which is wider. Meanwhile, it can also significantly reduce the work intensity of installation and improve the installation efficiency, which is adapted to the development direction of the future photovoltaic market.

2. Whether there is any material uncertainty in this fundraising project

- (1) No material uncertainty in the relevant approval(s) to be obtained for the fundraising project

The project has obtained the filing and EIA approval documents from the competent authorities. The details are as follows:

| No. | Project name | Filing | EIA |
|-----|--|---|--|
| 1 | CNBM (Hefei) New Energy Company Limited* (中 建 材(合 肥)新 能 源 有 限 公 司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment | Project Record Form of Economic and Trade Bureau of Hefei High-tech Zone (Project Code: 2020-340161-30-03-040762) | ① Opinions on the Approval of the Environmental Impact Report Form of “CNBM (Hefei) New Energy Company Limited* (中 建 材(合 肥)新 能 源 有 限 公 司) Project of Photovoltaic Cell Encapsulating Material for Solar Equipment” (Huan Jian Shen [2021] No. 10014) ② Approval of Environmental Impact Report on Phase II Project of Oxy Fuel New Photovoltaic Cover Plate Material Production Line of CNBM (Hefei) New Energy Company Limited* (中 建 材(合 肥)新 能 源 有 限 公 司) (Huan Jian Shen [2018] No.5) |
| 2 | CNBM (Tongcheng) New Energy Materials Company Limited* (中 國 建 材 桐 城 新 能 源 材 料 有 限 公 司) – Phase I Project of Photovoltaic Cell Encapsulating Material for Solar Equipment | Project Record Form of Tongcheng Development and Reform Commission (Project Code: 2020-340899-30-03-04-1063) | Letter on Review Comments of Environmental Impact Report Form of the Phase I Project of Photovoltaic Cell Packaging Material for Solar Equipment (Yitong Huan Jian Han [2021] No. 041) |

(2) No significant uncertainty in the implementation site of the project

The implementation site of the investment project is located in the existing land and plant region of the Company, the details of which are set out as follows:

1) CNBM (Hefei) New Energy Company Limited* (中 建 材(合 肥)新 能 源 有 限 公 司) – Project of Photovoltaic Cell Encapsulating Material for Solar Equipment

The implementation site of the project is located in the plant of CNBM (Hefei) New Energy Company Limited*(中 建 材(合 肥)新 能 源 有 限 公 司), i.e. No. 601 Changning Avenue, Hefei High-tech Industrial Development Zone, Anhui Province. There are 3 cases of land use rights in the plant, with a total land area of 269,789.24 square meters, the details of which are set out as follows:

| No. | Land use right certificate No. | Nature of Land | Type of Use Right | Area (m ²) |
|-------|------------------------------------|----------------|-------------------|------------------------|
| 1 | He Gao Xin Guo Yong (2012) No. 24 | Industrial | Transfer | 136,119.04 |
| 2 | He Gao Xin Guo Yong (2015) No. 078 | Industrial | Transfer | 130,270.70 |
| 3 | He Gao Xin Guo Yong(2015) No. 079 | Industrial | Transfer | 3,399.50 |
| Total | | | | 269,789.24 |

The land use rights of the implementation site of the project are owned by the Issuer, and the land rights are complete and clear.

2) CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment

The implementation site of the project is located in the existing plant of CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司), Tongcheng Economic and Technological Development Zone, Anhui Province. There are 12 cases of land use rights in the plant, with a total land area of 332,564.36 square meters, the details of which are set out as follows:

| No. | Land use right certificate No. | Nature of land | Type of Use Right | Area (m ²) |
|-------|---|----------------|-------------------|------------------------|
| 1 | Wan (2016) Tongcheng Real Estate No.0000870 | Industrial | Transfer | 149,617.70 |
| 2 | Wan (2016) Tongcheng Real Estate No.0000868 | Industrial | Transfer | |
| 3 | Wan (2016) Tongcheng Real Estate No.0000873 | Industrial | Transfer | |
| 4 | Wan (2016) Tongcheng Real Estate No.0000867 | Industrial | Transfer | |
| 5 | Wan (2016) Tongcheng Real Estate No.0000875 | Industrial | Transfer | |
| 6 | Wan (2016) Tongcheng Real Estate No.0000871 | Industrial | Transfer | |
| 7 | Wan (2016) Tongcheng Real Estate No.0000869 | Industrial | Transfer | |
| 8 | Wan (2016) Tongcheng Real Estate No.0000872 | Industrial | Transfer | |
| 9 | Wan (2016) Tongcheng Real Estate No.0000929 | Industrial | Transfer | |
| 10 | Wan (2016) Tongcheng Real Estate No.0000874 | Industrial | Transfer | 182,946.66 |
| 11 | Wan (2016) Tongcheng Real Estate No.0000876 | Industrial | Transfer | |
| 12 | Wan (2016) Tongcheng Real Estate No.0000877 | Industrial | Transfer | |
| Total | | | | 332,564.36 |

The land use rights of the implementation site of the project are owned by the issuer, and the land rights are complete and clear.

- (3) No material uncertainty regarding the technology and experience of the Issuer in implementing the project

The photovoltaic cell packaging material of this project is the new energy glass, one of the main businesses of the Company, and is the key business of Luoyang Glass after the major asset restructuring of Hefei New Energy, Yixing New Energy and Tongcheng New Energy in 2018. It is not a new business that the Company has not been engaged in. The Company has the technology, personnel and market foundation to implement the project.

- (4) No material uncertainty in downstream market prospect and capacity digestion

The project aims to produce ultrathin photovoltaic cell packaging materials, which can be widely used in double-glass photovoltaic modules.

The double-glass modules have unique advantages in the practical application of photovoltaic power station, which can solve the problems of snail trail, PID attenuation, low power generation, and extend the life cycle of the module. Double-glass modules lead the future development direction with its significant advantages. Lightweight is the main development trend of double-glass modules. Reducing the thickness of packaging material is the most effective way to achieve the thinness of double-glass modules. The thinning of photovoltaic cell packaging materials can not only reduce the packaging cost and transportation cost of modules, but also be used in roof, parking lot, agricultural greenhouse and other projects with limited load-bearing capacity, which has a wider application scope. At the same time, it can significantly reduce the installation intensity and improve the installation efficiency, which adapts to the future development direction of photovoltaic market. Therefore, the future market demand for the products of this project is very broad.

The Company's main customers include Dongfang Risheng New Energy Co., Ltd., Chuzhou LONGi Solar Technology Co., Ltd., Trina Solar Co., Ltd., etc. The cooperative relationship has been stable for a long time, and after the new production capacity of the project has reached its full capacity, there is no material uncertainty in capacity digestion.

V. Business model and profit model of the project

This project belongs to the Company's original main business of new energy glass, and there is no significant difference between the business model and profit model and the Company's current situation of new energy glass.

1. Procurement approach

The energy required by the Company for production is mainly natural gas and electric power, and the main raw materials purchased are soda ash and silica sand. The Issuer has an independent procurement system. According to the Company's procurement management process, except for the unified procurement of soda ash with large quantity and high price, the other main raw materials of each subsidiary are purchased independently by each subsidiary.

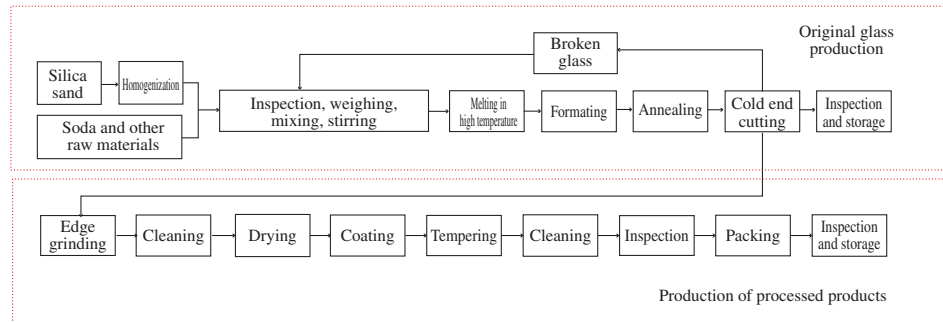
The Company has formulated the "Bidding Management Measures of Luoyang Glass Company Limited", and the "Centralized Procurement Management Measures of Luoyang Glass Company Limited", which are applicable to the procurement of various raw materials and auxiliary materials within the scope of the whole Company. Due to the difference of output goods, each subsidiary will conduct separate procurement according to its own raw material demand and based on the procurement management regulations of the parent company. The main procurement methods include bidding and inquiry.

2. Production mode and process flow

The Company mainly adopts the mode of production based on sales, that is, to organize production according to sales orders or sales contracts. Through the efforts of sales and management to implement dynamic monitoring of production capacity and product sales, and forecast the demand of various products according to the historical sales situation and market situation as far as possible, so as to effectively guarantee the production line capacity utilization and production and sales rate.

The production process of the Company mainly includes the production and deep processing of photovoltaic glass. Among them, original glass production refers to the process of melting raw materials into semi-finished original glass, mainly including batching, melting, refining, calendering, annealing, slicing, packing and other steps. The production of original glass is the core of photovoltaic glass production, and its technological level directly determines the product quality and production efficiency; deep processing refers to the final product which takes the original piece as the basic raw material and improves the physical and chemical properties of glass through fine cutting, edge grinding, cleaning, coating, tempering, packing and other steps, and is used as the packaging panel of components.

The process flow chart is as follows:



(1) Production of photovoltaic original glass

All kinds of raw materials meeting the glass production requirements are transported to the factory and stored in the homogenization silo and raw material workshop. According to the formula requirements, the mixtures are weighed by the electronic scale and then sent to the mixer for mixing. The qualified mixtures after mixing are weighed by the checking balance and then transported to the kiln head silo for storage by the mixtures belt conveyor.

Considering the necessity of circular economy construction in the whole plant and the needs of production process, the broken glass produced by the production line enters the closed cycle broken glass system, and is mixed with the mixtures according to the design proportion and automatically returns to the furnace to realize recycling. After weighing the cullet by the electronic scale, it is evenly scattered on the mixed material layer of the feeding belt by the cullet belt conveyor, and the batch with the cullet is discharged into the kiln head silo by the reversible distribution belt conveyor. A large inclined blanket feeder is set under the kiln head silo to continuously feed the materials and push the materials into the melting kiln.

The furnace uses natural gas as fuel. After the mixtures enters the furnace, it is melted, clarified, homogenized and cooled at high temperature to form qualified liquid glass, which flows into the calender from the overflow port. The calender makes the glass into different patterns of embossed glass hydraulically, and then enters the annealing furnace through the moving roll table.

The continuous glass belt entering the annealing furnace is annealed in the annealing furnace according to a certain temperature curve, cooled to about 70 °C and enters the calendering cold end unit. After entering the cold end section, the original glass for external sales are transported to the finished product warehouse for storage by forklift after inspection, cutting, plate takeoff, stacking and packaging; The original glass used for deep processing is sent to the deep processing production line manually or mechanically.

(2) Production of deep processing products

The deep processing of original glass mainly includes coating, tempering and other links, which are used to improve the transparency of glass, enhance the mechanical strength of glass, improve the energy conversion efficiency of solar cells, and extend the service life of solar cells.

After cutting, edging, cleaning and drying, the original glass sheet enters the deep processing line, and a layer of antireflective coating is uniformly plated on the glass surface, and then enters the curing furnace to solidify the surface film solution of the coated glass.

The coated glass out of the curing furnace enters the tempering furnace through continuous equipment, is heated at a constant speed in the tempering furnace, and is heated to the required temperature according to the different temperature settings of each zone. When the coated glass reaches the accelerated separation section, the coated glass accelerates the separation and is simultaneously added to the curing temperature. The high-temperature glass is quickly discharged from the furnace and enters the quenching (tempering) wind grid for continuous tempering, and then enters the cooling wind grid for continuous cooling.

The cooled glass is transported to the sheet roll table for cleaning and drying. The finished products are sampled and sent to the inspection room for testing of the appearance, optical performance and mechanical performance, and then packaged and put into storage after passing the inspection.

3. Sales and profit model

The sales of the Company mainly adopt the direct sales mode, that is, signing product sales contracts directly with downstream customers, selling directly to customers, and the sales department is responsible for overall coordination and targeted market expansion. At the same time, the Company establishes customer management system and establish close long-term cooperation with important downstream customers.

VI. Implementation entity of the investment project

The implementation entity of the investment project are all wholly-owned subsidiaries of Luoyang Glass, and the details are as follows:

| No. | Project name | Implementation entity of the project | Proportion of shareholding |
|-----|---|--|----------------------------|
| 1 | CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) – Project of Photovoltaic Cell Packaging Material for Solar Equipment | CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) | 100.00% |
| 2 | CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment | CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) | 100.00% |

VII. Verification opinion of intermediary institutions

Regarding the above matters, the Sponsor and the accountant of the Issuer have performed the following verification procedures: (1) obtaining the feasibility study report, project registration and environmental assessment approval documents of the fundraising project; (2) checking the investment plan and information on the investment status of the fundraising project.

After verification, the Sponsor believes that the investment of CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) Project of Photovoltaic Cell Packaging Material for Solar Equipment and CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment are reasonable, the investment part of the raised funds are all capital expenditures, and does not include the pre-Board investment. The fundraising project is in line with the national clean energy industry development orientation and has a broad market prospect, the construction of the project is necessary and there is no major uncertainty. The fundraising project is an expansion project of the existing new energy glass segment of the Company, and the business model and profit model remain unchanged. The implementation entities of the fundraising project are CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) and CNBM (Tongcheng) New Energy Materials Company Limited*(中國建材桐城新能源材料有限公司), both are the wholly-owned subsidiary of the Company.

After verification, the accountant of the Issuer believes that the investment of CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) – Project of Photovoltaic Cell Packaging Material for Solar Equipment and CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment are reasonable, the investment part of the raised funds are all capital expenditures, and does not include the pre-Board investment. The fundraising project is in line with the national clean energy industry development orientation and has a broad market prospect, the construction of the project is necessary and there is no major uncertainty. The fundraising project is an expansion project of the existing new energy glass segment of the Company, and the business model and profit model remain unchanged. The implementation entities of the fundraising project are CNBM (Hefei) New Energy Company Limited* (中建材(合肥)新能源有限公司) and CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司), both are the wholly-owned subsidiary of the Company.

Question 8. The Applicant is requested to explain whether the Company has implemented or intends to implement financial investments (including similar financial investments, the same below) six months before the date of the relevant Board resolutions of the issuance, and whether there is a situation of holding large amount and long-term transactional financial assets and financial assets available for sale, loans to others and entrusted wealth management at the end of the latest period, and comparing the total financial investment with the net asset scale of the Company to illustrate the necessity and rationality of the proceeds to be raised. At the same time, combining whether the Company invests in industrial funds, mergers and acquisitions funds and the purpose of establishing such funds, investment direction, investment decision-making mechanism, the distribution of profit or loss or bearing method, whether the Company promises principal and yield to other parties, explain whether the Company substantially controls such fund and includes it in the consolidated financial statements, and whether the contributions of other parties constitute real debts of the listed stocks. The sponsor and accountant are requested to issue verification opinions.

Reply:

I. The Company has implemented or intends to implement other financial investments and similar financial business six months before the date of the relevant Board resolutions of the issuance

(I) Recognition basis for financial investment and similar financial business

1. Recognition standard for financial investment

(1) Relevant requirements of the “Issuance Regulatory Questions and Answers”

According to the “Issuance Regulatory Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Listed Companies’ Financing Activities (Revised version)” (《發行監管問答－關於引導規範上市公司融資行為的監管要求(修訂版)》) published by the CSRC in February 2020, when listed companies apply for refinancing, except for financial companies, in principle, there shall be no circumstances at the end of the latest period in which a large amount and long-term transactional financial assets and financial assets available for sale, loans to others, entrusted financial management and other financial investments are held.

(2) Relevant requirements of the “Answers to Certain Questions for Refinancing Business”

According to the “Answers to Certain Questions for Refinancing Business” (《再融資業務若干問題解答》) published by the CSRC in June 2020, the types of financial investment include but are not limited to: similar finance; investment in industrial funds, buyout funds; borrowing funds; entrusted loans; contribute or increase capital to the group finance company in excess of the Group’s shareholding; purchase financial products with high volatility in return and high risk; non-financial companies invest in financial business, etc.

Industrial investment in the upstream and downstream of the industrial chain for the purpose of obtaining technology, raw materials or channels, buyout investment for the purpose of acquisition or integration, and entrusted loans for the purpose of expanding customers and channels, if it is in line with the main business and strategic development direction of the Company, it is not defined as a financial investment.

Larger amount refers to the amount of financial investment that the Company has held and intends to hold exceeds 30% of the net assets attributable to the parent company in the consolidated statement of the Company (not including the amount of investment in similar financial businesses). Longer term refers to the investment term or expected investment term exceeding one year, and the long-term rollover although not exceeding one year.

2. Recognition standard for similar financial business

According to the “Answers to Certain Questions for Refinancing Business” (《再融資業務若干問題解答》) published by the CSRC in June 2020, except for the licensed institutions engaged in financial services approved by the People’s Bank of China, CBIRC and CSRC as financial institutions, other institutions involved in financial activities are all financial institutions. Similar financial businesses include but are not limited to: financial leasing, commercial factoring and small loan business.

(II) Situation of financial investments implemented or intend to be implemented by the Company

1. Investment in similar financial business

The main business of the Company includes new energy glass and information display glass. The business scope includes development, production, manufacture and installation of information display glass, new energy glass, photoelectric material for functional glass category and its processed products and components, relevant materials, mechanical equipment and its electric appliances and accessories, relevant technical consultancy and technical services, as well as sales and after-sales services of self-produced products. Since its establishment, the Company has been focusing on the development of its main business. From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has no investment in similar financial business.

2. Establish or invest in industrial funds, buyout funds

From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has not established or invested in industrial funds or buyout funds.

3. Borrowing funds

From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has no borrowing funds from non-consolidated scope entities.

4. Entrusted loans

From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has no external entrusted loans.

5. Contribute or increase capital to the group finance company in excess of the Group's shareholding

From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has not contributed or increased capital to the group finance company in excess of the group shareholding.

6. Purchase financial products with high volatility in return and high risk

From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has not purchased financial products with high volatility in return and high risk.

7. Non-financial companies invest in financial business

From six months before the date of the relevant Board resolutions of this issuance (30 December 2020) to the date of issuance of the feedback reply, the Company has no investment in financial business that is not related to its main business.

8. The Company intends to implement other financial investments and similar financial business

As of the date of issuance of the feedback reply, the Company does not intend to implement other relevant arrangements for financial investments and similar financial business.

- II. The Company does not have financial investments such as holding large amount and long-term transactional financial assets and financial assets available for sale, loans to others and entrusted wealth management at the end of the latest period

As of 31 March 2021, the Company does not have financial investments such as holding large amount and long-term transactional financial assets and financial assets available for sale, loans to others and entrusted wealth management.

1. Derivative financial assets

As of 31 March 2021, the book assets of the derivative financial assets of the Company were RMB0 million.

2. Long-term equity investment

As of 31 March 2021, the book value of the long-term equity investment of the Company was RMB0 million.

3. Investment in other equity instruments

As of 31 March 2021, the other equity instruments of the Company are as follows:

| Other equity instruments | Proportion of shareholding | Book balance | Date of investment |
|--|----------------------------|--------------|--------------------|
| CLFG Jingwei Glass Fibre Co. Ltd. (洛玻集團洛陽晶緯玻璃纖維有限公司) | 35.90% | – | 12 December 1997 |
| CLFG Luoyang Jingjiu Products Company limited (洛玻集團洛陽晶久製品有限公司) | 31.08% | – | 12 December 1997 |
| CLFG New Lighting Company Limited (洛玻集團洛陽新光源照明有限公司) | 29.43% | – | 12 December 1997 |

Although the Company accounts for more than 20% of the equity of the above-mentioned invested unit, the Company has not sent management personnel to the invested unit, nor participated in the financial and operational policy making process of the invested unit, made significant transactions with the invested unit, and provided key technical data to the invested unit. Therefore, the Company does not have a significant impact on the invested unit. As of 31 March 2021, the book value of the equity investment mentioned above was 0.

4. Loans to others

As of 31 March 2021, the Company has not lent money to others

5. Consigned Financial Management

As of 31 March 2021, there is no consigned financial management in the book of the Company.

In addition, as of 31 March 2021, the Company has no other financial investment (financial business) such as investment in industrial funds, buyout fund, borrowing funds from non-consolidated scope entities, entrusted loans, contribution or capital increase to the Group's financial company in excess of the shareholding ratio of the Group, purchase of financial products with large income fluctuation and high risk, and investment in financial business.

To sum up, the Company does not hold large amount of long-term trading financial assets and financial assets available for sale and financial investments including loans to others and entrusted financial management and at the end of the latest period.

3. Explanation of necessity and rationality of this fund raising by comparing the total amount of financial investment with the Company's net assets

According to the above analysis, as of 31 March 2021, the Company's total financial investment is RMB0 million, the net assets attributable to the parent company is RMB1767.2886 million, and the total financial investment accounts for 0% of the net assets attributable to the parent company.

The total amount of funds to be raised in this non-public offering of shares shall not exceed RMB2 billion. After deducting the issuance expenses, the net amount of funds raised will be used for the following items:

Unit: RMB0'000

| Project name | Total investment amount | Proposed amount of raised funds |
|---|-------------------------|---------------------------------|
| Project of Photovoltaic Cell Packaging Material for Solar Equipment | 179,457.00 | 140,000.00 |
| CNBM (Hefei) New Energy Company Limited*(中建材(合肥)新能源有限公司) – Project of Photovoltaic Cell Packaging Material for Solar Equipment, | 77,968.00 | 60,000.00 |
| CNBM (Tongcheng) New Energy Materials Company Limited* (中國建材桐城新能源材料有限公司) – Phase I of the Project of Photovoltaic Cell Packaging Material for Solar Equipment | 101,489.00 | 80,000.00 |
| Repayment of interest bearing liabilities and replenishment of working capital | – | 60,000.00 |
| Total | – | 200,000.00 |

The fund raised this time is planned to be invested in the Project of Photovoltaic Cell Packaging Material for Solar Equipment, repayment of interest bearing liabilities and replenishment of working capital. The scale of investment in project construction is large, and the capital demand is high. At present, the Company's book monetary funds have clear purposes or use arrangements, and there is no long-term idle monetary funds. The Company raised project investment funds through non-public offering of shares. On the one hand, it is conducive to seize the market opportunities, meet the capital needs of business development, further enhance the competitiveness of the main business, on the other hand, it is conducive to reduce the Company's financial costs and optimize the financial structure.

To sum up, there is no financial investment in the Company, and the raised funds are all the needs of the Company's main business development, which is necessary and reasonable.

4. In combination with whether the Company invests in as investment in industrial funds, buyout funds, the purpose of establishing such funds, the investment direction, the investment decision-making mechanism, the distribution or bearing method of income or loss, and whether the Company promises the principal and rate of return to other parties, it is disclosed whether the Company substantially controls such funds and should include them in the consolidated statements and whether the contribution from other parties constitutes the case of equity investments in legal form but debt securities in substance

As of the date of this feedback, the Company has no investment in industrial funds, or buyout funds.

5. Inspection opinions of intermediary agencies

In respect of the above matters, the Sponsor institution and the accountant of the Issuer have performed the following verification procedures: (1) consulted the regular reports and foreign investment announcements of the Issuer during the reporting period; (2) learned from the senior management of the Issuer about the financial investment and financial business implemented or planned to be implemented by the Company and the financial investment at the end of the latest period from six months before the resolution date of the relevant board of directors to the date of this feedback; (3) analyzed the necessity and rationality of the Company's fund-raising by comparing the total amount of financial investment with the Company's net assets; (4) checked the investment in industrial funds and M & A funds of the issuer.

After verification, the Sponsor believes that there is no financial investment and financial business implemented or planned to be implemented by the Issuer from six months before the resolution date of the relevant board of directors (30 December 2020) to the date of this feedback. As of 31 March 2021, the Issuer does not hold large amount and long term financial investments such as financial assets held for trading and available-for-sale financial assets, loans to others and entrusted wealth management. Combined with the financial investment situation of the Issuer, the actual situation of production and operation and the future capital demand, the scale of the raised funds is necessary and reasonable. As of the date of this feedback, the Company has no investment in industrial funds or buyout fund.

After verification, the Sponsor believes that there is no other financial investment and financial business implemented or planned to be implemented by the Issuer from six months before the resolution date of the relevant board of directors (30 December 2020) to the date of this feedback. As of 31 March 2021, the Issuer does not hold large amount and long term financial investments such as financial assets held for trading and available-for-sale financial assets, loans to others and entrusted wealth management. Combined with the financial investment situation of the Issuer, the actual situation of production and operation and the future capital demand, the scale of the raised funds is necessary and reasonable. As of the date of this feedback, the Company has no investment in industrial funds or buyout fund.

Question 9. The Applicant is requested to explain whether the Company has pending litigation or arbitration, and if so, whether the disclosure has fully accrued the estimated liabilities. The sponsor and the accountant are requested to express their opinions on the verification.

Reply:

1. Pending litigation or arbitration matters of the Company and its subsidiaries

As of the date of this feedback reply, there are 12 pending lawsuits or arbitration of the Company and its holding subsidiaries, all of which are litigation matters of the Company or its holding subsidiaries as the plaintiff. The pending litigation matters with the subject amount exceeding RMB1 million are as follows:

| NO | Plaintiff (applicant) | Defendant (Respondent) | Date of prosecution | Cause of action | Subject amount (RMB0,000) | Progress of the case |
|----|--------------------------|---|------------------------|--|---------------------------------|---|
| 1 | Hefei New Energy | Jiankai Yangguang New Energy Technology Co., Ltd | 15 August 2019 | Purchase and sales contract dispute | 771.92 | On 5 November 2019, the People's Court of Hefei High-tech Industrial Development Zone in Anhui Province decided that the defendant should pay the plaintiff RMB7,719,165.32 of payment for goods, interest on overdue payment and RMB10,000 of lawyer's expenses. On 17 September 2019, the defendant filed an application for bankruptcy liquidation with Taizhou Intermediate People's Court due to insolvency. On 16 October 2019, Taizhou Intermediate People's Court ruled to accept the defendant's application for bankruptcy liquidation. On 12 January 2020, Hefei New Energy declared its creditor's rights and is waiting for the court to declare the defendant bankrupt. |

| NO | Plaintiff (applicant) | Defendant (Respondent) | Date of prosecution | Cause of action | Subject amount (RMB0,000) | Progress of the case |
|----|--------------------------|---------------------------|------------------------|-------------------------------------|---------------------------------|---|
| 2 | Hefei New Energy | Realforce Power Co., Ltd. | 14 October 2019 | Purchase and sales contract dispute | 1,452.41 | On 29 November 2019, the People's Court of Weishan County, Shandong Province made a civil mediation. According to the mediation, the defendant confirmed that it owed the plaintiff RMB14.52409775 million for goods, confirmed that it would repay the principal of RMB200,000 at the end of December 2019, and that it would repay the principal of RMB700,000 from the end of January 2020, and then increased the principal by RMB100,000 at the end of each month, and paid the principal before the end of December 2020. The interest is calculated according to the Bank's loan interest rate for the same period, and it is RMB712,598 from 17 June 2019 to the end of December 2020. After the mediation agreement came into effect, the defendant failed to perform the payment obligation. On 14 January 2020, Hefei New Energy applied to the People's Court of Weishan County, Shandong Province for compulsory execution. So far, there has been no enforcement payment. |

| NO | Plaintiff (applicant) | Defendant (Respondent) | Date of prosecution | Cause of action | Subject amount (RMB0,000) | Progress of the case |
|----|--------------------------|--|------------------------|--|---------------------------------|--|
| 3 | Hefei New Energy | Zhejiang Qixin New Energy Technology Co., Ltd | 2 April 2020 | Purchase and sales contract dispute | 706.97 | On 27 May 2020, the People's Court of Hefei High-tech Industrial Development Zone in Anhui Province decided that the defendant should pay the plaintiff RMB7,069,693.98 for goods and interest. After the judgment came into effect, the defendant failed to perform the payment obligation. On 16 July 2020, Hefei New Energy applied to the People's Court of Hefei High-tech Industrial Development Zone for compulsory execution of the above judgment. So far, the payment has not been enforced. |
| 4 | Tongcheng New Energy | Zhangjiagang Wanshengda Trading Co., Ltd | August 2020 | Purchase and sales contract dispute | 287.70 | On 22 September 2020, Tongcheng People's Court of Anhui Province decided that the defendant paid the plaintiff RMB2,876,997.82. After the judgment came into effect, the defendant failed to fulfill the obligation of payment. On 27 October 2020, Tongcheng New Energy applied to Tongcheng People's Court of Anhui Province for compulsory enforcement, and no payment has been paid for execution. |

| NO | Plaintiff (applicant) | Defendant (Respondent) | Date of prosecution | Cause of action | Subject amount (RMB0,000) | Progress of the case |
|----|--------------------------|---|------------------------|--|---------------------------------|---|
| 5 | Tongcheng New Energy | Zhejiang Yuhui Sunshine Energy Co., Ltd | May 2020 | Purchase and sales contract dispute | 387.95 | On 25 October 2019, the People's Court of Jiashan County, Zhejiang Province, made a ruling confirming the mediation agreement: it confirmed that the defendant paid RMB3,879,480.81 to the plaintiff for the payment, and compensated for the loss of overdue payment. If the defendant failed to perform the payment obligation as agreed, the plaintiff could apply to the court for compulsory execution for the unperformed payment. After the ruling came into effect, the defendant failed to perform the obligation of payment. Later, the People's Court of Jiashan County, Zhejiang Province accepted the defendant's bankruptcy case. On 16 March 2020, the plaintiff had declared bankruptcy claims. |
| 6 | Yixing New Energy | ZNSHINE PV- TECH CO. LTD | 23 October 2019 | Purchase and sales contract dispute | 108.82 | On 30 December 2020, the People's Court of Jintan District of Changzhou City ordered the defendant to pay RMB1,088,158.65 to the plaintiff. The defendant failed to perform the obligation of payment after the judgment came into effect, and both sides are in the process of communication and negotiation. |

2. Disclose whether the estimated liabilities are fully accrued

In the pending litigation matters of the Company, the Company and its holding subsidiaries are all plaintiffs, and most of litigation matters are purchase and sales contract disputes. Bad debt losses have been accrued according to the aging situation and the defendant's ability to pay, and there is no need to accrue estimated liabilities.

3. Inspection opinions of intermediary institutions

In respect of the above matters, the Sponsor and the accountant of the Issuer have performed the following verification procedures: (1) consulted the litigation account, indictment, judgment, ruling and settlement agreement of the issuer; (2) checked the website of China Judgements Online, Qichacha and Tianyancha to find out the litigation situation of the Issuer and its subsidiaries.

After verification, the Sponsor believes that: as of the date of this feedback reply, there are 12 pending lawsuits or arbitration of the Company and its holding subsidiaries, all of which are litigation matters of the Company or its holding subsidiaries as the plaintiff. Most of these issues are sales contract disputes, and bad debt losses have been accrued according to the aging situation and the defendant's ability to pay, so there is no need to accrue estimated liabilities.

After verification, the accountant of the Issuer believes that: as of the date of this feedback reply, there are 12 pending lawsuits or arbitration of the Company and its holding subsidiaries, all of which are litigation matters of the Company or its holding subsidiaries as the plaintiff. Most of these issues are sales contract disputes, and bad debt losses have been accrued according to the aging situation and the defendant's ability to pay, so there is no need to accrue estimated liabilities.

Question 10. The board of directors of the applicant is requested to issue the Report of Use of Proceeds from Previous Fund Raising Activity of the China Securities Regulatory Commission as of 31 December 2020 in accordance with the requirements of Provisions on the Report of Use of Proceeds from Previous Fund Raising Activity of the China Securities Regulatory Commission (《關於前次募集資金使用情況報告的規定》) (CSRC Announcement [2007] No. 500), and the accountant is requested to issue the report on the use of the previously raised proceeds.

Reply:

The Company has issued the Special Report of Use of Proceeds from Previous Fund Raising Activity of the China Securities Regulatory Commission as of 31 December 2020 in accordance with the requirements of Provisions on the Report of Use of Proceeds from Previous Fund Raising Activity of the China Securities Regulatory Commission (《關於前次募集資金使用情況報告的規定》) (CSRC Announcement [2007] No. 500). The Company's accountants have reviewed the report and issued the audit report on the use of the previously raised proceeds. The above report is detailed in the disclosure document of the Company on the website of SSE.

On 29 April 2021, the 31st meeting of the ninth board of directors of the Company deliberated and passed the Proposal on Updating the Special Report of Use of Proceeds from Previous Fund Raising Activity of the China Securities Regulatory Commission, which will be submitted to the general meeting of shareholders for deliberation.

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Luoyang Glass Company Limited

13 May 2021

(There is no text on this page. It is the sealed page of Luoyang Glass Company Limited on the Reply Report of Feedback on Application Documents of Non-public Development Bank of Luoyang Glass Company Limited)

Sponsor representative: **Ling Tao**
 Ge Weijie

Citic Securities Company Limited

13 May 2021

STATEMENT OF CHAIRMAN OF SPONSOR

I have carefully read all the contents of the Reply Report on the Feedback Opinions of the Non-public Development Bank's Stock Application Documents of Luoyang Glass Company Limited, understood the verification process of the problems involved in the report, the Company's core and risk control process, and confirmed that the Company carried out the verification procedures in accordance with the principle of diligence, and there were no false records and misleading statements or major omissions in the Reply Report on the Feedback Opinions, and the Company bears the corresponding legal responsibility for the authenticity, accuracy, completeness and timeliness of the above documents.

Chairman: **ZHANG Youjun**

Citic Securities Company Limited
13 May 2021