福萊特玻璃集團股份有限公司

Fuyao Glass Group Co., Ltd.

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

Stock Code: 6865



ANNUAL REPORT

2020

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DIRECTORS

E ec i e di ec o,

Mr. Ruan Hongliang *(Chairman of the Board of Directors)*
Ms. Jiang Jinhua
Mr. Wei Yezhong
Mr. Shen Qifu

Independen non-e ec i e di ec o,

Mr. Cui Xiaozhong
Ms. Hua Fulan
Mr. Ng Ki Hung

SUPERVISORS

Mr. Zheng Wenrong *(Chairman of the Board of Supervisors)*
Mr. Shen Fuquan
Mr. Zhu Quanming
Ms. Niu Liping
Ms. Zhang Huizhen

AUDIT COMMITTEE

Mr. Cui Xiaozhong *(Chairman)*
Ms. Hua Fulan
Mr. Ng Ki Hung

REMUNERATION COMMITTEE

Mr. Cui Xiaozhong *(Chairman)*
Mr. Ruan Hongliang
Ms. Hua Fulan

NOMINATION COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Cui Xiaozhong
Mr. Ng Ki Hung

STRATEGIC DEVELOPMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Wei Yezhong
Mr. Cui Xiaozhong

RISK MANAGEMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Ms. Jiang Jinhua
Mr. Cui Xiaozhong

COMPANY SECRETARY

Ms. Ruan Zeyun

AUTHORISED REPRESENTATIVES

Mr. Ruan Hongliang
Ms. Ruan Zeyun

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1999 Yunhe Road
Xiuzhou District
Jiaxing
Zhejiang Province
People's Republic of China ("PRC")

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6, 11/F, Prosperity Place
6 Shing Yip Street, Kwun Tong
Kowloon
Hong Kong
(effective from 15 June 2020)

CORPORATE WEBSITE

www.flatgroup.com.cn

LEGAL ADVISERS AS TO HONG KONG LAW

Morgan, Lewis & Bockius

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

PRINCIPAL BANKERS

Bank of China Limited, Jiaxing Branch
China CITIC Bank Corporation Limited, Jiaxing Branch
Industrial and Commercial Bank of China Limited, Jiaxing Branch
Bank of China (Hong Kong) Limited
Citibank, N.A., Hong Kong Branch
DBS Bank Limited, Hong Kong Branch

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Chai, man' S a emen

Dear Shareholders:

On behalf of the board (the "Board") of directors ("Directors") of Flat Glass Group Co., Ltd. (the "Company", together with its subsidiaries, the "Group"), I present the audited consolidated financial statements of the Group for the year ended 31 December 2020 ("FY2020") (the "Reporting Period").

In FY2020, the Group benefited from the impact of the release of new capacity as well as stable and strong increase in demand of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2020 was approximately RMB6,260.42 million, representing an increase of 30.24% as compared to RMB4,806.80 million for FY2019. The net profit attributable to Shareholders of the parent company for FY2020 was RMB1,628.78 million, representing an increase of 127.09% as compared to RMB717.24 million for FY2019.

BOOMING DEVELOPMENT OF THE DOMESTIC PV INDUSTRY

During the first several months in FY2020, the domestic installed capacity was affected by the COVID-19 to some extent, yet with the successful control of the COVID-19 in China plus the attention on clean and low carbon energy from all walks of the society, particularly subsequent to repeated highlight on "peaking carbon dioxide emissions and achieving carbon neutrality" on major occasions by President Xi Jinping, the PV industry has witnessed a vigorous recovery trend since the second half of 2020. Innovation has been extensively applied into product and technology and the electricity price and cost of power generation continued to decline, and the export of products increased steadily.

According to the statistics from the China PV Industry Association (CPIA), in FY2020, China's new installed capacity reached 48.2 gigawatts ("GW"), representing a year-on-year increase of 60% and ranking first globally for consecutive 8 years. As of the end of FY2020, the cumulative PV grid-connected installed capacity in China reached 253GW, representing a year-on-year increase of 23.5% and ranking first globally for consecutive 6 years. The volume of PV power generation in this year reached 260.5 billion kwh, representing a year-on-year increase of 16.2%, and accounted for 3.5% of the total volume of power generation in China, representing an increase of 0.4 percentage point.

STEADY DEVELOPMENT OF THE OVERSEAS PV MARKET

Global PV market remained a growth trend overall despite various degrees of city closure measures in different countries driven by the spread of the COVID-19, exerting certain impact on the PV installed capacity. In 2020, new PV installed capacity increased by 130GW globally, representing a year-on-year increase of 13%, with the United States as the second largest installed market in the world. A new round of FIT policies in Vietnam spurred a wave of rooftop PV installation in Vietnam. According to the announcements issued by the Ministry of Industry and Trade in Vietnam, the new PV installed capacity in Vietnam reached 10.75GW in FY2020, of which the rooftop PV installation capacity exceeded 9GW, leaping as the third largest installed market in the world. In addition, in light of the cost of PV power generation continuing to decline and the EU ecological agreement, the European market will remain a growth momentum.

ACCELERATING THE EXPANSION OF PV GLASS PRODUCTION CAPACITY

PV glass products, being the principal products of the Group, is expected to remain the main driver of the Group's growth in 2021. With the rapid development of the global PV industry, the demand for PV glass continues to increase. In order to meet the strong market demand and further increase the market share of the Company's PV glass, two PV glass furnaces with a daily melting capacity 1,000 tons in Vietnam Production Base were ignited and put into production in the fourth quarter of 2020 and the first quarter of 2021, respectively. The first PV glass furnace with a daily melting capacity of 1,200 tons in the Phase II of Anhui Production Base was ignited and put into production in the first quarter of 2021. In addition, the Group will promote the construction progress of other PV glass furnaces in Phase II of Anhui Production Base and it is expected to be ignited and put into production in 2021. Furthermore, the Group also will promote the construction progress of other PV glass furnaces in Phase III of Anhui Production Base (five PV glass furnaces with a daily melting capacity 1,200 tons) and it is expected to be ignited and put into production in 2022.

IMPROVING RESEARCH AND DEVELOPMENT CAPABILITIES THROUGH COST REDUCTION AND EFFICIENCY IMPROVEMENT

PV glass production lines of the Group that was newly ignited and put into production were large-scale furnaces and is applied with new production technology, which will enhance the production scale and efficiency of the Group.

At present, the double-sided power generation system is mainly applied in domestic and overseas large-scale PV power generation projects while the proportion of double glass modules is expanding continuously. Meanwhile, the production of modules in large size and with high power keeps increasing gradually. As such, the Group will make more investment in double glass and large-sized glass besides efforts put into R&D of light transmittance rate and self-manufactured equipment, so as to maintain recognized sustainability and competitiveness of the Group in the Global PV glass market while meeting the differentiated demand of the solar modules for PV glass.

R[illegible] an Hongliang
Chairman

Jiaxing, Zhejiang Province, PRC
29 March 2021

Five-Year Financial Summary

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**6,260,418**	4,806,804	3,039,802	2,974,511	2,951,265
Net profit	**1,628,784**	717,244	410,926	429,511	606,044
Earnings per share					
– Basic (RMB)	**0.83**	0.37	0.23	0.24	0.34
– Diluted (RMB)	**0.81**	N/A	N/A	N/A	N/A

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**6,696,524**	4,939,536	3,896,692	3,055,430	2,229,959
Current assets	**5,569,277**	4,452,745	3,056,857	2,950,113	2,236,666
Total assets	**12,265,800**	9,392,281	6,953,549	5,955,543	4,466,625
– Current liabilities	**3,330,801**	4,454,089	2,250,047	1,968,537	1,390,010
– Non-current liabilities	**1,700,256**	425,303	1,034,848	736,633	118,966
Total liabilities	**5,031,058**	4,879,392	3,284,895	2,705,170	1,508,976
Net assets	**7,234,743**	4,512,888	3,668,654	3,250,373	2,957,649
Share capital	**510,312**	487,500	450,000	450,000	450,000
Total equity	**7,234,743**	4,512,888	3,668,654	3,250,373	2,957,649
Equity attributable to owners of the Company	**7,234,743**	4,512,888	3,668,654	3,250,373	2,957,649

The financial summary for the year 2019 and 2020 were extracted from the Consolidated Financial Statements prepared in accordance with the CASBE, while the financial summary for the years 2016, 2017 and 2018 were extracted from the consolidated financial statements of the Group for the corresponding reporting period prepared in accordance with the IFRSs.

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group is principally engaged in the manufacturing and sales of various glass products, including PV glass, float glass, architectural glass and household glass. The production facilities of the Group are strategically located in Jiaxing, Zhejiang Province, and Fengyang County, Chuzhou, Anhui Province in the PRC and Haiphong, Vietnam. The Group mainly sells glass products to customers in countries including China, Thailand, Cambodia, Indonesia, India and the United States.

In FY2020, the Group benefited from the impact of capacity expansion and the boom of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2020 was approximately RMB6,260.42 million, representing an increase of 30.24% as compared to RMB4,806.80 million for the year ended 31 December 2019 ("FY2019"). The net profit attributable to shareholders of the parent company (the "Shareholders") for FY2020 was RMB1,628.78 million, representing an increase of 127.09% as compared to RMB717.24 million for FY2019.

Overview of the Group's Business

1. Domestic expansion in Anhui Province, the PRC

Two projects on processing capacity of 750,000 tons of PV glass in Phase II of Anhui Production Base represent the project of using the proceeds from the issuance of A share convertible corporate bonds of the Company and the project of using the proceeds from the non-public issuance of A shares of the Company, including four PV glass production lines with a daily melting capacity of 1,200 tons. The first PV glass production line with a daily melting capacity of 1,200 tons was ignited and put into production in the first quarter of 2021, and another three are expected to be gradually put into production in 2021.

In addition, due to the vigorous development of the whole PV industry and the differentiated requirements of downstream customers for large-sized and thin glass, the Group expects that the above capacity will not be able to meet the demand of downstream customers for the Group's products after it is put into operation. Thus, the Group intends to construct five PV glass furnaces with a daily melting capacity of 1,200 tons in Fengning Modern Industrial Park, Fengyang County, Chuzhou City, Anhui Province, the PRC, which are expected to be gradually put into operation in 2022.

2. Overseas expansion in Haiphong Vietnam

Due to novel coronavirus (the "COVID-19") since the beginning of 2020, Vietnam has stopped issuing visas to China citizens and the technicians are unable to attend Vietnam site. It has certain impact on the construction progress of the Vietnam Production Base, but with the control of the COVID-19 and striving for the staff quota from the local government by the Company, the Company's staff arrived at the construction site successively, and the construction activities gradually returned to the normal level. As such, two PV glass furnaces with a daily melting capacity of 1,000 tons in the PV glass production base in Haiphong, Vietnam were ignited and put into production in the fourth quarter of 2020 and the first quarter of 2021, respectively.

3. Cold repair of existing PV glass furnace

In order to further increase the production efficiency, the Group has cold repaired one PV glass furnace with a daily melting capacity of 600 tons at the production base in Jiaxing, Zhejiang Province, the PRC, which was completed and ignited in the fourth quarter of 2020.

4. Reconstruction of the second float glass furnace completed

In respect of the conduction of cold repair for the Group's existing daily melting capacity of 600-ton float glass furnace, the transformation was completed and was re-ignited and put into operation in August 2020.

5. Update on issuance of new H shares

On 5 February 2021, the Company announced to propose to issue up to 76,000,000 new H shares, which has been approved by the Board. The cap of the new H shares proposed to be issued shall represent: (i) approximately 3.5% of the total issued share capital of the Company as at the date of the Board meeting; (ii) approximately 3.4% of the total issued share capital of the Company enlarged by this issuance; (iii) approximately 16.9% of the total issued H shares of the Company as at the date of the Board meeting; and (iv) approximately 14.4% of the total issued H shares of the Company enlarged by this issuance. This issuance has been considered and approved at the 2021 first extraordinary general meeting, the 2021 first A share class meeting and the 2021 first H share class meeting held on 25 March 2021 and it has been reported to the China Securities Regulatory Commission ("CSRC") on 25 March 2021. As of the date of this annual report, the issuance of new H shares has not been completed.

INDUSTRY OVERVIEW

Booming development of the domestic PV industry

During the first several months in FY2020, the domestic installed capacity was affected by the COVID-19 to some extent, yet with the successful control of the COVID-19 in China plus the attention on clean and low carbon energy from all walks of the society, particularly subsequent to repeated highlight on "peaking carbon dioxide emissions and achieving carbon neutrality" on major occasions by President Xi Jinping, the PV industry has witnessed a vigorous recovery trend since the second half of 2020. Innovation has been extensively applied into product and technology and the electricity price and cost of power generation continued to decline, and the export of products increased steadily.

According to the statistics from the China PV Industry Association, in FY2020, China's new installed capacity reached 48.2 GW, representing a year-on-year increase of 60% and ranking first globally for consecutive 8 years. As of the end of FY2020, the cumulative PV grid-connected installed capacity in China reached 253GW, representing a year-on-year increase of 23.5% and ranking first globally for consecutive 6 years. The volume of PV power generation in this year reached 260.5 billion kwh, representing a year-on-year increase of 16.2%, and accounted for 3.5% of the total volume of power generation in China, representing an increase of 0.4 percentage point.

S ead de elopmen of he o e ea PV ma ke

Global PV market remained a growth trend overall despite various degrees of city closure measures in various countries as driven by the spread of the COVID-19, exerting certain impact on the PV installed capacity. In 2020, new PV installed capacity increased by 130GW globally, representing a year-on-year increase of 13%, with the United States as the second largest installed market in the world. A new round of FIT policies in Vietnam spurred a wave of rooftop PV installation in Vietnam. According to the announcements issued by the Ministry of Industry and Trade in Vietnam, the new PV installed capacity in Vietnam reached 10.75GW in FY2020, of which the rooftop PV installation capacity exceeded 9GW, leaping as the third largest installed market in the world. In addition, in light of the cost of PV power generation continuing to decline and the EU ecological agreement, the European market will remain a growth momentum.

Accele a ing he e pan ion of PV gla p od c ion capaci

PV glass products, being the principal products of the Group, is expected to remain the main driver of the Group's growth in 2021. With the rapid development of the global PV industry, the demand for PV glass continues to increase. In order to meet the strong market demand and further increase the market share of the Company's PV glass, two PV glass furnaces with a daily melting capacity 1,000 tons in Vietnam Production Base were ignited and put into production in the fourth quarter of 2020 and the first quarter of 2021, respectively. The first PV glass furnace with a daily melting capacity of 1,200 tons in the Phase II of Anhui Production Base was ignited and put into production in the first quarter of 2021. In addition, the Group will promote the construction progress of other PV glass furnaces in Phase II of Anhui Production Base and it is expected to be ignited and put into production in 2021. Furthermore, the Group also will promote the construction progress of other PV glass furnaces in Phase III of Anhui Production Base (five PV glass furnaces with a daily melting capacity 1,200 tons) and it is expected to be ignited and put into production in 2022 gradually.

Improving product mix and development capability by applying new technologies

PV glass production line of the Group that was ignited newly and put into production produces large-scale furnaces and applied new production technology, which will enhance the product scale and efficiency effects of the Group.

At present, the double-sided power generation system is mainly applied in domestic and overseas large-scale PV power generation projects while the proportion of double glass modules are raising continuously. Meanwhile, the production of modules with large size and high power increases. As such, the Group will invest more in double glass and large-sized glass in addition to the efforts put into R&D of light transmittance rate and self-manufactured equipment, so as to maintain recognized sustainability and competitiveness of the Group in the Global PV glass market while meeting the differentiated demand of the solar modules for PV glass.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

In FY2020, the Group benefited from the impact of the release of new capacity as well as stable and strong increase in demand of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2020 was approximately RMB6,260.42 million, representing an increase of 30.24% as compared to RMB4,806.80 million for FY2019. The net profit attributable to Shareholders of the parent company for FY2020 was RMB1,628.78 million, representing an increase of 127.09% as compared to RMB717.24 million for FY2019.

Revenue

The operating revenue of the Group for FY2020 was approximately RMB6,260.42 million, representing an increase of 30.24% as compared to RMB4,806.80 million for FY2019. The increase was mainly because the impact of the release of new capacity as well as stable and strong increase in demand of PV industry, resulting in the growth of sales volume and sales price.

The following table set forth our revenue details for the year indicated:

	For the year ended 31 December	
	2020	2019
	(Audited)	(Audited)
	(RMB)	(RMB)
Categories of goods		
PV glass	**5,225,674,398.32**	3,747,703,681.06
Float glass	**75,653,286.86**	171,052,809.62
Household glass	**326,537,446.58**	336,346,106.51
Architectural glass	**530,624,507.17**	451,154,497.71
Mining business[1]	**63,783,515.00**	49,629,587.50
Other business[2]	**38,144,638.33**	50,917,338.56
By geographical		
PRC	**4,451,797,460.85**	3,320,177,089.51
Asia (excluding China)	**1,342,878,079.39**	959,545,036.27
Europe	**188,748,992.29**	208,606,597.97
North America	**253,658,246.74**	292,487,649.64
Others	**23,335,012.99**	25,987,647.57

Notes:

(1) "Mining business" mainly include the quartzite ore extracted from the Mine, which was sold to third parties.

(2) "Other business" mainly include rental income and sales income of materials.

Ope a ing co

The cost of operating of the Group increased by RMB56.9 million, or 1.73%, from RMB3,289.74 million for FY2019 to RMB3,346.64 million for FY2020, which remained stable overall.

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The gross profit of the Group increased by 92.07% from RMB1,517.06 million in FY2019 to RMB2,913.78 million for FY2020, and the gross profit margin increased to 46.54% in FY2020 (FY2019: 31.56%). The growth of gross profit margin was mainly due to the improvement of gross profit margin of the PV glass products, which increased in the average selling price, and the increase in the sales volume of thin glass (2.0 mm), coupled with the improvement of production technology, the optimization of production capacity structure and decrease in price of part of raw material and fuel, which decreased the product costs.

	Fo, he ea, ended 31 Decembe,			
	2020 (A di ed)		2019 (Audited)	
	G, o p, ofi RMB'000	**G, o p, ofi ma, gin (%)**	Gross profit RMB'000	Gross profit margin (%)
PV glass	**2,581,936.05**	**49.41%**	1,231,723.27	32.87%
Float glass	**24,267.40**	**32.08%**	21,258.85	12.43%
Household glass	**88,445.90**	**27.09%**	94,550.71	28.11%
Architectural glass	**147,977.23**	**27.89%**	99,412.18	22.04%
Mineral products	**35,819.06**	**56.16%**	28,964.01	58.36%
Other business	**35,330.84**	**92.62%**	41,159.49	80.84%
Total	**2,913,776.48**	**46.54%**	1,517,068.51	31.56%

Sale e pen e

The sales expenses of the Group increased by 18.32%, from RMB255.11 million in FY2019 to RMB301.85 million for FY2020. The reasons for the increase were mainly due to the increase in sales volume of the PV glass products, being the principal products of the Group, and increases of domestic shipping unit price and influence of COVID-19, resulting in the increase in shipment expenses.

Admini , a i e e pen e

The administrative expenses of the Group increased by 41.85%, from RMB121.50 million in FY2019 to RMB172.35 million for FY2020. The reason for the increase was mainly due to the increase in employee remuneration and benefits as well as the increase in depreciation and amortization of the Group.

Management Discussion and Analysis

Research and development costs

The research and development costs of the Group increased by 39.47%, from RMB204.15 million in FY2019 to RMB284.72 million for FY2020. The reason for the increase was mainly due to the increase of research and development projects, including the improvement of technology of the light transmission rate for ultra-thin glass, large-sized glass and remaining competitive in the market.

Finance costs

For FY2020, financial costs of the Group amounted to RMB141.53 million, representing an increase of 166.38% from RMB53.13 million in FY2019. The increase was mainly due to the increase of interest expenses caused by the increase of short-term borrowings and the exchange loss caused by the changes in foreign exchange rates. The primary economic environment in which the principal subsidiary of our Company operates is the PRC and its functional currency is RMB. However, certain sales and purchases of the Group are denominated in United States dollars, Euros and Japanese yen, which expose the Group to foreign currency risk.

The interest rate of bank loans was between 1.25% and 4.90% in FY2020, as compared to 2.75% and 5.10% in FY2019.

Income tax

For FY2020, the income tax of the Group amounted to RMB245.12 million, representing an increase of 68.55% from RMB145.43 million in FY2019. In addition, the actual tax rate decreased from 16.86% in FY2019 to 13.08% in FY2020. Details of tax expenses of the Company and certain subsidiaries are set out in the Note (VI) 54 to the financial information set out in this announcement.

Capital Expenditure

During the Reporting Period, total capital expenditures of the Group amounted to approximately RMB1,950.13 million (FY2019: RMB1,301.73 million), involving the purchase of fixed assets, construction in progress and intangible assets, which mainly included the project of annual production capacity of 750,000 tons PV modules covers of Anhui production bases and the Vietnam Production Base.

Assets and equity

Total assets of the Group increased from RMB9,392.28 million as at 31 December 2019 to RMB12,265.80 million as at 31 December 2020. Shareholders' equity increased from RMB4,512.89 million as at 31 December 2019 to RMB7,234.74 million as at 31 December 2020.

Fixed asset impairment loss

For FY2020, the balance of fixed assets impairment losses of the Group was RMB68.67 million, representing an increase of RMB56.42 or 460.57% from RMB12.25 million as at 31 December 2019. The increase was mainly due to the cold repair of some PV furnaces and the replacement of the corresponding solar glass processing equipment to further improve the production capacity of ultra-thin and large-size PV glass.

Financial , e 0 , ce and li idi

For FY2020, the Group's financial liquidity and financial performance remained in a satisfactory condition. For FY2020, the Group's main sources of funding were proceeds for the public issuance of A Share convertible corporate bonds, cash

Management Discussion and Analysis

Credit risk and foreign exchange risk

Most of the Group's revenues and expenses are paid in RMB, while some of the Group's sales, procurement and financial liabilities are denominated in US dollars, Euros, Hong Kong dollars, Vietnam dong and Japanese yen. Most of the Group's bank deposits are deposited in RMB and US dollars, while bank loans of the Group were in RMB and United States dollars.

During the Reporting Period, the Group has incurred a net exchange loss of RMB75.35 million mainly due to the adverse exchange rate fluctuation of RMB against US dollars.

During the Reporting Period, the Group entered into certain forward contracts of currency structure to reduce foreign exchange risks. The Group will pay close attention to the continuous changes in exchange rate and will consider other hedging arrangements.

Employee and remuneration policy

As at 31 December 2020, the Group employed a total of 3,440 employees and most of them were based in the PRC, with a total employee remuneration amounted to RMB333.97 million, representing 5.33% of the Group's total revenue.

The Group maintains a good relationship with its employees and provides trainings to its employees. New joiners must attend mandatory in-house training. Furthermore, employees may attend external trainings such as trainings for manufacturing management, quality control management and human resources management. Remuneration of employees is reviewed periodically by reference to the market rate. After considering performance of the Group and job performance of specific employees, the Group may pay them discretionary bonus.

The Group makes contributions for its employees in relation to the mandatory social security funds including pension, work-related injury insurance, maternity insurance, medical and unemployment insurance and housing provident fund contributions in the PRC.

CAPITAL STRUCTURE

As at 31 December 2020, the total equity of the Group was 2,041,248,788 shares, of which 1,591,248,788 were A shares and 450,000,000 were H shares.

DIVIDEND

In order to share the achievement of the Group in 2020 with all our shareholders, the Board has recommended a final dividend of RMB0.15 per share, subject to shareholders' approval at the annual general meeting.

TAXATION

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In accordance with the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Cai Shui [2015] No. 101) (《財政部、國家稅務總局、中國證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), for shares of listed companies acquired by individuals from public offerings or transfer of shares in the market, where the holding period exceeds one year, the dividends shall be temporarily exempted from individual income tax; where the holding period is less than one month (inclusive), the full amount of dividends shall be counted as taxable income and where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above. For dividends distributed by listed companies, where the period of individual shareholding is within one year (inclusive), the listed companies shall not withhold the individual income tax temporarily. The tax payable, subject to individual transfer of shares, shall be calculated by China Securities Deposito[(d)20 ( )65D0a S one year

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), listed companies shall withhold an income tax at the rate of 10% on dividends from the A shares of the company invested by Hong Kong investors (including enterprises and individuals) through the SSE, and apply for withholding via the competent tax authorities (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented). For investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), listed companies shall withhold an income tax at the rate of 10% on dividends from the A shares of the company invested by Hong Kong investors (including enterprises and individuals) through the Shenzhen Stock Exchange, and apply for withholding via the competent tax authorities (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented). For investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Holders of H shares

In accordance with the requirements of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises.

Pursuant to the requirements of the Notice of the State Administration of Taxation on Matters Concerning Withholding Enterprise Income Tax When China Resident Enterprises Distribute Dividends to Foreign Non-resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), distributing dividends to foreign non-resident enterprise shareholders of H shares for 2008 and for the years onwards shall be subject to the enterprise income tax withheld at a uniform rate of 10%. Upon receipt of such dividends, an overseas non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

According to the requirements of the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai Hong Kong Stock Connect published by the Ministry of Finance, the State Administration of Taxation and the CSRC (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds from investment through the Shanghai-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors from investment through the Shanghai-Hong Kong Stock Connect, H-share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainland which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law.

According to the requirements of the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen Hong Kong Stock Connect published by the Ministry of Finance, the State Administration of Taxation and the CSRC (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds from investment through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors from investment through the Shenzhen-Hong Kong Stock Connect, H-share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainland which hold H shares for at least 12 consecutive months could be exempted from enterprise income tax according to law.

The shareholders of the Company shall pay the relevant tax and/or are entitled to tax reliefs in accordance with the above requirements.

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ruan Hongliang (阮洪良先生), aged 59, is a founder of the Group and a controlling shareholder of the Company. He is currently an executive Director and the chairman of Board and the general manager of the Company, mainly responsible for the overall corporate strategies formulation, management of business and operation of the Group. Mr. Ruan is currently a member of the remuneration committee and the chairman of each of the nomination committee, strategic development committee and risk management committee of the Company. Mr. Ruan graduated from Jiaxing First High School (嘉興市第一中學) in July 1978.

Mr. Ruan has over 35 years' experience in glass industry. Mr. Ruan served in the Company's predecessor as a director from June 1998 to December 2005, the deputy chairman of the Board from June 1998 to February 1999 and as the chairman of the Board from March 1999 to May 2000 and from September 2003 to December 2005, respectively. Mr. Ruan also served as the deputy general manager of the Company's predecessor from May 2000 to September 2003. Mr. Ruan has served in the Company as the chairman of the Board and the general manager since December 2005. Mr. Ruan also serves in the Company's subsidiaries. He has been a director and general manager of Shanghai Flat Glass Co., Ltd.* (上海福萊特玻璃有限公司) ("Shanghai Flat") since June 2006, of Zhejiang Jiafu Glass Co., Ltd.* (浙江嘉福玻璃有限公司) ("Zhejiang Jiafu") since August 2007, of Anhui Flat Solar Materials Co., Ltd.* (安徽福萊特光伏材料有限公司) ("Anhui Flat Materials") since January 2011, of Anhui Flat Solar Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司) ("Anhui Flat Glass") since January 2011, of Zhejiang Flat Glass Co., Ltd.* (浙江福萊特玻璃有限公司) ("Zhejiang Flat") since February 2011 and of Jiaxing Flat New Energy Technology Co., Ltd.* (嘉興福萊特新能源科技有限公司) ("Flat New Energy") since March 2014. He has also been a director of Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) ("Flat HK") since January 2013, of Flat (Hong Kong) Investment Co., Limited (福萊特(香港)投資有限公司) ("Flat HK INVEST") since July 2017. He has been the general manager of the Flat Research and Development Center and the executive Director and general manager of Flat (Jiaxing) Import and Export Trade Limited ("Flat Trade") since 2019,

Mr. Ruan also serves in various industry and business associations. He has served as a standing vice-chairman of Zhejiang Provincial Glass Industry Association* (浙江省玻璃行業協會) since April 2009, a vice-chairman of Jiaxing City Entrepreneur Association* (嘉興市企業家協會) and Jiaxing City Chamber of Commerce* (嘉興市工商業聯合會) since October 2010 and December 2011, respectively. Mr. Ruan has received several awards during the past years, including but not limited to, "the Advanced Participants in Association Activities in the Year 2012* (2012年度協會活動先進工作者)" granted by China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會) in March 2013, "Excellent Entrepreneur of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業優秀企業家)" granted by Association of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業協會) and Selection Committee of Excellent Entrepreneur of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業優秀企業家評選委員會) in December 2012, and "Jiaxing Charity Award in the Year 2011* (2011年度嘉興慈善獎)" granted by Jiaxing Municipal People's Government in December 2011. In addition, Mr. Ruan was also awarded as "The Innovative Pioneer People of Small and Medium Enterprises in the PRC* (中國中小企業創新先鋒人物)" granted by Association of Small and Medium Enterprises in the PRC* (中國中小企業協會) and Selection Committee of Innovative Products among the PRC Enterprises* (中國企業創新成果案例審定委員會) in October 2011, and one of Mr. Ruan's research results was awarded as "Top 100 Innovative & Excellent Research Results of Small and Medium Enterprises in the PRC* (2011年中國中小企業創新100強/優秀創新成果)" by same institutions in October 2011. In April 2013, Ruan Hongliang was awarded the title of model worker by the Jia Xing Municipal Government. In May of the same year, Mr. Ruan Hongliang was awarded a Private Entrepreneur of Outstanding Contribution in the 30th Anniversary of Establishment of Jiaxing City with Revocation of District. In 2016, Mr. Ruan Hongliang was ranked among the "Ten Top Distinguished Figures with Great Contributions to the Industrial Transformation", which was a part of the 5th session of "Ten Top Distinguished Figures" elections jointly organized by Jiaxing Economic and Information Committee, Jiaxing Science and Technology Bureau and Jiaxing Commerce Bureau. On 1 February 2017, he was awarded the honorary certificate of "Excellent Enterprise Manager of Xiuzhou National High-tech Zone in 2017" by the Management Committee of Xiuzhou Hi-tech Industrial Development Zone . In December 2018, he was awarded the title of "Model Worker of Jiaxing" by Jiaxing Federation of Trade Unions. In March 2020, he was awarded the title of "Meritorious Entrepreneur" by Jiaxing Municipal Party Committee and Jiaxing Municipal People's Government.

Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua, an executive Director, father of Ms. Ruan Zeyun, the company secretary of the Company and father-in-law of Mr. Zhao Xiaofei, a deputy general manager of the Company.

M . Jiang Jinhua (姜瑾華女士), formerly known as Ms. Jiang Jin'e (姜瑾娥), aged 59, joined the Group in June 2000 and is currently an executive Director, the deputy chairman of Board and a deputy general manager of the Company, mainly responsible for assisting Mr. Ruan Hongliang to discharge his duties as the general manager of the Company. Ms. Jiang is a controlling shareholder of the Company and also currently a member of the remuneration committee of the Company. Ms. Jiang graduated from Arizona State University in the United States in May 2013 with a master degree in business management (long distance learning).

Ms. Jiang has over 27 years' experience in glass industry. She chaired the Board from June 2000 to September 2003 and served as the deputy general manager of our predecessor from September 2003 to December 2005. Ms. Jiang has also served as our deputy chairman of Board since December 2005. She has been a deputy general manager of the Company since June 2009. She served as a director of Zhejiang Jiafu and Anhui Flat Materials, our subsidiaries, from August 2007 to March 2014 and from January 2011 to March 2014, respectively. She also served as the executive deputy general manager of Zhejiang Jiafu from February 2012 to November 2012. She was the executive Director and general manager of Yucheng Commerce and Trade*(譽誠商貿) from 2013 to 2015; has been the vice president and deputy general manager since 2005, the general manager of the public utilities department since 2016, the supervisor of Flat Trade since June 2019, the executive Director and general manager of Zhejiang Deyuan Agricultural Development Co., Ltd* (浙江德源農業開發有限公司) since December 2020.

Outside of the Group, Ms. Jiang has been the general manager of Jiaxing Xiucheng District Construction Project Co., Ltd.* (嘉興市秀城區建設建築工程公司) from June 1993 to June 2000 and was a supervisor of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to August 2009. Ms. Jiang served as a supervisor of Jiaxing City Fute Safety Glass Co., Ltd.* (嘉興市福特安全玻璃有限公司) from December 2003 to August 2008. Ms. Jiang was awarded as "Excellent Female Entrepreneur in Jiaxing* (嘉興市優秀女企業家)" by Female Association of Jiaxing* (嘉興市婦女聯合會) and Association of Female Entrepreneur in Jiaxing* (嘉興市女企業家協會) in December 2012. Ms. Jiang was awarded as "Outstanding Contribution to Women in Global Business by Women Entreprenuers" by the United Nations Commission on Women's Status in March 2008. In December 2020, she was selected as the "Scientific and Technological Innovation Figure during the 13th Five-Year Plan Period" by China Sundry Articles Industry Association. In December 2020, she was awarded the title of "Charismatic Businesswoman of Zhejiang and Model Winner of Two Battles" by Zhejiang Association of Women Entrepreneurs. Ms. Jiang is also the vice president of Zhejiang Association of Women Entrepreneurs, and legal person and president of Cizhou Community Public Welfare Development Center, Xiuzhou District, Jiaxing.

Ms. Jiang Jinhua is the spouse of Mr. Ruan Hongliang, an executive Director, mother of Ms. Ruan Zeyun and mother-in-law of Mr. Zhao Xiaofei, a deputy general manager of the Company.

Mr. Wei Yezhong (魏葉忠先生), aged 49, a co-founder of the Group and is currently an executive Director and a deputy general manager of the Company, mainly responsible for management of our industrial parks of headquarter. Mr. Wei is currently a member of the strategic development committee of the Company. Mr. Wei graduated from Jiaxing Advanced Vocational College* (嘉興市高等專科學校) in Jiaxing City, Zhejiang Province, the PRC, in July 1992. Mr. Wei has been an assistant engineer recognized by Jiaxing Municipal Bureau of Personnel, Zhejiang Province* (浙江省嘉興市人事局), now known as Jiaxing Municipal Bureau of Human Resources and Social Security* (嘉興市人力資源與社會保障局), since August 2000, and an engineer recognized by Jiaxing Municipal Bureau of Human Resources and Social Security since February 2013. Mr. Wei has also been an expert member of the building curtain wall risk-based detection committee of detection technology branch of the Chinese Ceramic Society* (中國矽酸鹽學會測試技術分會建築幕牆風險檢測技術委員會) since March 2015.

Mr. Wei has over 25 years' experience in glass industry. He served in our predecessor as a sales manager from March 2003 to September 2010. He has been serving as a deputy general manager of the Company since July 2009 and a Director since August 2009. He also served as the chairman of the board of Supervisors of the Company from December 2005 to

Mr. Shen Qi (沈其甫先生), aged 54, joined the Group in September 1999 and is currently an executive Director of the Company, mainly responsible for management of the business and operation of Zhejiang Flat. Mr. Shen graduated from Shanghai University of Engineering Science* (上海工程技術大學) in Shanghai, the PRC, in January 1987, majoring in machinery manufacturing and equipment.

Mr. Shen has over 19 years' experience in glass industry. Mr. Shen served successively as workshop manager and deputy manager of production department in our predecessor from September 1999 to December 2001. He also served in our predecessor as a brand management manager from December 2001 to August 2010. He served as a Supervisor of the Company from December 2005 to June 2009 and as the chairman of the board of Supervisors of the Company from June 2009 to January 2015. Mr. Shen also served or serves in our subsidiaries. He successively served as a manager of processing production department, an assistant general manager and a deputy general manager of Zhejiang Jiafu from August 2010 to May 2012. He also served as a deputy general manager of Zhejiang Flat from May 2012 to January 2014. He has served as the executive deputy general manager of Zhejiang Flat since January 2014. He has served as the Director of the Company since 2015 and the general manager of the household glass business segment of the Company since 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cui Xiaozhong (崔曉鐘先生), aged 50, joined the Group in November 2016 and is currently an independent non-executive Director of the Company. Mr. Cui is currently the chairman of each of the audit committee and remuneration committee, and a member of each of the nomination committee, strategic development committee and risk management committee of the Company. Mr. Cui graduated from Dongbei University of Finance and Economics* (東北財經大學) in Dalian City, Liaoning Province, the PRC, in April 2007 with a master degree in Accounting and graduated from Dongbei University of Finance and Economics with a doctor degree in management in June 2010.

Mr. Cui has served as an independent non-executive Director of the Company since November 2016. Mr. Cui has been long dedicated to education of accounting and has over 14 years' experience of accounting and finance. He has served as a teacher of accounting in Jiaxing College* (嘉興學院) since June 2010.

Mr. Cui has been a teacher in Jiaxing College. He has been an independent Director of the Company, an independent Director of Zhejiang Chenguang Cable Co., Ltd.* (浙江晨光電纜股份有限公司) since March 2016. He has been the head of accounting department of business school of Jiaxing College, an independent Director of Wutong Holding Group Co., Ltd.* (吳通控股集團股份有限公司), and a member of Zhejiang Management and Accounting Expert Advisory Committee *(浙江省管理會計專家咨詢委員會) since 2017. He served as an independent Director of Zhejiang Shapuaisi Pharmaceutical Co., Ltd. from 2018 to August 2020. He has been an independent Director of Suzhou Industrial Park Heshun Electric Co., Ltd. since 2019.

Ms. Hua Fulan (華富蘭), aged 58, joined the Group in November 2018 and is currently an independent non-executive Director of the Company, and a member of the audit committee and remuneration committee. Ms Hua graduated from Zhejiang Sci-Tech University with a master degree in engineering in July 2011.

Ms. Hua served as a technical engineer in Silk Weaving General Mill of Hangzhou (杭州絲織總廠) from July 1987 to March 1994, a department manager in Zhejiang Torch Industry Development Center (浙江省火炬產業發展中心) from April 1994 to December 2002, and as a department manager of Zhejiang Torch Spark Technology Development Co., Ltd.* (浙江火炬星火科技發展有限公司) from 2002 to 2013. She has been the Director and general manager of Zhejiang Torch Spark Technology Development Co., Ltd.* (浙江火炬火科技發展有限公司) from 2013. She has been the supervisor of Zhejiang Torch Venture Capital Management Consulting Co., Ltd..

Biographies of Directors, Supervisors and Senior Management

Mr. Ng Ki Hung (吳其鴻先生), aged 67, joined the Group in January 2015 and is currently an independent non-executive Director of the Company. Mr. Ng is currently a member of each of the audit committee and nomination committee of the Company.

Mr. Ng has served as an executive director of Jinhui Holdings Company Limited (金輝集團有限公司) (listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 137) and Jinhui Shipping and Transportation Limited (listed on Oslo Stock Exchange, stock code: JIN) since August 1991 and May 1994, respectively. He has been the Director of Jinhui Holdings Company Limited since 1991.

SUPERVISORS

Mr. Zheng Wenrong (鄭文榮先生), aged 57, a co-founder of the Group, is currently the chairman of the board of supervisors of the Company. Mr. Zheng graduated from Jiaxing First High School* (嘉興市第一中學) in June 1979.

Mr. Zheng has over 21 years' experience in glass industry. He served as the chairman of the Board, the deputy chairman of the Board and the manager of domestic sales of our predecessor from May 2000 to June 2000, from June 2000 to December 2005 and from June 1998 to February 2008, respectively. He served as a Director and the deputy general manager of PV glass business department of the Company from December 2005 to January 2015 and from August 2011 to March 2012, respectively. He served as the deputy head of the president's office of the Company from March 2012 to December 2015, and he has served as the manager of the engineering department since January 2016. Mr. Zheng also served in our subsidiaries. He served as a deputy general manager of Zhejiang Jiafu and a director of Anhui Flat Materials from February 2008 to September 2010 and from January 2011 to March 2014, respectively. He served as the manager of the engineering department of the Company from 2012 to 2016. He has been the chairman of the board of supervisors of the Company since 2015. He has been the general manager of the engineering division under the strategic development department of the Company since 2017.

Outside of the Group, Mr. Zheng worked as a director and the chairman of the board of directors of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to May 2000 and from May 2000 to August 2009, respectively.

Mr. Shen Fuquan (沈福泉先生), aged 61, a co-founder of the Group, is currently a supervisor of the Company.

Mr. Shen has over 20 years' experience in glass industry. He served as a Director, the deputy chairman of the Board and a manager of sales department I in our predecessor from May 2000 to June 2000, from May 2000 to June 2000 and from December 2001 to December 2005, respectively. Mr. Shen served as a Director of the Company from December 2005 to January 2015. He served as a manager of procurement department and a manager of marketing department from November 2011 to December 2015 and from January 2016 to December 2016. Mr. Shen also served in our subsidiaries. He served as a manager of procurement department of Shanghai Flat from January 2006 to November 2008 and a director of Anhui Flat Glass from January 2011 to March 2014. He has been the supervisor of the Company since 2015, the deputy general manager of Shanghai Flat Glass Co., Ltd.*(上海福萊特玻璃有限公司) since 2017 and the deputy general manager of the engineering division under the strategic development department of the Company since January 2018.

Outside of the Group, Mr. Shen served as a supervisor of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to August 2009. He also served as a director of Jiaxing Flat Glass Mirror Co., Ltd.* (嘉興福萊特鏡業有限公司) from July 2000 to December 2008.

Mr. Zhu Quanming (祝全明先生), aged 67, a co-founder of the Group, is currently a supervisor of the Company.

Mr. Zhu has over 21 years' experience in glass industry. He served as a supervisor and manager of retail department of our predecessor from June 1998 to December 2005 and a manager of production department of the Company from December 2005 to September 2010, respectively. He served in the Company as a Director from December 2005 to January 2015, as a deputy general manager from June 2009 to May 2011 and as a deputy general manager of processed glass business department from September 2010 to February 2012. Mr. Zhu also served or serves in our subsidiaries. He served as the executive deputy general manager of Shanghai Flat from February 2012 to November 2012 and served as a supervisor of Anhui Flat Materials from January 2011 to March 2014. He also served as a deputy general manager of Zhejiang Jiafu from November 2012 to January 2015. He was a senior consultant of the float glass business division from 2015 to 2016. He has been a senior consultant of the architectural glass business segment since 2017. He was the supervisor of the Company from 2015.

Outside of the Group, Mr. Zhu served as a director of Jiaxing Flat Mirror Co., Ltd.* (嘉興福萊特鏡業有限公司) from July 2000 to December 2008.

Ms. Niu Liping (鈕麗萍女士), aged 35, joined the Group in October 2003. Ms. Niu was appointed as a staff representative supervisor of the Company on 23 September 2019. She was initially a statistician in the Company, and then moved to become a warehouse administrator in August 2004. She then moved into her current position in January 2006 as a cashier in the finance department of the Company, primarily responsible for dealing with bank payments of the Company. She is also the chairman of the trade union of the Company since December 2009. She has been the head of treasury of the finance management department under the financial center of the Company since 2020.

Ms. Niu graduated from Northwestern Polytechnical University (西北工業大學) in the People's Republic of China with a bachelor's degree major in accounting, which she attended through online courses.

Ms. Zhang Huizhen (張惠珍女士), aged 46, joined the Group in February 2006. Ms. Zhang was appointed as the staff representative supervisor of the Company on 23 September 2019. She was initially the supervisor of the lamination production line and cutting production line of the Company. Between January 2013 and December 2014, she was the product line supervisor of the production base of the processed glass business. In January 2015, she was promoted to the production line supervisor of the headquarter energy-saving production base of the architectural glass business segment. In January 2016, Ms. Zhang was further promoted to the production line supervisor of the headquarter production base for the energy-saving glass business. She was promoted to deputy manager of the same production line between January 2017 and December 2018. Since January 2019, she has been the production manager of the energy-saving glass business and the float glass business of the Company. She has been an assistant to the general manager of the energy-saving glass business in industrial park since 2020.

Ms. Zhang completed her junior college studies at Northwestern Polytechnical University (西北工業大學) in the People's Republic of China majoring in business administration, which she attended through online courses.

Biographies of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

Mr. Wei Zhiming (韋志明先生), aged 52, joined the Group in August 2006 and is currently a deputy general manager of the Company, mainly responsible for management of the strategic department and technology research and development of the Group. Mr. Wei graduated from Hangzhou University* (杭州大學) in Hangzhou City, Zhejiang Province, the PRC, in July 1991 with a bachelor degree in chemistry.

Mr. Wei has over 28 years' experience in glass industry. He severed as a deputy general manager of the Company and the general manager of the strategic department of the Company since May 2011 and January 2016, respectively. He served as a general manager of the PV glass business department of the Company from February 2012 to December 2015. He served successively as assistant to president and deputy manager of technology research and development center of the Company from May 2011 to June 2011. He also served as the deputy general manager of Shanghai Flat and the executive deputy general manager of Zhejiang Jiafu from August 2006 to February 2008 and from February 2008 to February 2012, respectively. He has been the deputy general manager of the Company since 2011. He has been the general manager of the strategic development department of the Company since 2016. Mr. Wei is also a member of PV Specialized Committee of China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會光伏玻璃專業委員會). In October 2011, one of the research results Mr. Wei participated in was awarded as "Top 100 Innovative & Excellent Research Results of Small and Medium Enterprises in the PRC* (2011年中國中小企業創新100強/優秀創新成果)" by Association of Small and Medium Enterprises in the PRC* (中國中小企業協會) and Selection Committee of Innovative Products among the PRC Enterprises* (中國企業創新成果案例審定委員會).

Prior to joining the Group, he started his career working as the deputy plant manager of Huzhou Glass Plant* (湖州玻璃廠) from August 1991 to June 2001.

Mr. Zhao Xiaofei (趙曉非先生), aged 35, joined the Group in May 2011 and is currently a deputy general manager of the Company, mainly responsible for the management of the business and operation of the Group's PV glass business department. Mr. Zhao is also a controlling shareholder of the Company. Mr. Zhao graduated from the University of Northern Virginia in the United States in December 2007 with a bachelor degree in science in business administration (long distance learning).

Mr. Zhao served as assistant to manager of the PV glass sales department of sales center of the Company and assistant to general manager of sales center of the Company from May 2011 to July 2011 and from July 2011 to February 2012, respectively, a deputy general manager of float glass business department of the Company from November 2012 to February 2013, as well as deputy general manager of sales center of the Company from February 2013 to July 2013. He also served as assistant to general manager of Zhejiang Jiafu from February 2012 to August 2012. He served as a deputy general manager of Zhejiang Jiafu from August 2012 to November 2012. He served as the executive deputy general manager of Zhejiang Jiafu from July 2013 to December 2015. He served as a deputy general manager of the Company and the general manager of the PV glass business department of the Company since January 2015 and January 2016, respectively. He has been the supervisor of PetroChina Kunlun Gas since April 2020.

Prior to joining the Group, Mr. Zhao worked as a sales manager for Zhejiang Newfine Industry Co., Ltd.* (浙江新正方實業股份有限公司) from May 2008 to April 2011.

Mr. Zhao is the spouse of Ms. Ruan Zeyun and son-in-law of Mr. Ruan Hongliang, an executive Director, and Ms. Jiang Jinhua, an executive Director.

Mr. Jiang Weijie (蔣緯界先生), aged 34, graduated from the University of Nottingham with a master degree in Supply Chain and Operations Management.

Mr. Jiang served as the business manager of trade and finance department of the Jiaxing Branch of Bank of China from July 2011 to April 2014. He was the business manager of business department of the Jiaxing Branch of Bank of China from April 2014 to March 2017, and he served as general manager assistant of Financial Center of Flat Glass Group from April 2017 to January 2018. He served as deputy general manager of Financial Center of the Company from 2018 to 2019. He has been the financial officer since March 2019.

Ms. Ruan Zeyun (阮澤雲女士), formerly known as Ms. Ruan Xiao (阮曉), aged 34, joined the Group in October 2009 and was appointed as a joint company secretary of the Company on 1 April 2015 and become a sole company secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Ms. Ruan to also a controlling shareholder of the Company. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management.

Ms. Ruan served as the Board secretary of the Company from April 2010 until now. She also served or serves in our subsidiaries. She served as an assistant to general manager of Shanghai Flat from October 2009 to January 2011 and has served as the executive deputy general manager of Shanghai Flat from January 2010 to December 2011. Ms. Ruan has served as the chief financial officer of the Company between 2013 and 2017. She served as a director of Anhui Flat Glass from January 2011 to March 2014. She has been the secretary to the Board of the Company since 2010, the joint secretary of the Company from 2015 to 2018, and the deputy general manager of the Company since August 2020. Ms. Ruan also serves in several industry and business associations. She is a member of PV Specialized Committee of China Architectural and Glass Association* (中國建築玻璃與工業玻璃協會光伏玻璃專業委員會) and a member of Youth Association in Jiaxing* (嘉興市青年聯合會).

Apart from the positions in the Group, she served as the supervisor of Yucheng Commerce and Trade* (譽誠商貿) from 2013 to 2015, the supervisor of Fengyang Hongding Port Co., Ltd.* (鳳陽鴻鼎港務有限公司) in 2016, and the executive Director of Jiaxing Yihe Investment Co., Ltd.* (嘉興義和投資有限公司) from 2016, the Director of Kaihong Flat* (凱鴻福萊) from January 2020 and the Director of Hangyang Investment Holding Company Limited * (香港瀚洋投資有限公司) since September 2020.

Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, a deputy general manager of the Company, and the daughter of Mr. Ruan Hongliang, an executive Director, and Ms. Jiang Jinhua, an executive Director.

COMPANY SECRETARY

Ms. Ruan Zeyun (阮澤雲女士), formerly known as Ms. Ruan Xiao (阮曉), aged 34, joined the Group in October 2009. Ms Ruan was appointed as a joint company secretary on 1 April 2015 and become a sole company secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Please refer to the "Senior Management" above of the biography of Ms. Ruan.

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The Board recognizes the importance of good corporate governance in the management structure and internal control procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-making process are properly regulated and are in full compliance with the applicable laws and regulations.

In the opinion of the Directors, the Company had complied with the code provisions in the Corporate Governance Code ("CG Code") as set forth in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange since 1 January 2020 up to and including 31 December 2020 except for code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ruan Hongliang currently holds both positions. Throughout the Group's business history of over 22 years, Mr. Ruan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Board considers that Mr. Ruan is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Company and the shareholders as a whole.

BOARD OF DIRECTORS

The Board currently comprises four executive Directors and three independent non-executive Directors. Biographical details of the Directors are set forth on pages 18 to 25 of this annual report.

The Directors during the year ended 31 December 2020 were:

E ec i e Di ec o,

Mr. Ruan Hongliang
Ms. Jiang Jinhua
Mr. Wei Yezhong
Mr. Shen Qifu

Independen Non-e ec i e Di ec o,

Mr. Cui Xiaozhong
Ms. Hua Fulan
Mr. Ng Ki Hung

Mr. Ruan Hongliang, an executive Director and chairman of the Board, is the spouse of Ms. Jiang Jinhua, an executive Director.

Ms. Ruan Zeyun, the Board secretary and the company secretary of the Company, is the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Mr. Zhao Xiaofei, a deputy general manager of the Company, is the spouse of Ms. Ruan Zeyun and

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating operating and financial performance, reviewing the corporate governance measures and supervising of the overall management of the Group. The Board is also responsible for developing, reviewing and monitoring policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The senior management of the Group is responsible for the implementation of business strategies and day-to-day operations of the Group under the leadership of the chairman of the Group. The Directors have full access to all the information of the Group in relation to business operations and financial performance of the Group. Senior management of the Group also reports to the Directors from time to time regarding the business operations of the Group. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. Throughout the year ended 31 December 2020, all Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties.

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The Board meets regularly either in person or through electronic means of communication to discuss the overall strategy as well as the operation and financial performance of the Group. The number of the Board meetings and general meetings held and the attendance of each Director at these meetings for the year ended 31 December 2020 have been set out as follows:

No. of a endance/No. of mee ing

	Boa, d mee ing	A di Commi ee mee ing	Ren ne, a ion Commi ee mee ing	Nomina ion Commi ee mee ing	S , a egic De, elopmen Commi ee mee ing	Ri k Managemen Commi ee mee ing	Gene, al mee ing
E ec i e Di, ec o,							
Mr. Ruan Hongliang	17/17	N/A	2/2	1/1	1/1	1/1	3/3
Ms. Jiang Jinhua	17/17	N/A	N/A	N/A	N/A		

Corporate Governance Report

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the shareholders of the Company and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives an induction to ensure that he has a proper understanding of the business and operations of the Group and that he is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

Throughout the year ended 31 December 2020, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements in relation to continuous responsibilities of a Hong Kong listed company and its directors and other relative compliance issues were provided and notified to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2020, the following existing Directors have participated in continuous professional development by attending briefings and updates, seminars, training, or reading materials on the following topics to develop and refresh their knowledge and skills:

	Corporate governance	Regulatory update	Finance and accounting	Industry update
Executive Directors				
Mr. Ruan Hongliang	✔	✔	✔	✔
Ms. Jiang Jinhua	✔	✔	✔	✔
Mr. Wei Yezhong		✔		✔
Mr. Shen Fuquan		✔		✔
Independent Non-Executive Directors				
Mr. Cui Xiaozhong	✔	✔	✔	
Ms. Hua Fulan		✔		✔
Mr. Ng Ki Hung		✔		✔

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

The Board has three independent non-executive Directors.

All of the current independent non-executive Directors have submitted their confirmation on independence in accordance with Rule 3.13 of the Listing Rules. Based on the content of such confirmations, the Company considers that all the existing independent non-executive Directors are independent in accordance with the Listing Rules.

BOARD PROCEEDINGS

In accordance with code provisions A.1.1 and A.1.3 of the CG Code, the Board shall hold at least four Board meetings each year, to be convened by the chairman of the Board, and a notice of at least 14 days shall be given for a regular Board meeting. Since 1 January 2020 up to and including 31 December 2020, 17 Board meetings were held with a notice of at least 14 days having been given to the Directors in compliance with the relevant code provision.

The quorum for a Board meeting is at least half of the total number of the Directors (including Directors attending the meeting on behalf of others) being present at the meeting. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association, a person may be appointed as a Director either by the shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by the shareholders.

During the year, there was no appointment of new Directors. The current term of the Directors is for a term of three years ending on the expiration of the term of the 5th session of the Board.

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BOARD OF SUPERVISORS

The board of supervisors of the Company consists of five members. The employee representative supervisors, namely Ms. Niu Liping and Ms. Zhang Huizhen, were elected by employees as the staff representative supervisors of the 5th session of the supervisory committee of the Company. The other supervisors were elected by the shareholders of the Company. The functions and duties of the board of supervisors include, but are not limited to: review the financial operations of the Company; supervise the performance of Directors, general manager and senior executives of their duties to the Company; request Directors, general manager and senior executives to rectify actions which are damaging to the Company's interests; examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors to assist in the examination; propose the convening of extraordinary general meetings and motions at the general meetings; conduct investigation if there are any unusual circumstances in the Company's operations; and exercising other rights given to them under the Articles of Association.

DIRECTORS', SUPERVISORS' AND OFFICERS' INSURANCE

The Company has taken out appropriate insurance coverage on Directors', supervisors' and senior management's liabilities in respect of legal actions taken against the same arising out of corporate activities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by the

BOARD COMMITTEES

The Board has established the (i) audit committee (the "Audit Committee"); (ii) remuneration committee (the "Remuneration Committee"); (iii) nomination committee (the "Nomination Committee"); (iv) strategic development committee (the "Strategic Development Committee"); and (v) risk management committee (the "Risk Management Committee"), with defined terms of reference. The terms of reference of the Board committees, which explain their respective roles and the authority delegated to them by the Board are available on the websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee was established on 16 October 2015. From 1 January 2020 to 31 December 2020, members of the Audit Committee comprised of Mr. Cui Xiaozhong, Ms. Hua Fulan and Mr. Ng Ki Hung, all of whom are independent non-executive Directors. Mr. Cui Xiaozhong, who has appropriate professional qualification and experience in accounting matter, was the chairman of the Audit Committee. The Audit Committee primarily assists the Board to review the financial reporting process, evaluate the effectiveness of financial controls and oversee the auditing processes of the Group and relationship with external auditors of the Group.

During FY2020, the Audit Committee held four meetings to review annual financial results and reports for the year ended 31 December 2019 and interim financial results and reports for the six months ended 30 June 2020. Matters reviewed during the meetings included significant matters on the financial reporting, operational and compliance controls, effectiveness of the risk management and internal control systems and internal audit function, scope of work and appointment of external auditors, related parties transactions and arrangements for employees to raise concerns about possible improprieties. The attendance records are set out under "Meetings and Directors Attendance Record" on page 27.

The Audit Committee is of the view that the preparation of the financial results of the Group for the year ended 31 December 2020 complied with the applicable accounting standards and requirements and that adequate disclosure had been made. The Audit Committee is also of the view that the internal control systems are effective and adequate based on its review.

Remuneration Committee

The Remuneration Committee was established on 16 October 2015. From 1 January 2020 to 31 December 2020, members of the Remuneration Committee comprised of Mr. Cui Xiaozhong and Ms. Hua Fulan, independent non-executive Directors, and Mr. Ruan Hongliang, an executive Director, and Mr. Cui Xiaozhong was the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include preparing assessment codes and evaluating the senior management of the Group, determining and reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management. No Director takes part in any discussion on his or her own remuneration.

During FY2020, the Remuneration Committee met twice to review, determine and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management, assessing performance of executive Directors and other related matters. The attendance records are set out under "Meetings and Directors Attendance Record" on page 27.

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Pursuant to code provision B1.5 of the CG Code, the remuneration of the members of the senior management (including executive Directors) by band for the year ended 31 December 2020 is set forth below:

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During FY2020, the Nomination Committee held one meeting. For the details of members' attendance of the Nomination Committee meeting, please refer to page 27. The Nomination Committee also considered the Board Diversity Policy and whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that based on the Company's existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy for the Reporting Period.

Strategic Development Committee

The Strategic Development Committee was established on 16 October 2015. Since 1 January 2020, members of the Strategic Development Committee comprised of Mr. Ruan Hongliang and Mr. Wei Yezhong, executive Directors, and Mr. Cui Xiaozhong, an independent non-executive Director. The chairman of the Strategic Development Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of Strategic Development Committee are to study, advise on and review the Company's long-term development plans and strategies.

During FY2020, the Strategic Development Committee met once to discuss the business strategies of the Group and the attendance records are set out under "Meetings and Directors Attendance Record" on page 27.

Risk Management Committee

The Risk Management Committee was established on 16 October 2015. Since 1 January 2020, members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jianhua, executive Directors, and Mr. Cui Xiaozhong, an independent non-executive Director. The chairman of the Risk Management Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of the Risk Management Committee are to review the Group's business operations, especially on overseas and export business to supervise and control the Group's sanctums-related risks and to monitor and review the Group's risk management and internal control systems and formulate our Group's risk management strategies.

During FY2020, the Risk Management Committee met once to discuss the risk associated with overseas and export business of the Group and the attendance records are set out under "Meetings and Directors Attendance Record" on page 27.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Stock Exchange and the Company. The Company amended its Articles of Association on 9 October 2020 in response to the changed situation and actual needs of the Company where (i) the principal business of the Company did not change but with a slightly enlarged business scope to cater to the business development of the Company, and (ii) the description of the Company's existing business scope were adjusted pursuant to the relevant requirements of the electronic filing system of the local government.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company had prepared the consolidated financial statements for the year ended 31 December 2020, which were reviewed by the Audit Committee and external auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥) in the PRC. The Directors acknowledge that it is their responsibilities in (i) preparing the financial statements of the Group for each financial year with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditors of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥), regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 54 and 260 of this annual report.

COMPANY SECRETARY

Ms. Ruan Zeyun is the company secretary of the Company during the year under review. During FY2020, Ms. Ruan had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" on page 25 in this annual report.

EXTERNAL AUDITORS

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) in the PRC as the external auditor for the year ended 31 December 2020. The Audit Committee reviewed the external auditors' statutory audit scope and non-audit services and approved its fees.

For the year ended 31 December 2020, the total auditor's remuneration was approximately RMB3,000,000, which Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥) charged the Group for audit and assurance services. The remuneration of non-audit services was approximately RMB400,000.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has established risk management system and internal control system, and the internal audit department is responsible for the internal audit function of the Group. The Board is responsible for maintaining sound and effective internal control and risk management systems (the "Systems") over the Group's asset and shareholders' interests, as well as for reviewing the Systems' effectiveness. The Systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems. The major controls of the Systems include financial, operational and compliance controls, as well as an established organized structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations (including the handling and dissimilation of inside information). In particular, regarding the controls for handling and dissemination of inside information, the employees, senior management and the Directors of the Company who possesses or handles inside information are reminded of the inside information requirements under the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the requirements under other relevant laws and regulations. The Directors with the assistance of Ms. Ruan Zeyun, the company secretary of the Company, and the internal audit department of the Company, are responsible to ensure the inside information, if any, is kept confidential and dissimilate to the public to avoid a false market in the listed shares of the Company. The Company may also seek professional advice to consider the dissimilation of inside information to be public as and when necessary to ensure the Company will comply with the requirements under Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the requirements under other relevant laws and regulations.

The Board, being responsible for the reviewing the effectiveness of the Systems, together with the Audit Committee and internal audit team, regularly assess the effectiveness of the Systems, and ensures that the management has discharged its duty by establishing and maintaining effective and adequate Systems. The process used to review the effectiveness of the Systems includes carrying testing and sampling, and in case if material internal control defects have been detected, re-testing and resampling would be carried out to ensure the Systems are effective and adequate.

For FY2020, the Audit Committee and the Group's internal audit team, with the assistance of the management of the Group, conducted a review of the Systems and assessed the effectiveness of the Systems by taking into account the reviews by its auditor. Based on the above review, the Board considers that the Group has fully complied with provisions of the CG Code regarding the Systems in general for FY2020, and the Group's Systems are generally appropriate, effective and adequate.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

(i) Participation at general meeting

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages participation of its shareholders through annual general meetings and other general meetings where shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 20 business days before the annual general meeting and 15 business days before the extraordinary general meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors.

(ii) Convening extraordinary general meeting

According to the Articles of Association, any shareholder(s) individually or jointly holding more than 10% of the Company's total voting shares (inclusive) may sign one or several written requests with the same format and content to propose to the Board to convene an extraordinary general meeting or class general meeting, and specify the topics of the meeting. The Board shall convene an extraordinary or class general meeting within 10 days after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated with reference to the date on which the shareholder(s) makes the written request.

If the Board cannot or fails to convene a general meeting, the board of supervisors of the Company shall duly convene such meeting and preside. If the board of supervisors of the Company also cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting, the procedure for convening such meeting shall, to the extent possible, be the same as the procedure for convening a general meeting by the board of directors.

Where shareholders convene and preside over a meeting because the Board fails to convene the meeting pursuant to the aforesaid request, reasonable expenses incurred shall be borne by the Company.

(iii) Proceedings for putting forward a proposal at a general meeting

According to the articles of association of the Company, any shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a written provisional motion to the convener 10 business days before a general meeting is convened, and the convener shall issue a supplementary notice of the shareholders' meeting announcing the contents of the supplementary motion(s) within two days after receipt of the said motion(s).

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The Company is devoted to developing and maintaining continuous relationship and effective communications with shareholders and investors. To strengthen relationships and enhance communications, the Company has established the following communication channels:

(i) An occasion shall be arranged for shareholders of the Company at the annual general meeting for putting forward their opinions and exchanging views with the Board. Directors shall be present in person at the annual general meeting and answer shareholders' questions;

(ii) Where possible, the interim performance and yearly performance shall be issued early to enable shareholders of the Company to better understood the performance and business operations of the Group;

(iii) The Company also publishes all corporate correspondence on the Company's website www.flatgroup.com.cn; and

(iv) Shareholders may raise any enquiries and proposals to the Board by either directly raising questions at general meetings or providing written notice of such enquiries or proposals for the attention of Ms. Ruan Zeyun, the company secretary, at the principal place of business of the Company situated at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC or via e-mail to flat@flatgroup.com.cn.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report for the Reporting Period has been published individually on 29 March 2021.

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The Directors are pleased to present this annual report and audited consolidated financial statements of the Group for FY2020.

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company was established in the PRC and has its registered office and headquarters at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC. Its principal place of business in Hong Kong is Unit 6, 11/F, Prosperity Place 6 Shing Yip Street, Kwun Tong Kowloon, Hong Kong (effective from 15 June 2020).

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacturing and sale of photovoltaic glass products, float glass products, architectural glass products, household glass products and other types of relevant products in the PRC. The principal activities and other particulars of the subsidiaries are set out in note (VI) 40 to the financial statements.

LIST OF SUBSIDIARIES

Please refer to note V to the financial statements in this annual report for details of the subsidiaries as at 31 December 2020.

FINANCIAL STATEMENTS

The profit of the Group for FY2020 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 58 to 69 of this annual report.

The Group's business review during FY2020 and material factors underlying its results and financial position are set out in the "Management Discussion and Analysis" section of this annual report.

RESERVES

Details of movements in reserves of the Company and the Group are set out in the consolidated statement of changes in equity.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the latest five financial years is set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group for FY2020.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2020 are set out in note (VI) 14 to the financial statements.

DIVIDEND AND DIVIDEND POLICY

The payment and the amount of any dividends, if paid, will depend on the Group's results of operations, cash flows, financial condition, statutory and regulatory restrictions on such payment of dividends, future prospects and other factors that the Company may consider relevant. The declaration, payment and amount of dividends will be subject to the Company's discretion. Dividends may be paid only out of the Group's distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the Group's operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The Board intends to recommend at the relevant Shareholders meeting an annual dividend of no less than 20% of the Company's profit for the year available for distribution to the Shareholders, after taking into consideration the factors described above in the foreseeable future.

In order to share the achievement of the Group in 2020 with all our shareholders, the Board has recommended a final dividend of RMB0.15 per share, subject to shareholders' approval at the annual general meeting.

CHARITABLE DONATIONS

Charitable donations made by the Group during FY2020 amounted to RMB3,371,547.10 (FY2019: RMB45,000).

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE GROUP

The following sets out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risk pertaining to the PV glass industry

The Group derived a majority of its revenue from its sales of PV glass. During FY2020, the revenue generated from the sales of PV glass amount to RMB5,225.67 million, representing 83.47% of the total revenue of the Group. In recent years, the global PV industry has experienced fluctuations in terms of production output and prices of PV modules. In addition, some PV module manufacturers faced severe financial difficulties which impacted the business of PV component makers, including PV glass manufacturers. Some PV module manufacturers were not able to satisfy their payment obligations towards their suppliers, which in turn resulted in the suspension of the business operations of a number of PV glass manufacturers in China. In the past, the Group also had experienced customer defaults. Furthermore, the demand for PV glass generally depends on the demand for PV modules, which is subject to a number of macroeconomic and factors outside the control of PV glass manufacturers. The demand for solar energy also depends on the overall demand for electricity and the overall social and governmental support for the use of renewable energy. If there is any significant decrease in the demand for solar energy or investments in the PV industry, the demand and the prices of PV glass will decrease accordingly. Such decreases could be substantial and could result in significant excessive supply. Any market downturn, over-supply or fluctuations in the PV industry or financial difficulties faced by PV module manufacturers could have a material adverse impact on the business, financial condition and results of operations of the Group.

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The Group is subject to various PRC environmental laws and regulations for the production and sales of its PV glass, float glass, household glass and architectural glass products, which impose standards on the emission and treatment of pollutants created during the manufacturing process, and are required to obtain environmental protection assessment approval and acceptance from the relevant government authorities in the PRC for the operation of the production facilities. The Group is also subject to various PRC laws and regulations in relation to its mine. As a result, the Group is required to obtain permits, licenses and consents, such as the mining permit for its mining activities and the production safety permit for its manufacturing operations. Any unfavorable changes in the scope of these laws and regulations, or application and interpretation of these laws and regulations, may limit or restrict its production capacity or ability or its manufacturing operation, or increase the costs in pollution control or safety improvement, or otherwise increase its cost, which may materially and adversely affect the Group's business and operations. If the Group fails to comply with the laws and regulations, it may be penalized for non-compliance and may materially and adversely affect its business, operations and financial results.

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The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

ENVIRONMENTAL [illegible]

The Group's operations are subject to current environmental laws, rules and regulations enacted by the Chinese government, including the Environmental Protection Law of the PRC《(中華人民共和國環境保護法》), the Law on Prevention and Control of Water Pollution of the PRC《(中華人民共和國污染防治法》), the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the PRC《(中華人民共和國固體廢物污染環境防治法》) and the Law on Prevention and Control of Atmospheric Pollution《(中華人民共和國大氣污染防治法》).

One of our major pollutants produced from our production is nitrogen oxides and sulphur dioxide. In order to be a socially responsible manufacturer, the Company has installed environmental protection and energy-saving equipment to minimize the impact on the environment from its production, including flue-gas desulphurization facility, flue-gas denitration facility, residual heat power generator and emissions monitoring system. The Company also monitors, through the emissions monitoring system, whether it satisfies the PRC standards on exhaust gas emissions. The Company was accredited with ISO14001:2004 for its environmental management system relating to the production processes of PV glass. For the year ended 31 December 2020, the Company complied with applicable environmental rules and regulations.

In recognition of the Company's continuous efforts in environmental protection and energy saving, the China Building Materials Federation* (中國建築材料聯合會), China Concrete Association* (中國水泥協會), China Architectural Land Industrial Glass Association* (中國建築玻璃與工藝玻璃協會) and China Construction Health Ceramics Association* (中國建築衛生陶瓷協會) awarded the Company with "Advanced Exemplary Enterprise for Energy Conservation and Emission Reduction in the Concrete Glass Ceramics Industry of the PRC* (全國水泥玻璃陶瓷產業節能減排先進典型企業)" in October 2015.

KEY RELATIONSHIPS

Employee

The Group maintains a good relationship with its employees and provides trainings to employees. New joiners must attend mandatory in-house training. Furthermore, employees may attend external trainings such as trainings for manufacturing management, quality control management and human resource management. Remuneration of employees is reviewed periodically by reference to the market rate. After considering performance of the Group and job performance of specific employees, the Group may pay them discretionary bonus.

The Group makes contributions for its employees in relation to the mandatory social security funds including pension, work-related injury insurance, maternity insurance, medical and unemployment insurance and housing provident fund contributions in the PRC.

Supplier

The main raw materials of the Group include fuel, silica sand and soda ash. The Group does not rely on any one single raw material supplier. The Group generally enters into legally binding long-term agreements with its fuel and silica sand suppliers in order to ensure smooth production operation.

Aggregate purchases from the Group's largest and five largest suppliers accounted for 8.31% and 36.31%, respectively, of the Group's total purchases for FY2020.

Customer

The Group has established and maintained strong and stable relationships with its customers, with a majority of the top ten customers having had a relationship of five years or above with the Group. The Group's PV glass customers are primarily domestic and overseas PV module manufacturers, whereas its float glass customers are primarily domestic and overseas glass processing manufacturers and domestic glass wholesalers. In addition, the Group sells household glass products to domestic and overseas furniture manufacturers and processing companies and multinational furniture retailers, and sell architectural glass products to domestic and overseas architectural contractors, domestic architectural glass processing companies and domestic construction companies.

During FY2020, aggregate sales to the Group's largest and five largest customers accounted for 18.13% and 59.20%, respectively, of the Group's total revenue for the year.

At no time during the Reporting Period under review had the Directors, the supervisors of the Company and their close associates or any shareholder of the Company (who or which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

COMPLIANCE WITH LAWS AND REGULATIONS

Since the Company is established and conducts its operations mainly in the PRC, its H shares are listed on the Stock Exchange, and subsequent to the year ended 31 December 2020. A shares are listed on the Shanghai Stock Exchange. During FY2020 and up to the date of this annual report, the Company had materially complied with the relevant laws and regulations in the PRC and Hong Kong including relating to its establishment and operations, and the rules of the relevant Stock Exchange.

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BANK BORROWINGS

Details of bank borrowings of the Company and its subsidiaries as at 31 December 2020 are set out in note (VI) 20, 28 and 29 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2020 are set out in note (VI) 33 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules from 1 January 2020 to 31 December 2020 and at all times up to the date of this annual report.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

CSRC Main Board Issuance Approval Committee (中國證監會主板發行審核委員會) reviewed the application of the Company for the proposed issuance of A share convertible bonds on 9 January 2020. According to the result of the review published on the website of CSRC, the Company's application for the proposed issuance of A share convertible bonds has been approved and written approval from CSRC was received by the Company. Such public issuance of A Share convertible bonds was in an aggregate par value of RMB1.45 billion with a term of six years; The issuance of A share convertible bonds was completed in June 2020. The A share convertible bonds under this issuance were with a nominal value of RMB100 and issued at par. The subscription funds for the A share convertible bonds under this issuance totaled RMB1,450,000,000.00. After deducting the issuance fee of RMB8,578,301.90, the net funds raised were RMB1,441,421,698.10. As at the date of redemption registration (29 January 2021), the Company's A Share convertible bonds in the accumulated nominal value of RMB1,447,297,00 had been converted into the Shares of the Company, representing 99.81% of total A Share convertible bonds issued; and the number of Shares converted by such convertible bonds is 107,048,107 Shares, representing 5.48% of the total issued Shares of the Company before conversion (2 December 2020), of which 107,048,107 Shares were converted during the period from 3 December 2020 to 29 January 2020. Since 1 February 2021, the A Share convertible bonds has ceased trading and share conversion, and the outstanding A Share convertible bonds of RMB2,703,000 has been frozen. According to the data provided by CSDC Shanghai Branch, 27,030 convertible bonds were redeemed by the Company, at a total redemption amount of RMB2,710,406.22, which was paid on 1 February 2021. The Company's "Flat Convertible Bonds" (bond code:113035) (conversion code:191035) was delisted on Shanghai Stock Exchange on 1 February 2021.

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB1,441.4 million. As at 31 December 2020, the use of such proceeds were as follows:

Use of proceeds	Percentage of proceeds	Amount of proceeds RMB million	Amount utilized RMB million	Amount remain RMB million
Annual production of 750,000 tons of photovoltaic module cover glass project	100%	1,441.4	844.8	596.6

The Company aims to further expand the capacity of its core products PV glass and maintain its leading technology and scale advantage while enhancing the capital strength and meeting working capital requirements of the Company. On 12 June 2020 and 15 July 2020, the Board has approved the proposed non-public issuance of A shares and its revised version and also approved by shareholders at the 2020 first extraordinary general meeting, the 2020 second A share class meeting and the 2020 second H share class meeting held on 10 August 2020. On 12 October 2020, the Issuance Approval Committee of the CSRC conducted a review of the Company's application for Non-public Issuance of A Shares. Pursuant to the results of the review, the Company's application for Non-public Issuance of A Shares was approved. On 18 January 2021, the Company completed the Non-public Issuance with the issuance of 84,545,147 Shares in total at issue price of RMB29.57 per Share. The total proceeds from the non-public issuance of A shares is RMB2,499,999,996.79. After deducting the underwriting fee and other issuance fee (excluding value-added tax) of RMB16,918,053.10, the net funds raised were RMB2,483,081,943.69. The selection of subscribers under the non-public issuance is fair and just, in line with the interests of the Company and its Shareholders as a whole, in accordance with the requirements of the relevant laws and regulations including the Administrative Measures for the Issuance of Securities by Listed Companies, Measures for the Administration of the Offering and Underwriting of Securities and Detailed Implementation Rules for the Private Placement by Listed Companies, as well as the issuance plan reported to the CSRC. In selection of subscribers, the Company followed the market-oriented principle to ensure the fairness and justice of the process of issuance and selection of subscribers, which is in the interest of Flat and its shareholders as a whole.

The total proceeds from the non-public issuance of A shares of the Company will not exceed RMB2,500 million (inclusive). The proceeds after deducting relevant issuance expenses will be used as follows:

Unit: RMB'0,000

No.	Use of proceeds	Total planned amount of investment	Proposed amount of proceed
1	Phase II of PV glass as covers with an annual production capacity of 750,000 tons project	163,260.98	140,000.00
2	PV backplane glass with an annual production capacity of 42 million square meters project	53,860.12	35,000.00
3	Working capital	75,000.00	75,000.00
Total		**292,121.10**	**250,000.00**

Note: As at 31 December 2020, the Company had not received proceeds of non-public issuance of A shares, thus actual amount utilized is uncertain.

Except as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since 1 January 2020 up to and including 31 December 2020.

DIRECTORS

For the year ended 31 December 2020 and up to the date of this annual report, the Directors and Supervisors of the Company in office are shown as below:

Executive directors

Mr. Ruan Hongliang *(Chairman of the Board of Directors)*
Ms. Jiang Jinhua
Mr. Wei Yezhong
Mr. Shen Qifu

Independent non-executive directors

Mr. Cui Xiaozhong
Ms. Hua Fulan
Mr. Ng Ki Hung

Supervisors

Mr. Zheng Wenrong *(Chairman of the Board of Supervisors)*
Mr. Shen Fuquan
Mr. Zhu Quanming
Ms. Niu Liping
Ms. Zhang Huizhen

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management of the Company are set out on pages 18 to 25 of this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

No transactions, arrangements and contracts of significance between the Company or any of its subsidiaries and its controlling shareholders or any of its subsidiaries, was a party, or in which a Director or supervisors of the Company and an entity connected to any of the Directors or supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

All the Directors retired and were re-elected at 2018 First extraordinary general meeting for a term of three years ending on the expiration of the term of the 5th session of the Board, subject to his or her retirement and re-election at annual general meeting in accordance with the Articles of Association. Each of the executive Directors has entered into a service contract with the Company and each of the independent non-executive Directors has entered into a letter of appointment in November 2018 with a term of three years which will expire in November 2021.

Save as disclosed above, none of the Directors or supervisors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 31 December 2020, the interests and short positions of the Directors, supervisors and the chief executive of the Company in the shares (the "Shares"), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

Shareholder	Number of Shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares [1]	Approximate percentage of shareholding in the total share capital of the Company [2]
Directors					
Mr. Ruan Hongliang[3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	70.31%	54.81%
	779,000	H Shares	Beneficial owner and parties acting in concert	0.17%	0.04%
Ms. Jiang Jinhua[3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	70.31%	54.81%
	779,000	H Shares	Parties acting in concert	0.17%	0.04%
Mr. Wei Yezhong	17,334,000	A Shares	Beneficial owner	1.09%	0.85%
Mr. Shen Qifu	11,556,000	A Shares	Beneficial owner	0.73%	0.57%
Supervisors					
Mr. Zheng Wenrong	52,002,000	A Shares	Beneficial owner	3.27%	2.55%
Mr. Shen Fuquan	34,668,000	A Shares	Beneficial owner	2.18%	1.70%
Mr. Zhu Quanming	34,668,000	A Shares	Beneficial owner	2.18%	1.70%

Notes:

(1) The calculation is based on the total number of 1,591,248,788 A Shares or 450,000,000 H Shares of the Company in issue as at 31 December 2020.

(2) The calculation is based on the total number of 1,591,248,788 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,041,248,788 Shares) in issue as at 31 December 2020.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2020, Mr. Ruan Hongliang owns 439,358,400 A Shares and 419,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares and 360,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. In addition, pursuant to a concert party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei, each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei is considered to be interested in 1,118,772,000 A Shares and 779,000 H Shares under the SFO.

Save as disclosed above, as at 31 December 2020, to the knowledge of the Company, none of the Directors or supervisors and the chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the persons or corporations, other than the Directors, supervisors and the chief executive of the Company, who had an interest or short position in the Shares, underlying Shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholder	Number of Shares held	Name of Interest	Nature of Interest	Approximate percentage of shareholding in the relevant class of Shares [1]	Approximate percentage of shareholding in the total registered capital of the Company [2]
Ms. Ruan Zeyun[3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	70.31%	54.81%
	779,000	H Shares		0.17%	0.04%
Mr. Zhao Xiaofei[3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	70.31%	54.81%
	779,000	H Shares		0.17%	0.04%
Citigroup Inc.[4]	40,045,471(L)	H Shares	Interest of controlled corporation	8.89%(L)	1.96% (L)
	19,801,999(S)			4.40%(S)	0.97% (S)
	19,965,839(P)			4.43%(P)	0.98% (P)
JPMorgan Chase & Co.[5]	35,971,687(L)	H Shares	Interest of controlled corporation	7.99%(L)	1.76% (L)
	8,420,290(S)			1.87%(S)	0.41%(S)
	9,603,217(P)			2.13%(P)	0.47%(P)
Pacific Asset Management Co., Ltd.	31,525,000(L)	H Shares	investment manager	7.01%(L)	1.54%(L)
Shanghai Greenwoods Asset Management Company Limited[6]	27,042,000(L)	H Shares	investment manager	6.01%	1.32%
Xizang Jingning Corporate Management Company Limited[6]	27,042,000(L)	H Shares	Interest of controlled corporation	6.01%	1.32%
CICC Pucheng Investment Co., Ltd.	23,870,000(L)	H Shares	Beneficial interest	5.30%	1.17%

Shareholder	Number of Shares held	Nature of Interest	Nature of Interest	Approximate percentage of shareholding in the relevant class of Shares (1)	Approximate percentage of shareholding in the total share capital of the Company (2)
The Bank of New York Mellon Corporation(7)	22,807,660(L)	H Shares	Interest of controlled corporation	5.07%(L)	1.12%(L)
	20,649,660(P)			4.59%(P)	1.01% (P)
China International Capital Corporation Limited(8)	22,573,000(L)	H Shares	Interest of controlled corporation	5.02%	1.11%

Notes:

(1) The calculation is based on the total number of 1,591,248,788 A Shares or 450,000,000 H Shares, as the case may be, in issue as at 31 December 2020.

(2) The calculation is based on the total number of 1,591,248,788 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,041,248,788 Shares) in issue as at 31 December 2020.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2020, Mr. Ruan Hongliang owns 439,358,400 A Shares and 419,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares and 360,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. In addition, pursuant to a concert party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei, each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei jointly owned 1,118,772,000 A Shares and 779,000 H Shares under the SFO.

(4) Citigroup Global Markets Holdings Inc. and Citicorp LLC are owed as to 100% by Citigroup Inc., Citibank N. A. is owed as to 100% by Citicorp LLC. Citigroup Financial Products Inc. is owed as to 100% by Citigroup Global Markets Holdings Inc. Citigroup Global Markets Inc is owed as to 100% by Citigroup Financial Products Inc.. Citigroup Global Markets Europe Finance Limited is owed as to 100% by Citigroup Financial Products Inc.. Citigroup Global Markets (International) Finance GmbH is owed as to 100% by Citigroup Global Markets Europe Finance Limited. Citigroup Global Markets Holdings Bahamas Limited is owed as to 50.21% by Citigroup Global Markets (International) Finance GmbH. Citigroup Global Markets Holdings Bahamas Limited is owed as to 49.62% by Citigroup Financial Products Inc.. Citigroup Global Markets Limited is owed as to 100% by Citigroup Global Markets Holdings Bahamas Limited.

(5) JPMorgan Chase Bank, National Association is owed as to 100% by JPMorgan Chase & Co.. J.P. Morgan International Finance Limited and JPMORGAN CHASE BANK, N.A. – LONDON BRANCH are owed as to JPMorgan Chase Bank, National Association. J.P. MORGAN CAPITAL HOLDINGS LIMITED is owed as to 100% by J.P. Morgan International Finance Limited. J.P. MORGAN SECURITIES PLC is owed as to 100% by J.P. MORGAN CAPITAL HOLDINGS LIMITED. JPMorgan Chase Holdings LLC is owed as to 100% by JPMorgan Chase & Co.. J.P. Morgan Broker-Dealer Holdings Inc and JPMorgan Asset Management Holdings Inc. are owed as to 100% by JPMorgan Chase Holdings LLC. J.P. Morgan Securities LLC is owed as to 100% by J.P. Morgan Broker-Dealer Holdings Inc.. JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED is owed as to 100% by JPMorgan Asset Management Holdings Inc.. JPMORGAN ASSET MANAGEMENT (UK) LIMITED is owed as to 100% by JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED. China International Fund Management Co., Ltd. is owed as to 49% by JPMORGAN ASSET MANAGEMENT (UK) LIMITED. JPMorgan Asset Management (Asia) Inc is owed as to 100% by JPMorgan Asset Management Holdings Inc.. JPMorgan Asset Management (Asia Pacific) Limited is owed as to 99.99% by JPMorgan Asset Management (Asia) Inc and JPMorgan Asset Management (Taiwan) Limited is owed as to 100% by JPMorgan Asset Management (Asia) Inc.

(6) Shanghai Greenwoods Asset Management Company Limited is owed as to 100% by Xizang Jingning Corporate Management Company Limited.

(7) The Bank of New York Mellon is owed as to 100% by The Bank of New York Mellon Corporation.

(8) China International Capital Corporation (Hong Kong) Limited is owed as to 100% by China International Capital Corporation Limited. CICC Financial Holdings Limited is owed as to 100% by China International Capital Corporation (Hong Kong). CICC Financial Trading Limited is owed as to 100% by CICC Financial Holdings Limited. CICC Pucheng Investment Co., Ltd. is owed as to 100% by China International Capital Corporation Limited. China International Capital Corporation Hong Kong Securities Limited is owed as to 100% by China International Capital Corporation (Hong Kong) Limited.

Save as disclosed above, as at 31 December 2020, so far as is known to the Directors, there is no other person (other than the Directors, supervisors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2020.

MATERIAL CONTRACTS

Save as disclosed in note IX to the financial statements, no contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or supervisor of the Company or an entity connected with a Director or supervisor had a material interest, subsisted at the end of the year or at any time during the year ended 31 December 2020.

RELATED PARTY TRANSACTIONS

The related party transactions in relation to the emoluments of Directors, Supervisors and employees are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.95 of the Listing Rules. Save for the continuing connected transactions as disclosed in "Continuing Connected Transactions" below, the related party transactions conducted during the year under review as disclosed in note IX to the financial statement of the Group were either transactions not falling under the definition of connected transaction or continuing connected transactions as defined in chapter 14A of the Listing Rules or connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note IX to the financial statements also constituted continuing connected transactions under the Listing Rules and are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

Connected person

Jiaxing Yihe Investment Co., Limited ("嘉興市義和投資有限公司") ("Jiaxing Yihe") is wholly-owned by Ms. Ruan Zeyun, one of the controlling shareholders of the Company and daughter of Mr. Ruan Hongliang (the chairman and executive Director of the Company) and Ms. Jiang Jinhua (an executive Director), thus an associate of Ms. Ruan Zeyun and a connected person of the Company under Rule 14A.07 of the Listing Rules.

Report of the Board of Directors

Connected transaction

On 11 December 2019, the Company, as tenant, entered into the tenancy agreement with Jiaxing Yihe, as landlord, pursuant to which Jiaxing Yihe agreed to lease premises to the Company for a term of one year commencing from 1 January 2020 and ending on 31 December 2020 at the rent of 685,199.76 per month. The three connected 6-storey M-shaped buildings will be used as dormitories for the Group's employees, and two 5-storey factories will be used as the Group's temporary maintenance, assembling and storage of equipment. The rent payable under tenancy agreement was determined by the parties after arm's length negotiations with reference to, among other things, the prevailing market rental price of comparable properties in close proximity to Premises for similar use in Jiaxing City, in particular those in the same industrial park.

Independent Non-executive Directors' Confirmation

The independent non-executive Directors have reviewed these continuing connected transactions and confirmed that such transactions were:

(1) entered into in the ordinary and usual course of business of the Group;

(2) conducted either on normal commercial terms or better; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Auditor's Confirmation

The Company's auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

COMPETING BUSINESS

None of the Directors and their associates had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2020.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun has confirmed to the Company that he/she has complied with the non-competition undertaking given by them to the Company pursuant to the deed of non-competition dated 16 October 2015. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all the undertakings thereunder have been complied with throughout the period from 1 January 2020 up to and including 31 December 2020.

ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2020 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or supervisors of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

RETIREMENT SCHEMES

The Group abides by the laws and regulations in relation to employee benefits and retirement planning promulgated by the Chinese government. Details of the Group's retirement plans are set out in note (VI) 25 to the financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2020, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

EVENTS AFTER THE REPORTING PERIOD

Please refer to "Management Discussion and Analysis − Update on issuance of new H shares" for details.

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the Board and external auditors the accounting standards and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

EXTERNAL AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants LLP will be the only auditor auditing the Company's financial statements in accordance with the CASBE and undertaking the role of international auditors in compliance with the Listing Rules. The consolidated financial statements for the year ended 31 December 2020 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥).

Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥) will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) as auditors of the Group is to be proposed at the annual general meeting of the Company.

On behalf of the Board of Directors

R• an Hongliang
Chairman

Jiaxing, Zhejiang, the PRC
29 March 2021

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The current session of the board of supervisors of the Company (the "Board of Supervisors") is comprised of five supervisors, namely Mr. Zheng Wenrong, Mr. Shen Fuquan, Mr. Zhu Quanming, Ms. Niu Liping and Ms. Zhang Huizhen.

In the year ended 31 December 2020, for the Company's long-term interests and shareholders' interests, the Board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and the Listing Rules and earnestly performed their duties of supervision over the activities of the Directors and senior management of the Company. The major works performed by of the Board of Supervisors are presented below:

I. MEETINGS CONDUCTED BY THE BOARD OF SUPERVISORS

In the year ended 31 December 2020, the Board of Supervisors convened 14 meetings.

II. WORK OF THE BOARD OF SUPERVISORS

The work of the Supervisory Committee during the year ended 31 December 2020 mainly includes the following:

1. Moni o, ing implemen a ion of , e o[s] ion of gene, al mee ing

The Board of Supervisors exercised supervision and inspection of the implementation of the resolutions of the general meetings by the Board and the senior management through observation and attendance at Board meetings and general meetings. The Board of Supervisors considers that the Board and the senior management have diligently performed their duties in compliance with the resolutions of the general meetings. No violation of any laws or regulations or the Articles of Association or any act which jeopardizes the interests of the Company or shareholders' interests of the Company has been found within the performance of the Board and the senior management of the Company.

2. Moni o, ing legal compliance of he G, o[s] p' gene, al ope, a ion

The Board of Supervisors of the Company exercised supervision on a regular basis over the legal compliance, rationality of the Group's general operation, management of its general ordinary work and the work performance of the Board and senior management. The Board of Supervisors considers that the general operation of the Group is sound and rational, which has also complied with all applicable laws, regulations, rules and the Articles of Association. The members of the Board and the senior management of the Company have conscientiously and diligently performed their duties, and none of their actions will harm the interests of the Company or the shareholders of the Company.

3. Moni o, ing dail ope, a ing ac i i ie of he G, o[s] p

The Board of Supervisors of the Company exercised supervision over the operating activities of the Group. The Board of Supervisors considers that the Company has already established a sound internal control system, and has made a huge progress in the formulation and implementation of its internal work procedures, thus effectively controlled its exposure to various operating risks. The operation of the Group is in compliance with the PRC laws and regulations and the Articles of Association.

4. Monitoring the Group's financial condition

The Board of Supervisors has reviewed the Group's 2020 consolidated financial statements, supervised and monitored the Group's implementation of relevant financial policies and legislations as well as details of the Group's assets, financial income and expenditure. It is of the opinion that the Group's 2020 consolidated financial statements truly and completely reflect the financial position and operating results of the Group.

Zheng Wenkang
Chairman of the Board of Supervisors

Jiaxing, Zhejiang, the PRC
29 March 2021

Independen A¶ di o, ' Repo,

(De Shi Bao (Shen) Zi (21) No. P01566

TO ALL THE SHAREHOLDERS OF FLAT GLASS GROUP CO., LTD.

1. AUDIT OPINION

We have audited the attached financial statements of Flat Glass Group Co., Ltd. (hereinafter referred to as "Flat Group"), including the consolidated and parent company's balance sheet as at 31 December 2020, the consolidated and parent company's income statement, the consolidated and parent company's statement of cash flow, the consolidated and parent company's statement of changes in shareholders' equity and notes to the financial statements in 2020.

In our opinion, the attached financial statements have been prepared in accordance with the accounting standards for business enterprises in all material aspects, and have given a fair view of the consolidated and parent company's financial position as at 31 December 2020, and of its consolidated and parent company's operating results and consolidated and parent company's cash flow in 2020.

2. BASIS FOR FORMING AUDIT OPINION

We conducted our audit in accordance with the Chinese standards on auditing for certified public accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our audit report. We are independent of the Flat Group in accordance with the code of professional ethics for Chinese certified public accountants, and we have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements in 2020. The responses to these matters were based on the audit of the financial statements as a whole and the formation of audit opinions. We do not provide a separate opinion on these matters and we confirm that the following matters are the key matters to be communicated in the audit report.

(1) Impai, men of comme, cial accep ance bill , ecei able and , ade , ecei able

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As stated in Notes (VI). 40 to the financial statements, the sales revenue of Flat Group in 2020 was mainly from the sales of PV glass amounting to RMB5,225,674,398.32. The sales revenue of PV glass is recognized when the customer obtains the control right of relevant goods. According to the agreement of the sales contract, for domestic sales, Flat Group transported the goods to the agreed place of delivery or picked up by the buyers on their own, with the revenue recognized on receiving the goods; and for export sales, Flat Group recognizes the sales revenue according to the time when the control of goods is transferred under different trade modes. As revenue is one of the key performance indicators of Flat Group, and the timing of the transfer of control of goods is different, there may be a risk that the sales revenue is not recognized in the appropriate period. Therefore, we consider whether the sales revenue of PV glass is included in the appropriate accounting period as the key audit matter.

How our audit addressed the key audit matter

Our main audit procedures for the key audit matters related to the cut-off of revenue recognition of the above PV glass include:

(1) Obtain an understanding of the key internal control related to the cut-off of sales revenue recognition for PV glass, evaluate the design and implementation of the relevant internal control, and test the effectiveness of its operation;

(2) Check the sales contracts of major customers and interview with the management, identify the contract terms related to the transfer time of control of goods and examine the book entry in accordance with the terms of the contract, and verify whether the time point of revenue recognition of Flat Group is in line with the provisions of accounting standards for business enterprises;

(3) Obtain the delivery records for a transaction cycle prior to the balance sheet date, For export sales, we conducted sampling inspection of customs declarations or cargo receipt records for export sales according to different trade patterns. For domestic sales, we sent the confirmations to the transport companies to confirm the receipt status of goods or tested the receipt records of the good by sample; and

(4) Perform cut-off tests on the revenue of the last transaction cycle after the balance sheet date,and check supporting documents related to revenue recognition including receipt records and customs declarations. In addition, we also took into account whether there were major post-sales recalls and assessed their impacts on the financial statements.

4. OTHER INFORMATION

The management of Flat Group is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of Flat Group is responsible for the preparation of the financial statements that give a fair view in accordance with the accounting standards for business enterprises, and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Flat Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless the management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Flat Group's financial reporting process.

6. CPA'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue audit reports containing audit opinions. Reasonable assurance is a high- level assurance, but it does not guarantee that the audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, we also:

(1) Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Draw a conclusion on the appropriateness of management's use of going concern assumption. At the same time, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Flat Group's ability to continue as a going concern based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required by the auditing standards to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to issue a non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Flat Group to cease to continue as a going concern.

(5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the relevant transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Flat Group to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide a statement to those charged with governance that we have complied with relevant ethical requirements regarding independence, and communicate with those charged with governance all relationships and other matters that may reasonably be considered to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements in 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloi e To che Tohma
Certified Public Accountants LLP
Shanghai, China

Chinese certified public accountant:
(engagement partner)

Chinese certified public accountant:

29 March 2021

Con olida ed Balance Shee

31 December 2020

RMB

I em	NOTE (6)	31 Decembe, 2020	31 December 2019
C , , en a e :			
Cash at bank and on hand	1	**1,589,967,013.69**	613,000,364.84
Trading financial assets	2	**400,000,000.00**	–
Derivative financial assets	3	**1,445,666.57**	1,117,793.99
Bills receivable	4	**546,772,640.17**	1,976,383,235.76
Trade receivables	5	**1,388,373,649.20**	1,107,245,636.40
Financing receivables	6	**684,530,748.37**	–
Advance payment	7	**363,154,384.40**	93,183,465.96
Other receivables	8	**24,267,677.88**	3,684,181.68
Inventories	9	**479,395,186.67**	483,619,647.17
Other current assets	10	**91,369,716.90**	174,510,375.27
To al , , en a e		**5,569,276,683.85**	4,452,744,701.07
Non- , , en a e :			
Long-term equity investments	11	**13,914,841.66**	–
Other equity instrument investment	12	**53,970,165.00**	–
Investment properties	13	**20,233,701.43**	21,665,171.83
Fixed assets	14	**3,333,698,217.15**	3,070,665,219.42
Construction in progress	15	**1,937,151,385.42**	936,828,544.14
Right-of-use asset	16	**173,805,026.26**	188,930,554.53
Intangible assets	17	**529,570,040.37**	427,130,471.49
Long-term prepaid expenses		**5,175,651.56**	6,935,053.37
Deferred tax assets	18	**25,990,515.11**	18,458,589.23
Other non-current assets	19	**603,014,147.21**	268,922,264.83
To al non- , , en a e		**6,696,523,691.17**	4,939,535,868.84
To al a e		**12,265,800,375.02**	9,392,280,569.91

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Item	NOTE (6)	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings	20	**617,402,035.00**	1,316,277,482.79
Derivative financial liabilities	21		917,754.01
Bills payables	22	**713,571,260.89**	338,562,948.43
Trade payables	23	**1,294,643,492.26**	1,854,705,642.59
Contract liabilities	24	**91,178,042.21**	24,993,817.16
Payroll payable	25	**48,938,953.78**	31,758,290.80
Tax payable	26	**303,432,110.05**	129,352,280.77
Other payables	27	**100,815,515.00**	45,543,202.52
Non-current liabilities due within one year	28	**160,819,952.95**	711,977,777.21
Total current liabilities		**3,330,801,362.14**	4,454,089,196.28
Non-current liabilities:			
Long-term borrowings	29	**1,375,011,882.07**	281,902,410.30
Bonds payables	30	**236,681,991.63**	–
Lease liabilities	31	**11,508,090.39**	11,016,173.42
Deferred income	32	**33,039,484.74**	45,408,644.70
Deferred tax liabilities	18	**44,014,924.20**	86,975,757.21
Total non-current liabilities		**1,700,256,373.03**	425,302,985.63
Total liabilities		**5,031,057,735.17**	4,879,392,181.91
Shareholders' equity			
Share capital	33	**510,312,197.00**	487,500,000.00
Other equity instruments	34	**49,401,670.49**	–
Capital reserve	35	**2,045,095,156.05**	839,115,113.41
Less: Treasury stock	33	**(28,359,000.00)**	–
Other comprehensive income	36	**(26,338,876.15)**	5,935,642.83
Special reserve	37	**14,369,931.38**	11,810,858.31
Surplus reserve	38	**220,705,199.31**	193,555,355.70
Undistributed profit	39	**4,449,556,361.77**	2,974,971,417.75
Total equity attributable to shareholders of the parent company		**7,234,742,639.85**	4,512,888,388.00
Minority interests			–
Total shareholders' equity		**7,234,742,639.85**	4,512,888,388.00
Total liabilities and shareholders' equity		**12,265,800,375.02**	9,392,280,569.91

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet of the Parent Company

31 December 2020

RMB

Item	NOTE (14)	31 December 2020	31 December 2019
Current assets:			
Cash at bank and on hand	1	**299,567,786.91**	223,564,789.23
Derivative financial assets	2		379,492.22
Bills receivable	3	**488,505,596.47**	1,567,902,478.98
Trade receivables	4	**588,347,375.06**	778,907,971.16
Financing receivables	5	**633,026,500.88**	–
Advance payment	6	**39,787,487.32**	45,197,178.86
Other receivables	7	**682,247,356.05**	356,091,353.75
Inventories	8	**179,788,994.03**	209,640,163.73
Other current assets	9	**17,020.44**	9,673,749.05
Total current assets		**2,911,288,117.16**	3,191,357,176.98
Non-current assets:			
Long-term equity investments	10	**1,046,552,184.66**	1,043,137,343.00
Fixed assets	11	**1,016,732,435.83**	994,488,315.18
Construction in progress	12	**293,288,787.44**	163,647,371.24
Intangible assets	13	**237,077,496.41**	170,704,769.30
Long-term prepaid expenses		**11,649.38**	150,172.37
Deferred tax assets	14	**22,181,477.91**	6,379,124.69
Other non-current assets	15	**2,161,507,235.87**	567,405,500.94
Total non-current assets		**4,777,351,267.50**	2,945,912,596.72
Total assets		**7,688,639,384.66**	6,137,269,773.70

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

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Item	NOTE (14)	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings	16	**140,391,130.00**	736,237,118.11
Bills payables	17		190,000,000.00
Trade payables	18	**604,274,221.67**	1,483,614,555.57
Contract liabilities	19	**58,126,632.90**	17,454,654.26
Payroll payable	20	**25,684,776.32**	18,089,920.60
Tax payable	21	**64,209,186.23**	53,925,402.29
Other payables	22	**1,647,392,704.28**	338,332,869.33
Total current liabilities		**2,540,078,651.40**	2,837,654,520.16
Non-current liabilities:			
Long-term borrowings	23	**235,000,000.00**	–
Bonds payables		**236,681,991.63**	–
Deferred income	24	**23,487,048.57**	34,543,339.29
Total non-current liabilities		**495,169,040.20**	34,543,339.29
Total liabilities		**3,035,247,691.60**	2,872,197,859.45
Shareholders' equity:			
Share capital		**510,312,197.00**	487,500,000.00
Other equity instruments		**49,401,670.49**	–
Capital reserve		**2,045,095,156.05**	839,115,113.41
Less: Treasury stock		**(28,359,000.00)**	–
Other comprehensive income	25	**(5,964,567.44)**	–
Surplus reserve		**220,705,199.31**	193,555,355.70
Undistributed profit	26	**1,862,201,037.65**	1,744,901,445.14
Total shareholders' equity		**4,653,391,693.06**	3,265,071,914.25
Total liabilities and shareholders' equity		**7,688,639,384.66**	6,137,269,773.70

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Income Statement

For the year ended 31 December 2020

RMB

Item	NOTE (6)	Amount incurred in the current year	Amount incurred in the previous year
I. Operating revenue	40	**6,260,417,792.26**	4,806,804,020.96
Less: Operating costs	40	**3,346,641,311.75**	3,289,735,511.36
Taxes and surcharges	41	**61,083,688.80**	35,026,838.85
Selling expenses	42	**301,854,852.77**	255,112,912.72
General and administrative expenses	43	**172,349,032.43**	121,498,560.29
Research and development expenses	44	**284,717,812.81**	204,151,559.30
Financial expenses	45	**141,528,692.18**	53,129,460.34
Including: Interest expenses		**80,273,151.69**	65,388,264.94
Interest income		**16,412,291.81**	17,902,429.34
Add: Other income	46	**25,471,233.82**	30,189,426.63
Investment income	47	**5,675,836.26**	6,908,081.15
Profit (loss) arising from changes in fair value		**2,614,841.66**	–
Including: Gains on investment in associates	48	**1,245,626.59**	(5,234,350.32)
Credit impairment loss	49	**(29,914,991.88)**	(12,816,559.04)
Asset impairment loss	50	**(71,783,469.77)**	(14,697,934.51)
Losses on disposal of asset	51	**(18,018,346.26)**	(6,541,402.98)
II. Operating profit		**1,864,918,290.28**	845,956,439.03
Add: Non-operating income	52	**12,889,216.85**	16,897,963.68
Less: Non-operating expenses	53	**3,899,465.44**	184,158.59
III. Total profit		**1,873,908,041.69**	862,670,244.12
Less: Income tax expense	54	**245,124,254.06**	145,426,535.45
IV. Net profit		**1,628,783,787.63**	717,243,708.67
Net profit attributable to equity owners of parent company		**1,628,783,787.63**	717,243,708.67
Profit or loss attributable to minority interests			–
V. Other comprehensive income, net of tax		**(32,274,518.98)**	10,620,833.40
Other comprehensive income, net of tax attributable to the owner of parent company		**(32,274,518.98)**	10,620,833.40
(1) Other comprehensive income that cannot be reclassified to profit or loss		**(3,217,914.84)**	–
– Changes in fair value of other equity instruments		**(3,217,914.84)**	–
(2) Other comprehensive income that will be reclassified to profit or loss		**(29,056,604.14)**	10,620,833.40
– Exchange differences on foreign currency financial statements translation		**(23,092,036.70)**	10,620,833.40
– Changes in fair value of financing receivables		**(5,964,567.44)**	–
Other comprehensive income, net of tax attributable to minority interests			–
VI. Total comprehensive income		**1,596,509,268.65**	727,864,542.07
Attributable to the shareholders of the parent company		**1,596,509,268.65**	727,864,542.07
Attributable to the minority interests			–
VII. Earnings per share			
(1) Basic earnings per share	56	**0.83**	0.37
(2) Diluted earnings per share	56	**0.81**	0.37

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Income S a emen of he Pa, en Compan

For the year ended 31 December 2020

RMB

I em	NOTE (14)	Amo n inc , , ed in he c , , en ea,	Amount incurred in the previous year
I. Ope, a ing , e en e	27	**4,553,484,065.43**	3,591,539,008.03
Less: Operating costs	27	**3,720,981,669.51**	3,000,997,457.74
Taxes and surcharges	28	**22,889,998.05**	15,520,516.48
Selling expenses	29	**73,636,828.80**	68,929,956.72
General and administrative expenses	30	**109,487,312.67**	76,656,007.96
Research and development expenses	31	**145,433,731.51**	100,075,014.72
Financial expenses	32	**79,213,541.67**	27,911,159.88
Including: Interest expenses		**58,260,295.56**	31,980,999.88
Interest income		**5,119,750.54**	12,524,684.44
Add: Other income	33	**15,040,420.63**	16,361,949.96
Investment (loss) income	34	**(4,288,623.74)**	471,707.68
Including: Gains on investment in associates		**2,614,841.66**	–
Loss from changes in fair value	35	**(379,492.22)**	(3,852,732.49)
Credit impairment loss	36	**(17,377,891.48)**	(15,465,340.85)
Asset impairment loss	37	**(68,495,338.01)**	(14,697,934.51)
Losses on disposal of assets	38	**(16,774,163.09)**	(7,017,163.75)
II. Ope, a ing p, ofi		**309,565,895.31**	277,249,380.57
Add: Non-operating income	39	**6,832,392.47**	8,293,509.23
Add: Non-operating income	40	**2,511,423.80**	100,000.00
III. To al p, ofi		**313,886,863.98**	285,442,889.80
Less: Income tax expenses	41	**42,388,427.86**	31,478,406.48
IV. Ne p, ofi		**271,498,436.12**	253,964,483.32
V. O he, comp, ehen i e income, ne of a		**(5,964,567.44)**	–
I. O he, comp, ehen i e income ha canno be cla ified in o p, ofi o, lo			–
II. O he, comp, ehen i e income ha ill be cla ified in o p, ofi o, lo		**(5,964,567.44)**	–
− Changes in fair value of receivables financing		**(5,964,567.44)**	–
VI. To al comp, ehen i e income		**265,533,868.68**	253,964,483.32

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Cash Flow

For the year ended 31 December 2020

RMB

Item	NOTE (6)	Amount incurred in the year	Amount incurred in the previous year
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		**4,260,896,686.12**	4,515,888,387.61
Cash received from refunds of taxes		**150,547,543.63**	133,103,705.74
Cash received relating to other operating activities	57 (1)	**42,603,582.52**	89,326,909.64
Subtotal of cash inflow		**4,454,047,812.27**	4,738,319,002.99
Cash paid for goods and services		**1,667,088,694.33**	3,368,644,502.93
Cash paid to and on behalf of employee		**316,786,736.20**	287,842,958.25
Cash paid for payments of taxes and surcharges		**248,246,780.53**	151,625,868.89
Cash paid relating to other operating activities	57 (2)	**520,758,281.51**	420,008,980.35
Subtotal of cash outflow		**2,752,880,492.57**	4,228,122,310.42
Net cash flow from operating activities		**1,701,167,319.70**	510,196,692.57
II. Cash flow from investing activities:			
Cash received from returns on investments		**25,655,598.20**	8,272,192.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**11,614,469.66**	16,579,973.39
Cash received relating to other investing activities	57 (3)	**125,909,899.04**	131,264,078.45
Subtotal of cash inflow		**163,179,966.90**	156,116,244.31
Cash paid to purchase fixed assets, intangible assets and other long-term assets		**1,950,128,106.90**	1,301,734,508.16
Cash paid for investments		**468,488,079.84**	–
Cash paid relating to other investing activities	57 (4)	**118,724,788.85**	102,153,769.10
Subtotal of cash outflow		**2,537,340,975.59**	1,403,888,277.26
Net cash flow from investing activities		**(2,374,161,008.69)**	(1,247,772,032.95)
III. Cash flow from financing activities:			
Cash received from capital contribution		**28,658,000.00**	269,700,000.00
Cash received from bonds issuing		**1,444,025,000.00**	–
Cash received from borrowings		**2,772,983,295.88**	1,954,723,227.20
Cash received relating to other financing activities	57 (5)	**255,660,791.32**	277,454,484.32
Subtotal of cash inflow		**4,501,327,087.20**	2,501,877,711.52
Cash paid for payment of borrowings		**2,330,256,654.52**	1,291,775,272.59
Cash paid for distribution of dividends, and profits or payment of interest		**244,567,836.56**	229,761,226.52
Cash paid relating to other financing activities	57(6)	**557,330,065.30**	296,310,722.70
Subtotal of cash outflow		**3,132,154,556.38**	1,817,847,221.81
Net cash flow from financing activities		**1,369,172,530.82**	684,030,489.71
IV. Effect of foreign exchange rate change on cash and cash equivalents		**(29,075,003.29)**	3,862,938.18
V. Net decrease in cash and cash equivalents		**667,103,838.54**	(49,681,912.49)
Add: Cash and cash equivalents at the beginning of the year		**479,068,091.59**	528,750,004.08
VI. Cash and cash equivalents at the end of the year		**1,146,171,930.13**	479,068,091.59

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Cash Flows of the Parent Company

RMB

Item	NOTE (14)	Amount incurred in the current year	Amount incurred in the previous year
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		**2,930,691,103.16**	3,257,963,652.31
Cash received from refunds of taxes		**19,189,989.89**	41,213,278.68
Cash received relating to other operating activities	43 (1)	**15,936,272.92**	26,491,352.92
Subtotal of cash inflow		**2,965,817,365.97**	3,325,668,283.91
Cash paid for goods and services		**2,805,718,498.72**	2,682,566,982.27
Cash paid to and on behalf of employee		**156,730,320.57**	146,295,174.43
Cash paid for payments of taxes and surcharges		**92,327,401.58**	46,139,814.03
Cash paid relating to other operating activities	43(2)	**189,974,122.64**	160,943,583.75
Subtotal of cash outflow		**3,244,750,343.51**	3,035,945,554.48
Net cash flows from operating activities		**(278,932,977.54)**	289,722,729.43
II. Cash flows from investing activities:			
Cash received from returns on investments			1,759,200.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**11,397,687.32**	3,093,989.93
Cash received relating to other investing activities	43(3)	**258,179,396.36**	246,772,690.36
Subtotal of cash inflow		**269,577,083.68**	251,625,880.29
Cash paid to purchase fixed assets, intangible assets and other long-term assets		**287,276,684.06**	184,514,117.79
Cash paid for investments		**800,000.00**	257,000,000.00
Cash paid relating to other investing activities	43(4)	**2,126,958,214.27**	338,217,053.07
Subtotal of cash outflow		**2,415,034,898.33**	779,731,170.86
Net cash flows from investing activities		**(2,145,457,814.65)**	(528,105,290.57)
III. Cash flows from financing activities:			
Cash received from capital contribution		**28,658,000.00**	269,700,000.00
Cash received from bonds issuing		**1,444,025,000.00**	–
Cash received from borrowings		**669,967,570.88**	1,064,410,735.92
Cash received relating to other financing activities	43(5)	**1,369,267,749.36**	168,683,559.31
Subtotal of cash inflow		**3,511,918,320.24**	1,502,794,295.23
Cash paid for payment of borrowings		**764,468,760.28**	656,619,995.68
Cash paid for distribution of dividends, and profits or payment of interest		**163,436,592.51**	176,772,652.43
Cash paid relating to other financing activities	43(6)	**126,294,817.74**	444,513,969.81
Subtotal of cash outflow		**1,054,200,170.53**	1,277,906,617.92
Net cash flows from financing activities		**2,457,718,149.71**	224,887,677.31
IV. Effect of foreign exchange rate change on cash and cash equivalents		**(3,696,195.31)**	623,827.56
V. Net increase/(decrease) in cash and cash equivalents		**29,631,162.21**	(12,871,056.27)
Add: Cash and cash equivalents at the beginning of the year		**158,928,035.19**	171,799,091.46
VI. Cash and cash equivalents at the end of the year		**188,559,197.40**	158,928,035.19

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

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For the year ended 31 December 2020

RMB

RMB

Items	The last year Equity attributable to the owners of the parent company Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Opening balance of the last year	450,000,000.00	622,230,162.41	(4,685,190.57)	9,425,627.41	168,158,907.37	2,423,524,157.41	–	3,668,653,664.03
II. Increase/decrease for the current year								
(I) Total comprehensive income	–	–	10,620,833.40	–	–	717,243,708.67	–	727,864,542.07
(II) Contribution of shareholders	37,500,000.00	216,884,951.00	–	–	–	–	–	254,384,951.00
1. Common shares contributed by owners	37,500,000.00	216,884,951.00	–	–	–	–	–	254,384,951.00
(III) Profit distribution	–	–	–	–	25,396,448.33	(165,796,448.33)	–	(140,400,000.00)
1. Appropriation to surplus reserve	–	–	–	–	25,396,448.33	(25,396,448.33)	–	–
2. Appropriation to shareholders	–	–	–	–	–	(140,400,000.00)	–	(140,400,000.00)
(IV) Special reserve	–	–	–	2,385,230.90	–	–	–	2,385,230.90
1. Provision of special reserves	–	–	–	2,385,230.90	–	–	–	2,385,230.90
III. Closing balance of the last year	487,500,000.00	839,115,113.41	5,935,642.83	11,810,858.31	193,555,355.70	2,974,971,417.75	–	4,512,888,388.00

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2020

RMB

RMB

Items	The last year				
	Share capital	Capital reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Opening balance of the last year	450,000,000.00	622,230,162.41	168,158,907.37	1,656,733,410.15	2,897,122,479.93
II. Increase/decrease for the current year					
(I) Total comprehensive income	–	–	–	253,964,483.32	253,964,483.32
(II) Contribution and withdrawal of capital by shareholders	37,500,000.00	216,884,951.00	–	–	254,384,951.00
1. Common shares contributed by owners	37,500,000.00	216,884,951.00	–	–	254,384,951.00
(III) Profit distribution	–	–	25,396,448.33	(165,796,448.33)	(140,400,000.00)
1. Appropriation to surplus reserve	–	–	25,396,448.33	(25,396,448.33)	–
2. Appropriation to shareholders	–	–	–	(140,400,000.00)	(140,400,000.00)
III. Closing balance of the last year	487,500,000.00	839,115,113.41	193,555,355.70	1,744,901,445.14	3,265,071,914.25

The notes are an integral part of the financial statements.

The financial statements on pages 58 to 256 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

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For the year ended 31 December 2020

(I) CORPORATE INFORMATION

1. Compan O e., ie

Flat Glass Group Co., Ltd. (the "Company") was established on 24 June 1998 with its registered address at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province. On 29 December 2005, the Company was converted into a joint stock limited liability company and changed its name to Zhejiang Flat Glass & Mirror Co., Ltd.* (浙江福萊特玻璃鏡業股份有限公司). On 23 March 2011, the Company was renamed as Flat Solar Glass Group Co., Ltd.* (福萊特光伏玻璃集團股份有限公司) and subsequently renamed as Flat Glass Group Co., Ltd.* (福萊特玻璃集團股份有限公司) on 10 October 2014.

On 26 November 2015, the Company issued 450,000,000 overseas listed foreign shares (H shares) with a par value of RMB0.25 per share through global public offering. On the same date, the Company's shares were listed on The Stock Exchange of Hong Kong Limited.

On 23 November 2018, the Company received the Approval of the Initial Public Offering of Shares of Flat Glass Group Co., Ltd. (CSRC Approval [2018] No.1959) issued by China Securities Regulatory Commission, that the Company can issue no more than 150,000,000 ordinary shares (A shares) and list on Shanghai Stock Exchange. On 15 February 2019, the Company issued 150,000,000 RMB ordinary shares (A shares) with a par value of RMB0.25 per share at the issue price of RMB2.00 per share. After the change, the registered capital was RMB487,500,000.00.

On 11 August 2020, in accordance with the "Proposal on Adjusting the List of Incentive Participants and the Number of Restricted Shares Granted on the First Grant of the Company's 2020 A-Share Restricted Share Incentive Scheme" and the "Proposal on the First Grant of A-Share Restricted Shares to Incentive Participants", the Company granted restricted shares to proposed incentive participants. A total of 15 incentive participants subscribed for 4,600,000 RMB ordinary shares (A Shares) with a par value of RMB0.25 each, and the grant price was RMB6.23 per share. After the completion of the abovementioned transaction, the registered capital of the company after the change was RMB488,650,000.00.

As approved by the China Securities Regulatory Commission, the Company publicly issued 14.50 million A share convertible corporate bonds (the "Convertible Bonds") with a par value of RMB100 each on 27 May 2020. The total amount of this issuance is RMB1,450,000,000.00 and the term is 6 years. Pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant regulations and the Prospectus of A Share Convertible Corporate Bond through Public Issuance of Flat Glass Group Co., Ltd., the Convertible Bonds can be converted into the RMB ordinary shares (A Shares) of the Company from 3 December 2020. The initial conversion price is RMB13.56 per share. The Company will adjust the conversion price based on the prospectus upon the occurrence of distribution of stock dividend, capitalization issue, issuance of new shares (excluding the increase in share capital due to the convertible corporate bonds in this issuance), rights issue or distribution of cash dividend. On 9 November 2020, the Company adjusted the conversion price to RMB13.48 per share based on the A-share restricted share incentive scheme and 2020 interim profit distribution proposal. As at 31 December 2020, the Convertible Bonds totaling RMB1,168,082,000.00 have been converted into the RMB ordinary shares (A Shares) of the Company. The cumulative number of shares converted was 86,648,788.00 shares, and the total amount of newly added share capital was RMB21,662,197.00. As at 31 December 2020, the abovementioned share conversion has completed the procedures for share transfer and registration of China Securities Depository and Clearing Corporation Limited, and the relevant procedures for change of registered capital have not been completed.

(I) CORPORATE INFORMATION (Continued)

1. Company Overview (Continued)

The principal activities of the Company and its subsidiaries (the "Group") are the manufacturing and sales of glass products.

The de facto controllers of the Company are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei, of whom Mr. Ruan Hongliang and Ms. Jiang Jinhua are directors of the Company.

2. Scope of the Consolidated Financial Statements

On 29 March 2021, the Company's company and consolidated financial statements have been approved by the Board of Directors of the Company.

Details of the scope of consolidated financial statements are set out in Note (V) "Interests in other entities" to the financial statements.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has implemented the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as the "CASBE") and has also disclosed relevant financial information in accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 − General Provisions on Financial Reporting (revised in 2014). In addition, the financial statements also include disclosures required by the Companies Ordinance and the Listing Rules of the stock exchange of Hong Kong.

Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since 31 December 2020 and is not aware of any events or conditions that may cast significant doubt upon the ability to continue as a going concern. So the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted accrual basis for accounting measurement. Except some financial instruments are measured at fair value, the financial statements are based on historical cost. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant regulations.

Under the historical cost convention, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of acquisition. Liabilities are measured according to the amount of payment or assets actually received due to the assumption of current obligations, or the contract amount of the current obligation, or in accordance with the amount of cash or cash equivalents expected to be paid in daily activities to meet liabilities.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Basis of accounting and principle of measurement (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measured and disclosed in the financial statements are determined according to the above basis.

The fair value measurement is divided into three levels based on the observability of the inputs of the fair value and the importance of the inputs to the fair value measurement as a whole:

- Level 1 inputs are the unadjusted quoted prices of the same assets or liabilities in the active market that can be obtained on the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the relevant asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The principal activities of the Group are the manufacturing and sales of glass products. Therefore, the accounting policies for recognition of revenue, impairment of financial instruments, depreciation of fixed assets and amortization of intangible assets are based on the characteristics of the glass manufacturing industry. For details please refer to Notes III, 25, III, 9, III, 15 and III, 18.

1. Statement of Compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and present truly and completely the consolidated and the Company's financial position as at 31 December 2020 and the consolidated and the Company's results of operations, the consolidated and the Company's changes in shareholders' equity and the consolidated and the Company's cash flows in 2020.

2. Accounting Period

The accounting year of the Group is the calendar year, i.e. from 1 January to 31 December of each year.

3. Operating Cycle

Operating cycle refers to the period from the purchase of assets used for processing to the realization of cash or cash equivalents. The Group's operating cycle usually takes approximately 12 months.

4. Functional Currency

Renminbi ("RMB") is the currency in the primary economic environment in which the Company and its domestic subsidiaries, the Company and its domestic subsidiaries use RMB as their functional currency. The Company's domestic subsidiary determines VND as its functional currency based on the currency in the primary economic environment in which it operates. The currency used by the Company in preparing the financial statements is RMB.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Business Combination

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 Business combination involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities acquired in a business combination are measured at their carrying amount of the combined party at the combination date. The difference between the carrying amount of the net assets acquired by the combining party and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued) is adjusted to share premium under capital reserve, if the share capital premium is insufficient to offset the difference, the retained earnings will be adjusted.

The costs that are directly attributable to the business combination are charged to profit or loss in the period in which they are incurred.

5.2 Business combination not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination.

The cost of combination is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. The intermediary fees incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other related administrative expenses attributable to the business combination are charged to profit or loss in the period in which they are incurred.

The identifiable assets, liabilities and contingent liabilities of the acquiree that meet the recognition conditions acquired by the acquirer in a business combination, are measured at their fair values at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as an asset as goodwill and is initially measured at cost. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired in the combination, the difference is recognised in profit or loss.

Goodwill occurred as a result of combination shall be recognised separately in the consolidated financial statements and measured at cost less accumulated impairment provision.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. P, epa, a ion of Con olida ed Financial S a emen

The scope of consolidation for the consolidated financial statements is determined based on control. Control refers to the power that the investor has over the investee; it means that the investor enjoys variable returns by taking part in the relevant activities of the investee and is capable of using its power over the investee to influence the amount of return. In case of changes in the relevant elements involved in the aforesaid definition of control as a result of the changes in facts and circumstance, the Group will conduct re-assessment.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliesteei0.5 0 -1.3 Td[oad inconr (te)0.5s0.5 5 (n)0.5 (

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. P, epa a ion of Con olida ed Financial S a emen (Continued)

A transaction is accounted for as an equity transaction when the purchase of minority interest in a subsidiary or the disposal of part of equity investment in a subsidiary does not result in the Group losing control over the subsidiary, and the carrying amount of equity attributable to the owner of the Company and minority shareholders will be adjusted to reflect the changes of their related interests in the subsidiary. The difference between the adjusted equity of minority shareholders and the fair value of the consideration paid/received is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings will be adjusted.

7. Recogni ion C, i e, ia of Ca h and Ca h E ᵛ i, alen

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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8.1 Fo, eign e ᵉ , , enc b ᵉ ine

Foreign currency transactions are translated at the spot exchange rate on the date of transaction at initial recognition.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that: (1) exchange differences related to special borrowings denominated in foreign currency eligible for capitalization shall be capitalized into the cost of the related assets during the capitalization period; (2) exchange differences on hedging instruments for the purpose of hedging against foreign currency risk are accounted for using hedge accounting; and (3) exchange differences arising from changes in carrying amount (other than amortised cost) of monetary items at fair value through comprehensive income are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency at the spot exchange rate at the date of the transaction. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes in exchange rates) and is recognised in profit or loss or as other comprehensive income.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

8. T, an la ion of Fo, eign C, , enc Ba ine and Financial S a emen Denomina ed in Fo, eign C , , enc (Continued)

8.2 T, an la ion of fo, eign e , , enc financial a emen

For the purpose of preparing the consolidated financial statements, the foreign currency financial statements of overseas operations are translated into RMB financial statements using the following method: all assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; equity items converted at the spot exchange rate at the time of occurrence; all items in the income statement and items reflecting the amount of profit distribution are translated at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions; the difference between assets and the sum of liabilities and shareholders' equity after translation is recognised in other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciliation item and presented separately in the statement of cash flows as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the actual figures of prior year are presented at the translated amounts in the prior year's financial statements.

9. Financial In ,s men

The Group recognises a financial asset or a financial liability when it becomes a party to a financial instrument contract.

Where financial assets are purchased or sold in a regular way, assets to be received and liabilities to be borne are recognised on the date of transaction, or assets sold are derecognised on the date of transaction.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, the related transaction costs are directly recognised in profit or loss in the period in which they are incurred. For other categories of financial assets and financial liabilities, the related transaction costs are included in the initially recognised amount. When the Group initially recognizes receivables that do not contain a significant financing component or do not consider the financing component in a contract not exceeding one year in accordance with the Accounting Standards for Business Enterprises No. 14 − Revenue (the "Revenue Standard"), the Group initially measures the receivables at the transaction price as defined in the Revenue Standard.

Effective interest rate method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,ª men (Continued)

The effective interest rate is the rate that discounts estimated future cash flows through the expected duration of a financial asset or a financial liability to the carrying amount of the financial asset or to the amortised cost of the financial liability. In determining the effective interest rate, the expected cash flow is estimated on the basis of all contractual terms of the financial asset or financial liability (such as early repayment, extension, call options or other similar options, etc.) without taking into account the expected credit loss.

The amortised cost of a financial asset or a financial liability is the amount initially recognised for a financial asset or a financial liability net of principal repaid, plus or less the cumulative amortised amount arising from amortization of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

9.1 Cla ifica ion, , ecogni ion and mea ª, emen of financial a e

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

If the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are solely payments of the principal and the interest on the principal amount outstanding and the financial asset is managed by the Group in a business model aimed at collecting contractual cash flows, the Group shall classify the financial asset into the financial asset measured at amortised cost. Such financial assets mainly include cash and bank balances, bills receivable and receivables, other receivables, etc.

If the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are solely payments of the principal and the interest on the principal amount outstanding and the financial asset is managed by the Group in a business model aimed at both collecting contractual cash flows and selling such financial assets, the Group shall classify the financial asset into the financial asset at FVTOCI. These financial assets were classified as bills receivable at fair value through other comprehensive income when obtaining, and presented under receivables financing.

On initial recognition, the Group may, based on an individual financial asset, irrevocably designate a non-tradable equity instrument investment other than contingent consideration recognised in business combination not involving enterprises under common control as financial asset at FVTOCI. Such financial assets are presented as other equity instrument investments.

The Group's purpose of holding the financial assets is for trading if one of the following conditions is satisfied:

- The purpose of acquiring the financial assets is to sell the assets in the near future.
- The relevant financial assets are part of a portfolio of identified financial instruments that are centrally managed on initial recognition, and there is objective evidence of actually a recent short-term profit-taking model.
- The relevant financial assets are derivatives, except for derivatives defined under financial guarantee contracts and derivatives designated as effective hedging instruments.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,^ men (Continued)

9.1 Cla ifica ion and mea^ , emen of financial a e (Continued)

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL.

- Financial assets that do not meet the classification criteria for financial assets at amortised cost or financial assets at FVTOCI are classified as financial assets at FVTPL.

- On initial recognition, the Group may irrevocably designate a financial asset as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch or when the criteria for the hybrid contract with embedded derivatives are met.

Except for derivative financial assets, financial assets at FVTPL are presented as held-for-trading financial assets.

9.1.1 Financial assets measured at amortised cost

Financial asset at amortised cost is subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognised in profit or loss.

The Group recognises interest income on financial assets measured at amortised cost using the effective interest method. The Group determines the interest income based on the carrying amount of financial assets multiplied by the effective interest rate, except for:

- For purchased or originated credit impaired financial assets, the Group recognises their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

- For purchased or originated financial assets without credit impairment but with credit impairment incurred in subsequent periods, the Group calculates and determines its interest income based on amortised cost of the financial asset and the effective interest rate in subsequent periods. If the credit risk of the financial instrument improves in subsequent periods and the financial instrument is no longer credit impaired and the improvement can be linked to an event occurring after the application of the above requirements, the Group will determine the interest income based on the effective interest rate multiplied by the carrying amount of the financial assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,* men (Continued)

9.1 Cla ifica ion and mea, emen of financial a e (Continued)*

9.1.2 Financial assets classified as at FVTOCI

Except for impairment losses or gains related to financial assets at FVTOCI, interest income calculated using the effective interest method and exchange gains and losses are recognised in profit or loss, changes in fair value of the financial assets are recognised in other comprehensive income. The amount of the financial assets included in profit or loss for each period shall be equal to the amount deemed as measured at amortised cost and included in profit or loss for each period. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and reclassified into profit or loss for the period.

After the non-tradable equity instrument investment is designated as a financial asset at FVTOCI, the changes in fair value of the financial asset are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred from other comprehensive income and recognised in retained earnings. During the period that the Group holds these non-tradable equity instrument, the dividend income is recognised and included in profit or loss when the Group's right to receive dividends has been established and the economic benefits associated with the dividends are likely to flow into the Group and the amount of the dividends can be reliably measured.

9.1.3 Financial assets at FVTPL

Financial assets at FVTPL shall be subsequently measured at fair value. Gains or losses from change in fair value and dividends and interest income related to such financial assets shall be recognised in profit or loss.

9.2 Impai men of financial in , men*

The Group performs impairment accounting for financial assets measured at amortised cost and financial assets at FVTOCI based on expected credit losses ("ECL") and recognises loss allowance.

The group measures the loss reserves of all commercial acceptance, bills receivable and trade receivable formed due to the income standard in accordance with the amount equivalent to lifetime ECL.

For other financial instruments, except for purchased or originated credit impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk on the financial instrument has increased significantly since initial recognition, the Group measures its loss allowance at an amount equal to lifetime ECL of the financial instrument. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to next 12-month ECL of the financial instrument. Except for financial assets measured at FVTOCI, the increased or reversed amount of credit loss provision shall be included in profit and loss for the period as impairment loss or gain.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,* men (Continued)

9.2 Impai men of financial in , men (Continued)*

The Group measured loss allowance at an amount equal to the lifetime ECL of the financial instruments in the previous accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at an amount equal to next 12-month ECL at the balance sheet date for the current period, and the relevant reversal amount of loss allowance is included in profit or loss for the current period as an impairment gain.

9.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information that is available to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For loan commitments and financial guarantee contracts, the Group uses the date on which it becomes the party making the irrevocable undertaking as the initial recognition date when applying provisions for financial instrument impairment.

The Group will take the following factors into consideration when assessing whether the credit risk has significantly increased:

(1) Whether the external market indicators of credit risk for the same financial instrument or similar financial instruments with same expected life have changed significantly. These indicators include: credit spread, credit default swap prices for borrowers.

(2) Whether the debtor's internal credit rating is actually lowered or is expected to be lowered.

(3) Adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its debt obligations.

(4) Whether the actual or expected operating results of the debtor has changed significantly.

(5) Whether the regulatory, economic or technological environment in which the debtor is located has undergone significant adverse changes.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,* men (Continued)

9.2 Impai, men of financial in , men (Continued)*

9.2.1 Significant increase in credit risk (Continued)

Irrespective of a significant increase in credit risk since above assessment, the credit risk of the financial instrument is considered to have increased significantly when the contractual payments are past due more than 30 days (inclusive).

As at the balance sheet date, if the Group judges that the financial instrument solely has lower credit risk, the Group will assume that the credit risk of the financial instrument has not significantly increased since initial recognition. If the default risk of a financial instrument is low, and the borrower is highly capable of meeting its contract cash flow obligations in short term, the financial instrument is considered to have a lower credit risk even if there is a negative change in the economic situation and operating environment over a longer period of time, but it may not necessarily reduce the borrower's performance of its contract cash obligations.

9.2.2 Credit impaired financial assets

A financial asset is credit impaired when one or more events that have an adverse impact on the estimated future cash flows of the financial asset occurred. Evidence that a financial asset is credit impaired includes the following observable information:

(1) Significant financial difficulty of the issuer or the debtor;

(2) The debtor breaches the contract, such as default or overdue on interest or principal payment;

(3) The creditor, for economic or contractual reasons relating to the financial difficulties of the debtor, granted to the debtor a concession that the creditor would not otherwise consider;

(4) The debtor is likely to enter bankruptcy or other financial reorganization;

(5) The active market for the financial asset disappeared due to the financial difficulties of the issuer or the debtor.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information proposed internally or obtained externally indicates that the debtor of the financial instrument is unable to pay its creditors (including the Group) in full (without taking into account any guarantees obtained by the Group).

Irrespective of the above assessment, the Group presumes that default has occurred when the contractual payments for a financial instrument are past due for more than 90 days (inclusive).

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,* men (Continued)

9.2 Impai men of financial in , men (Continued)*

9.2.3 Determination of ECL

The Group uses impairment matrix to determine the credit loss of related financial instruments on the basis of combination of bills receivable, financing receivables, trade receivable and other receivables. The Group divides financial instruments into different groups based on common risk features. The common credit risk features adopted by the Group include: type of financial instruments, credit risk rating, initial recognition date, etc.

The Group determines ECL of relevant financial instruments according to the following methods:

- For financial assets, the credit loss shall be the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received.
- As for the financial assets with credit impairment occurred on the balance sheet date but not purchased or generated, the credit loss is the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original effective interest rate.
- For a financial guarantee contract, the credit loss is the estimated payment made by the Group for the credit loss incurred by the contract holder, less the present value of the difference between the amount expected to be collected by the Group from the contract holder, debtor or any other party.

The factors reflected in the Group's methods of measuring ECL of financial instruments include: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of money; the reasonable and supportable information about past events, current situation and future economic situation forecast that is available without undue costs or efforts on the balance sheet date.

9.2.4 Write-down of financial assets

When the Group no longer reasonably expects that the contractual cash flow of the financial assets can be recovered in whole or in part, the book balance of the financial assets shall be written down directly. Such write down constitutes derecognition of related financial assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,* men (Continued)

9.3 T, an fe, of financial a e

A financial asset is derecognised when one of the following conditions is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset has been transferred to the transferee; or (3) the financial asset has been transferred, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it does not retain control over the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises the related liability accordingly. The Group measures the related liabilities in the following ways:

- If the transferred financial asset is measured at amortised cost, the carrying amount of the related liability is the carrying amount of the continuing involvement in the transferred financial asset less the amortised cost of the rights retained by the Group (if the Group retains the rights due to the transfer of the financial asset) plus the amortised cost of the obligations assumed by the Group (if the Group assumes the obligations due to the transfer of the financial asset), and the related liability is not designated as financial liability at FVTPL.

- If the transferred financial asset is measured at fair value, the carrying amount of the related liability is the carrying amount of the continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group (if the Group retains the rights due to the transfer of the financial asset) plus the fair value of the obligations assumed by the Group (if the Group assumes the obligations due to the transfer of the financial asset), the fair value of the rights and the obligations shall be the fair value at the time of measurement on an independent basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, especially for a financial asset classified at amortised cost and financial asset classified as at FVTOCI, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative gain or loss that has been previously recognised in other comprehensive income is recognised in profit or loss for the period. While regarding non-trading equity instruments designated as at FVTOCI by the Group, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,* men (Continued)

9.3 T, an fe of financial a e (Continued)

If part of the transferred financial asset satisfies the derecognition criteria, the carrying amount of the financial asset as a whole is allocated between the part that is derecognised and the part that continues to be recognised, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised that has been previously recognised in other comprehensive income is recognised in profit or loss or retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognise the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognised as a liability upon receipts.

9.4 Cla ifica ion and mea , emen of financial liabili ie and e* i in ,* men*

Based on the contractual terms of the financial instruments issued and the economic substance rather than only the form of legal contracts reflected, along with the definition of financial liabilities and equity instruments, the Group classifies the financial instruments or its components as financial liability or equity instrument at initial recognition.

9.4.1 Classification, recognition and measurement of financial liabilities

Upon initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

9.4.1.1 Financial liabilities at FVTPL

Financial liabilities at fair value through profit and loss include held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at FVTPL. In addition to the derivative financial liabilities listed separately, financial liabilities at FVTPL are listed as transactional financial liabilities.

The Group's purpose of undertaking the financial liabilities is for trading if one of the following conditions is satisfied:

- The purpose of undertaking relevant financial liabilities is mainly for the recent repurchase.
- The relevant financial liabilities are part of a portfolio of identified financial instruments that are centrally managed on initial recognition, and there is objective evidence of actually a recent short-term profit-taking model.
- The relevant financial liabilities are derivatives, except for derivatives defined under financial guarantee contracts and derivatives designated as effective hedging instruments.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial Instruments (Continued)

9.4 Classification and measurement of financial liabilities and equity instruments (Continued)

9.4.1 Classification, recognition and measurement of financial liabilities (Continued)

9.4.1.2 Other financial liabilities (Continued)

9.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at FVTPL are measured at the higher of the amount of loss provision and the amount initially recognized less cumulative amortization amount determined in accordance with the relevant regulations set out in Revenue Standard.

9.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. Where an agreement between the Group as borrower and lender is signed to replace the original financial liability and the contractual terms of the new financial liability and the original financial liability are substantially different, the Group derecognised the original financial liability and recognised the new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount of the part derecognised and the consideration paid (including any non-cash asset transferred or new financial liability assumed) is recognised in profit or loss for the period.

9.4.3 Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinancing), repurchased, sold or cancelled by the Group are treated as changes in equity. Changes in fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as profit distribution, dividends paid do not affect total amount of shareholders' equity.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial In ,ᴹ men (Continued)

9.5 De, i a i e in ,ᴹ men and embedding de, i a i e

Derivative instruments including forward foreign exchange contracts, currency swap contracts and interest rate swap contracts, etc. Derivatives are initially measured at fair value on the signing dates of the relevant contracts and subsequently measured at fair value. The changes in fair value of the derivatives are recognised in profit or loss for the period.

For the hybrid contract comprised of embedded derivatives and master contract, if the master contract belongs to financial assets, the Group shall apply the hybrid contract as a whole to the accounting standards on the classification of financial assets rather than split embedded derivatives from the hybrid contract.

The Group will split the embed derivatives from the hybrid contract to treat as a stand-alone derivative instrument if the master contract included in the hybrid contract does not belong to financial assets, and the following conditions are met:

(1) The economic characteristics of the embedded derivatives are not closely related to the economic characteristics and risk of the master contract.

(2) The stand-alone instrument which has the same terms of embedded derivatives conforms to the definition of derivative instruments.

(3) The hybrid contract is not measured at fair value through profit or loss for the period.

Where an embedded derivative is split from a hybrid contract, the Group performs accounting treatment for the master contract of the hybrid contract in accordance with applicable accounting standards. Where the Group is unable to measure the fair value of an embedded derivative reliably in accordance with the terms and conditions of the embedded derivative, the fair value of such embedded derivative is determined as the difference between the fair value of the hybrid contract and that of the master contract. Where the fair value of such embedded derivative on the acquisition date or the subsequent balance sheet dates is still unable to be measured separately, the Group designates the hybrid contract in a whole into the financial instrument at fair value through profit or loss for the period.

9.6 Off e ing financial a e and financial liabili ie

Financial assets and financial liabilities are offset and the net amount is presented in balance sheet when the Group has a legally enforceable right to set off the recognised financial assets and financial liabilities, and the Group intends to settle with net amount, or realise the financial asset and settle the financial liability simultaneously. Otherwise, the financial assets and financial liabilities will be presented separately in balance sheet and will not be mutually set off.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial Instruments (Continued)

9.7 Convertible bond

The convertible bonds issued by the Group which contain liabilities and conversion options, shall be split upon initial recognition and recognised separately. Of which, conversion options for settlement of fixed amount of cash or other financial assets in exchange for fixed amount of self-equity instruments is accounted for as equity instruments.

On initial recognition, the fair value of the liability portion is determined at current market prices similar to those of bonds without conversion options. The difference between the overall issue price of convertible bonds and the fair value of the liability portion shall be taken as the value of the conversion options of the bondholders to convert the bonds into equity instruments and recorded in other equity instruments.

In the subsequent measurement, the liability portion of convertible bonds are measured at amortised cost using the effective interest rate method. The value of the conversion option divided into equity instruments continues to be retained in the equity instruments. No loss or gain is incurred when a convertible bond expires or is converted.

The transaction costs incurred in issuing convertible bonds shall be apportioned between the liability component and the equity component according to their respective fair value. Transaction costs related to the equity component are directly recorded in the equity instruments; transaction costs related to the liability component are recorded in the carrying amount of the liability and amortized over the term of the convertible bonds using the effective interest rate method.

10. Financing receivable

For notes receivable classified as at FVTOCI, the portion within one year (inclusive) from the date of acquisition is presented as financing receivables. For details of the relevant accounting policies, please refer to Note (III) 9.1, 9.2 and 9.3.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Inventories

11.1 Classification of inventories

The Group's inventories mainly include raw materials, low-value consumables, works in progress and finished goods, etc. Inventories are initially measured at cost, which comprises purchase costs, processing costs and other expenses incurred in bringing the inventories to their current location and condition.

11.2 Pricing of inventories delivered

The actual cost of inventories upon delivery is calculated using the weighted average method.

11.3 Determination of net realisable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for impairment of inventories is made.

Net realisable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs to completion, estimated selling expenses and related taxes. Net realisable value of inventories is determined on the basis of clear evidence obtained, taking into account the purpose of holding inventories and the effect of events after the balance sheet date.

Provision for impairment of inventories is made based on the excess of cost over net realisable value of individual inventory item.

After the provision for impairment of inventories is made, if the circumstances that previously caused inventories to be written-off no longer exist so that the net realisable value of inventories is higher than their carrying amount, the original provision for impairment of inventories is reversed and the reversed amount is recognised in profit or loss for the period.

11.4 Inventory system

The inventory system is a perpetual inventory system.

11.5 Amortisation of low-value consumable

Low-value consumables are amortised using one-off write-off method.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. A e Held fo. Sale

A non-current asset or disposal group is classified as asset held for sale when the carrying amount of the asset is recovered principally through a sale transaction (including an exchange of non-monetary assets with commercial substance) rather than through continuing use.

Non-current assets or disposal groups held for sale are required to satisfy the following conditions: (1) an immediate sale can be made under the current conditions according to the practice of selling such assets or disposal groups in similar transactions; and (2) it is highly probable that a sale will occur, that is, the Group has made a resolution on a sale plan and obtained a definite purchase commitment, and the sale is expected to be completed within one year.

The Group measures non-current assets or disposal groups held for sale at the lower of carrying amount and fair value less costs to sell. If the carrying amount is higher than the net amount of the fair value less costs to sell, the carrying amount shall be written-off to the fair value less costs to sell, the amount written-off is recognised as an impairment loss of assets and included in profit or loss for the period, and the provision for impairment of assets held for sale is made simultaneously. Where there is an increase in the net amount of fair value less costs to sell of non-current assets held for sale at the subsequent balance sheet date, the amount previously written-off should be recovered and reversed in the amount of impairment loss recognised for the assets after being classified as held for sale, and the reversed amount is included in profit or loss for the period.

Depreciation or amortization shall not be made for non-current assets in the non-current assets or disposal groups held for sale. The interest of liabilities and other expenses in the disposal groups held for sale shall be continuously recognised.

The equity investments in associates are classified in whole or in part as assets held for sale. The part of such equity investments in associates classified as held for sale will cease to calculate using equity method from the date of being classified as held for sale.

13. Long- e. m E * i In e men

13.1 Ba i of de e mina ion of join con , ol and ignifican infl ence*

Control refers to the power of investor over the investee, who enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of returns. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the invested entities, it has taken into account the potential voting right factors such as the current convertible bonds and the current executable warrants of the invested entities held by the investor and other parties.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term Equity Investments (Continued)

13.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost of a long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. Where the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination, and the total nominal value of the shares issued is recognised as share capital. The difference between the initial investment cost of a long-term equity investment and the total nominal value of the shares issued is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted.

For a long-term equity investment acquired through a business combination not involving enterprises under common control, the initial investment cost is the combination cost at the date of acquisition.

The intermediary expenses incurred by the acquirer or purchaser in respect of auditing, legal services, valuation and consultancy services, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss in the period in which they are incurred.

The long-term equity investment acquired other than through a business combination is initially measured at its cost.

13.3 Subsequent measurement and recognition of profit or loss

13.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the financial statements of the Company. A subsidiary is an investee that is controlled by the Group.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. The current investment income is recognised in accordance with the cash dividends or profit distributions declared by the investee.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term Equity Investments (Continued)

13.3 Subsequent measurement and recognition of profit or loss (Continued)

13.3.2 Long-term equity investment accounted for by equity method

The Group's investment in associates is accounted for by equity method. Associates refer to invested entities to which the Group can exert a significant influence.

When adopting equity method accounting, if the initial investment cost of long-term equity investment exceeds the share of the fair value of identifiable net assets of the invested entity at the investment date, no adjustment shall be made to the initial investment cost of long-term equity investment. If the initial investment cost is less than the share of the fair value of identifiable net assets of the invested entity at the investment date, the difference shall be charged to current profit or loss, and the long-term equity investment cost shall be adjusted at the same time.

When adopting equity method accounting, the investment income and other comprehensive income shall be recognised separately according to the share of net profit or loss and other comprehensive income realised by the invested entity, and the carrying amount of long-term equity investment shall be adjusted at the same time; the carrying amount of long-term equity investment shall be reduced accordingly by calculating the portion to be enjoyed according to the profit or cash dividend declared by the invested entity; the carrying amount of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's rights and interests of the invested entity except net profit or loss, other comprehensive income and profit distribution. When recognising the share of the net profit or loss of the invested entity, the net profit of the invested entity shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested entity at the acquisition date. If the accounting policies and periods adopted by the invested entity are inconsistent with those of the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and period of the Company. The investment income and other comprehensive income shall be recognised accordingly. For transactions between the Group and associates, the assets invested or sold do not constitute business, and the unrealised gains and losses of internal transactions are offset by the shareholding attributable to the Group. On this basis, the investment gains and losses are recognised. However, the unrealised internal transaction losses between the Group and the invested entity shall not be offset if they belong to the impairment losses of the transferred assets.

The Group discontinues recognising its share of net losses of the invested entity after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the invested entity is reduced to zero. In addition, if the Group has incurred obligations to assume additional losses of the invested entity, estimated liability is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the invested entity, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

13.4 Disposal of long-term equity investment

On disposal of a long-term equity investment, the difference between the carrying amount and the actual purchase price is recognised in profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. In e men P. ope. ie

Investment properties are properties held for the purpose of earning rentals or capital appreciation, or both. Investment properties include leased land use rights, land use rights held and prepared for transfer after appreciation, buildings leased out, etc.

Investment properties are initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures on an investment property shall be included in profit or loss for the current year when incurred.

The Group adopts the cost model for subsequent measurement of investment properties, and investment properties are depreciated or amortised based on the same policy consistent with houses and buildings or land use rights.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

When an investment property is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the property net of the carrying amount and related taxes is recognised in profit or loss for the period.

15. Fi ed A e

15.1 Condi ion of , ecogni ion

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. A fixed asset is recognised only when the economic benefits associated with the asset are probable to flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset if it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably, and the carrying amount of the replaced part is derecognised. Other subsequent expenditures other than the above are charged to profit or loss for the current period when incurred.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Bo, , o ing Co

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised when expenditures for the asset are being incurred, borrowing costs are being incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. The capitalisation of qualifying assets under construction or production ceases when the assets are ready for their intended use or sale. The remaining borrowing costs are recognised as expenses in the period in which they are incurred.

Where funds are borrowed under a special borrowing, the amount to be capitalised is the actual interest expense incurred on that borrowing for the period less any interest income earned from depositing the unused borrowing funds into bank or any investment income on the temporary investment of those funds. Where funds are borrowed under a general borrowing, the amount capitalised is determined by applying the weighted average of the excess amounts of cumulative expenditures on the asset over the special borrowings multiplied by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of the general borrowings. During the capitalisation period, the exchange differences on special foreign currency borrowings are all capitalised; the exchange differences on general-purpose foreign currency borrowings are recognised in profit or loss for the period.

18. In angible A e

18.1 In angible a e

Intangible assets include software, pollutant discharge rights, mining rights and land use rights, etc.

The intangible assets shall be initially measured at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. Intangible assets are not amortised while their useful lives are assessed to be indefinite. The amortization method, useful life and estimated net residual value rate of each class of intangible assets are as follows:

Cla	Amo, i ˇa ion me hod	U e f l life (Yea,)	Re id al Val e Ra e (%)
Land use rights	Straight line method	42−50 years	−
Pollutant discharge rights	Straight line method	5−20 years	−
Mining rights	Output method	−	−
Software	Straight line method	5−10 years	−

At the end of the year, the useful life and amortization method of intangible assets with finite useful lives are reviewed and adjusted if necessary.

For the impairment test of intangible assets, please refer to Note (III).19. “Impairment of Long-term Assets”.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Intangible Assets (Continued)

18.2 Internal research and development expenditure

Expenditures incurred in the research stage are recognised in profit or loss for the period.

Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognized in profit or loss for the period:

(1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(2) The intention to complete the intangible asset and use or sell it;

(3) The way in which the intangible asset generates economic benefits, including the ability to prove that there is a market for the product produced using the intangible asset or the intangible asset itself has a market, and prove its usefulness if the intangible asset will be used internally;

(4) Adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell the intangible asset;

(5) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

If the expenditures cannot be distinguished between the research stage and development stage, the Group recognises all of them in profit or loss for the period. The cost of the intangible asset formed by internal development activities only includes the total expenditure incurred from the time when the capitalization conditions are met to the time when the intangible asset reaches the intended purpose. The expenditures that have been expensed into profit and loss before the capitalization conditions are met for the same intangible asset in the development process will not be adjusted.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Impai men of Long- e m A e

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment properties, fixed assets, construction in progress measured using the cost method and intangible assets with finite useful lives may be impaired. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

If the estimated recoverable amount of an asset is based on a single asset and it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The recoverable amount is the higher of an asset's or asset Group's fair value less costs of disposal and the present value of the estimated future cash flows.

If the recoverable amount of an asset is less than its carrying amount, a provision for impairment of the asset is made based on the difference and recognised in profit or loss for the period.

An impairment loss once recognised shall not be reversed in a subsequent accounting period.

20. Long- e m Defe , ed E pen e

Long-term deferred expenses are expenses which have incurred but shall be amortised over the current period and subsequent periods of more than one year. Long-term deferred expenses are amortised evenly over the estimated benefit period.

21. Con , ac Liabili ie

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract assets and contract liabilities under common contract are presented on a net basis.

22. Emplo ee Compen a ion

22.1 Acco n ing fo ho - e m emplo ee compen a ion

In the accounting period in which an employee has rendered services, the Group recognises the short-term employee compensation actually incurred as liabilities, and includes in profit or loss for the period or related asset costs. The employee benefits expenses incurred by the Group are recognised in profit or loss for the period or related asset costs based on the actual amount when actually incurred. The non-monetary employee benefits expenses are measured at fair value.

In determining the corresponding amount of employee compensation, social security contributions such as medical insurance, work injury insurance and maternity insurance and housing funds, as well as labour union running expenses and employee education expenses provided by the Group are calculated according to the prescribed provision bases and percentages during the accounting period in which the employees provide services to the Group, and the corresponding liabilities are recognised, and included in profit or loss for the period or related asset costs.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Employee Compensation (Continued)

22.2 Accounting for post-employment benefit

Post-employment benefits are all defined contribution plans.

In the accounting period in which an employee has rendered service, the Group recognises the amount payable under the defined contribution plan as a liability, and includes in profit or loss for the period or related asset costs.

22.3 Accounting for termination benefit

When the Group provides termination benefits to employees, employee compensation liabilities arising from termination benefits are recognised in profit or loss at the earlier of the following dates: when the Group cannot unilaterally withdraw the termination benefits provided because of an employee termination plan or a layoff proposal, or when the Group confirms the costs or expenses related to the restructuring involving the payment of dismiss benefits.

23. Provision

Obligations related to product quality guarantee contingencies are recognised as provisions when the Group has a current obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

On the balance sheet date, provision shall be measured at the best estimate of the expenditure for settling the current obligation, taking into account the risk and uncertainty and time value of money and other factors related to the contingencies. Where the effect of the time value of money is material, the best estimate of the expenditure is determined by discounting the expected future cash outflows.

24. Share-based Payment

The Group's share-based payments are transactions in which equity instruments are granted to employees in exchange for services rendered by employees or for the assumption of liabilities based on equity instruments. The Group's share-based payments are equity-settled share-based payments.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Sha, e-ba ed Pa men (Continued)

24.1 E x i e led ha e-ba ed pa men

Equity-settled share-based payments to employees

Equity-settled share-based payments to employees in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date.

At each balance sheet date during the pending period, the Group, based on the latest subsequent information such as the latest update on the change in the number of entitled employees, makes best estimates to adjust the expected number of equity instruments that can be vested. The effect of the above estimate is included in relevant costs or expenses for the period and the capital reserve is adjusted accordingly.

24.2 Acco n ing , ea men in , cla ion o implemen a ion, modifica ion and e mina ion of ha e-ba ed pa men plan

When the Group modifies the share-based payment plan, and if such modification increases the fair value of the equity instruments granted, the increase in services received will be recognised accordingly following the increase in fair value of the equity instruments. If the modification increases the number of the equity instruments granted, the increase in fair value of the equity instruments will be recognised accordingly as the increase in services received. The increase in fair value of the equity instruments refers to the difference in fair value on the date of modification before and after the modification in respect of the equity instruments. If the modification reduces the total fair value of the share-based payments or adopts any form that is unfavorable to employees to modify the terms and conditions of the share-based payment plan, accounting treatment will be continued to be conducted in respect of the services received and the modification will be deemed to have never occurred, unless the Group had cancelled part or all of the equity instruments granted.

During the pending period, if the equity instruments granted are cancelled, the Group will undertake an accelerated vesting in respect of the cancelled equity instruments that had been granted, include the remaining amount that shall be recognised during the pending period in the profit and loss for the period immediately and recognise capital reserve accordingly. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, the Group will treat the granted equity instruments as cancelled.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Re enue

The Group's revenue is mainly derived from the sales of glass products, which mainly include photovoltaic glass, household glass, architectural glass, float glass and mining products, etc. Revenue from other business mainly represents rental income from properties and sales income of materials.

The Group recognises revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

For the performance obligations to be performed during a certain period of time, the Group recognises revenue over time by reference to the progress of a performance obligation if one of the following criteria is met: (1) the customer receives and consumes the economic benefits brought by the Group while performing obligations; (2) the customer can control the goods under construction during the performance of the Group; (3) the goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to receive payment for the part of the completed performance so far throughout the contract period. Otherwise, the Group will recognise revenue at the time point when the customer obtains control over relevant goods or services.

26. Go e nmen G an

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of monetary asset, it shall be measured at the amount received or receivable.

26.1 Jdgemen ba i and acco n ing ea men of go e nmen g an ela ed o a e

For details, please see Note (VI)32 for the Group's government grants related to assets. Such grants are government grants as they related to fixed assets that were built or acquired.

A government grant related to assets is recognised as deferred income and included in current profit or loss over the useful life of the related asset using the straight-line method.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Government Grant (Continued)

26.2 Judgement basis and accounting treatment of government grant related to revenue

Please refer to Note (VI) 61 for details of the grants related to revenue of the Group. As they are directly related to the expenses incurred during the period, such government grants are government grants related to revenue.

A government grant related to revenue used to compensate for relevant costs, expenses and losses in subsequent periods is recognised as deferred income, and is included in profit or loss for the period directly over the periods in which the relevant costs, expenses or losses are recognised. The government grants related to revenue used to compensate for relevant costs, expenses and losses already incurred is included in profit or loss for the period directly.

The government grants related to the Group's daily activities are included in other income/offset the relevant costs and expenses according to the nature of economic business. Otherwise, government grants are included in non-operating income or expense.

27. Safe Production Expense

Pursuant to the requirements of the Administrative Measures for the Withdrawal and Use of Safety Production Expenses of Enterprises issued by the Ministry of Finance and the State Administration of Work Safety, the Group has made provision for safety production expenses of RMB2 per ton based on the output of raw ore of open-pit non-metallic mines. The safety production expenses are specifically used for the improvement, transformation and maintenance of the Group's safety production conditions.

The provision for safety production expenses is directly included in the cost of the relevant products or the expenses for the period, and is presented separately in the "special reserve" item under the owners' equity. When safety production expenses is being used according to the prescribed scope, the expense expenditure is used to directly offset against "special reserve"; as for the capital expenditure, the expenditure incurred is firstly collected through "construction in progress" item and recognised as fixed assets when the safety project is completed and ready for its intended use; at the same time, the "special reserve" will be written down based on the cost of the fixed asset formed and the accumulated depreciation of the same amount will be recognised, no depreciation will be provided for the fixed assets in subsequent periods.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Defe. , ed Income Ta A e /Defe. , ed Income Ta Liabili ie

Income tax expenses comprise current income tax expense and deferred income tax expense.

28.1 C , , en income a*

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 Defe , ed income a a e and defe , ed income a liabili ie

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognised as assets or liabilities but the tax base can be determined according to tax laws and their tax base, deferred income tax assets and deferred income tax liabilities are recognised using the balance sheet liability method.

Deferred income tax is generally recognised for all temporary differences. However, as for deductible temporary differences, deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. In addition, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profit (or deductible loss) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits in subsequent years that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred income tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with the investments in subsidiaries are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

28. Deferred Income Tax Assets/Deferred Income Tax Liabilities (Continued)

28.2 Deferred income tax assets and deferred income tax liabilities (Continued)

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled according to the requirements of tax laws.

Current and deferred income tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they are adjusted to the carrying amount of goodwill.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Lease (Continued)

29.1 The Group as lessee

29.1.1 Separation of leases

For a contract that contains one or more lease or non-lease components, the Group separates each individual lease component from non-lease components and allocates the consideration in the contract to each lease component on the basis of the stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

29.1.2 Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease. The lease commencement date refers to the starting date for the lessor to provide leased assets for use by the Group. Right-of-use assets are initially measured at cost. Such cost includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less the relative amount of any lease incentives enjoyed if there are lease incentives;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease.

The Group accrues depreciation for the right-of-use assets according to the relevant depreciation regulations of Accounting Standards for Business Enterprises No. 4 − Fixed Assets. Right-of-use assets are depreciated within the remaining useful lives when the Group is reasonably certain to obtain the ownership of leased assets at the end of the lease term. The depreciation is provided during the period between the lease term and the remaining useful lives of the leased assets if it is not.

The Group determines whether the right-of-use assets are impaired and performs accounting treatment for recognised impairment loss according to the relevant regulations of Accounting Standard for Business Enterprise No. 8 − Impairment of Assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Lease (Continued)

29.1 The Company as lessee (Continued)

29.1.3 Lease liabilities

Except for short-term leases, the Group initially measures the lease liability at the present value of lease payments that are unpaid at the lease commencement date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as discount rate, and adopts the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

The lease payments refer to the amount paid by the Group to the lessor in relation to the right to use the leased asset during the lease term, including:

- fixed payments and in-substance fixed payments, less the relevant amount of any lease incentives if there are lease incentives;
- variable lease payment that are based on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- required payments that the lease term reflects for the Group exercising the option to terminate;
- estimated payable amounts based on the residual value guarantees provided by the Group.

The Group calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and includes it in profit and loss for the period or related asset costs after the lease commencement date.

29.1.4 Short-term leases and low-value leases

For short-term leases of machinery and equipment, the Group chooses the right-of-use assets and lease liabilities that are not certain to use. Short-term lease is defined as a lease has a lease term of no more than 12 months and excludes a purchase option from the lease commencement date. The Group will include the lease payments for short-term leases in profit or loss for the period or related asset costs using the straight-line method.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Lease (Continued)

29.2 The Group as lessor

29.2.1 Classification of leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially almost all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

29.3 The Group as lessor under operating lease

The Group recognises lease payments for operating leases as rental income by using the straight-line method in each period of the lease term. Initial direct costs related to the Group's operating leases are capitalised when incurred, are allocated on the same basis as rental income over the lease term and are charged to profit or loss for the period in stages.

30. Critical Judgements in Applying Accounting Policies and Key Assumptions and Uncertainties in Accounting Estimates

In the process of applying the accounting policies, which are described in the notes above, the Group is required to make judgments, estimates and assumptions about the carrying amount of items in the financial statements that cannot be measured accurately, due to the inherent uncertainties of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. The actual results may be different from the estimates of the Group.

The Group regularly reviews the above judgments, estimates and assumptions on the basis of going concern. Where the changes in accounting estimates only affect the period of change, the impact is recognised in the period of change. Where the changes affect both current and future periods, the impact is recognised in the period of the change and future periods.

At the balance sheet date, key assumptions and uncertainties in accounting estimates that are probable to cause a material adjustment to the carrying amount of assets and liabilities are mainly:

Impairment of trade receivables

The Group applies significant accounting estimates when assessing the expected recoverable amount of trade receivables, and assesses expected credit losses and calculates credit impairment with reference to the historical default, current credit risk status and forecast of future economic status. As at 31 December 2020, expected credit losses of trade receivables of the Group was RMB81,253,434.19 (as at 31 December 2019: RMB50,357,104.89).

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Critical Judgements in Applying Accounting Policies and Key Assumptions and Uncertainties in Accounting Estimates (Continued)

Impairment of fixed assets

The management of the Group regularly reviews whether there are any indications of impairment for fixed assets and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group conducts impairment test on fixed assets whenever there is an indication that the fixed assets may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of its future cash flows. In determining the recoverable amount of fixed assets, the management of the Group has taken into account factors including future profitability, growth rate and discount rate, etc. As at 31 December 2020, the balance of the Group's provision for impairment of fixed assets was RMB59,162,130.14 (as at 31 December 2019: RMB16,093,080.60).

Recognition of deferred income tax assets

As at 31 December 2020, the Group has recognised deferred income tax assets of RMB25,900,515.11 (as at 31 December 2019: RMB18,458,589.23) which are included in the balance sheet. Deferred income tax assets arise from the actual profits and temporary differences are mainly based on the actual tax rates utilized in the upcoming years. In cases where the actual future profits generated are less than expected, a reversal of deferred income tax assets recognised may arise, which would be recognised in the income statement for the period in which such a reversal takes place. In the opinion of the management of the Group, it is uncertain whether it is probable that sufficient taxable profits will be available in the future for certain subsidiaries, and therefore, as at 31 December 2020, the deductible losses and other temporary differences in relation to the unrecognised deferred income tax assets amounted to RMB79,303,336.30 in aggregate (as at 31 December 2019: RMB27,982,696.03).

(IV) TAXATION

1. Major Types of Tax and Tax Rate

Tax type	Tax base	Tax rate
Value-added tax (VAT)	Taxable value-added amount (the tax payable is calculated on the taxable sales amount multiplied by the applicable tax rate (output-VAT) less deductible input-VAT for the current period)	13%
Urban maintenance and construction tax	Turnover tax payment	7%
Education surcharge	Turnover tax payment	3%
Local educational surcharges	Turnover tax payment	2%
Property tax	Cost of properties/rental income	Note 1
Resources tax	Quantity of mining products sold	7%
Enterprise income tax (EIT)	Taxable income	Note 2
Environmental protection tax	Pollutant emissions	RMB1.2 or RMB1.4 per pollutant equivalent

Note 1: The property tax of self-use property is calculated at 70% of the original value of the real estate and at a rate of 1.2%; the property tax of leased buildings is calculated at 12% of rental income.

Note 2: EIT rates for the Company and subsidiaries:

	Tax rate
The Company	15%
浙江福萊特玻璃有限公司 Zhejiang Flat Glass Co., Ltd.	25%
浙江嘉福玻璃有限公司 Zhejiang Jiafu Glass Co., Ltd.	15%
上海福萊特玻璃有限公司 Shanghai Flat Glass Co., Ltd.	25%
安徽福萊特光伏玻璃有限公司 Anhui Flat Solar Glass Co., Ltd.	15%
安徽福萊特光伏材料有限公司 Anhui Flat Solar Material Co., Ltd.	25%
福萊特(香港)有限公司 Flat (Hong Kong) Limited	16.5%
嘉興福萊特新能源科技有限公司 Jiaxing Flat New Energy Technology Co., Ltd.	12.5%
福萊特(越南)有限公司 Flat (Vietnam) Company Limited	0%
福萊特(香港)投資有限公司 Flat (Hong Kong) Investment Limited	16.5%
福萊特(嘉興)進出口貿易有限公司 Flat (Jiaxing) Import and Export Trade Limited	25%
鳳陽福萊特天然氣管道有限公司 Fengyang Flat Natural Gas Pipeline Co., Ltd.	25%

(IV) TAXATION (Continued)

2. Tax Preference

The Company

On 4 December 2019, the Company obtained the "High Technology Enterprise Certificate" (No. GR201933003682) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2019 to 2021.

Zhejiang Jiafu Glass Co., Ltd.

On 4 December 2019, Zhejiang Jiafu Glass Co., Ltd. obtained the "High Technology Enterprise Certificate" (No. GR201933001492) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2019 to 2021.

Anhui Flat Solar Glass Co., Ltd. (

(V) INTERESTS IN OTHER ENTITIES

1. In e, e in Sb idia, ie

The compo i ion of he co, po, a e g, ∂ p

Name of b idia, (No e 11)	P, incipal place of b ine	Place of , egi , a ion	Na , e of b ine	Sha, eholding and o ing , igh pe, cen age a a 31 Decembe, 2019 (%) Di, ec	Indi, ec	Ac i i ion me hod

(V) INTERESTS IN OTHER ENTITIES (Continued)

1. In e, e in S b idia, ie (Continued)

Note 1: Zhejiang Flat was established on 14 February 2011 with a registered capital of RMB10,000,000.

Note 2: Zhejiang Jiafu was established on 15 August 2007 with a registered capital of RMB100,000,000, which was contributed as to 55% by the Company and as to 45% by Shanghai Flat in cash. On 15 October 2008, the registered capital of Zhejiang Jiafu was increased from RMB100,000,000 to RMB123,714,977.05 and was contributed as to 55% by the Company and 45% by Shanghai Flat, respectively. On 7 September 2009, Zhejiang Jiafu increased its registered capital by RMB26,285,022.95 and its registered capital after the change was RMB150,000,000, upon which the Company and Shanghai Flat owned 55% and 45%, respectively. On 10 March 2014, the Company entered into an equity transfer agreement with Shanghai Flat, pursuant to which, Shanghai Flat transferred its 45% equity interest in Zhejiang Jiafu to the Company. Upon completion of the transfer, Zhejiang Jiafu was wholly owned by the Company.

Note 3: Shanghai Flat was established on 6 June 2006 with a registered capital of RMB70,000,000.

Note 4: Anhui Flat Glass was established on 18 January 2011 with a registered capital of RMB150,000,000, which was contributed as to 60% by the Company and 40% by Zhejiang Jiafu. On 18 January 2013, the registered capital of Anhui Flat Glass was reduced to RMB30,000,000. On 10 March 2014, the Company entered into an equity transfer agreement with Zhejiang Jiafu, pursuant to which, Zhejiang Jiafu transferred its 40% equity interest in Anhui Flat Glass to the Company. Upon completion of the transfer, Anhui Flat Glass was wholly owned by the Company. The registered capital was increased to RMB61,000,000 on 30 December 2016, the registered capital was increased to RMB300,000,000 on 22 December 2017, and the registered capital was increased to RMB450,000,000 on 31 July 2018, and the registered capital was further increased to RMB700,000,000 on 6 August 2019.

Note 5: Anhui Flat Material was established on 19 January 2011 with a registered capital of RMB30,000,000, which was contributed as to 60% by the Company and 40% by Zhejiang Jiafu. On 10 March 2014, the Company entered into an equity transfer agreement with Zhejiang Jiafu, pursuant to which, Zhejiang Jiafu transferred its 40% equity interest in Anhui Flat Material to the Company. Upon completion of the transfer, Anhui Flat Material was wholly-owned by the Company.

Note 6: Flat (Hong Kong) was established on 9 January 2013 with a registered capital of HKD77,561. On 28 November 2016, the registered capital was increased to HKD77,548,590.

Note 7: Flat New Energy was established on 11 March 2014 with a registered capital of RMB10,000,000.

Note 8: Flat (Vietnam) was established on 28 July 2016 with a registered capital of VND1,095,500,000,000, which was contributed by Flat (Hong Kong). On 14 May 2018, the registered capital was increased to VND1,752,800,000,000.00.

Note 9: Flat Investment was established on 31 July 2017 with a registered capital of HKD1,000,000, which was contributed by Zhejiang Jiafu.

Note 10: Flat Import and Export Trade was established on 25 June 2019 with a registered capital of RMB7,000,000.

Note 11: Flat Gas was established on 10 November 2020, with a registered capital of RMB 20,000,000.

Note 12: As at 31 December 2020 and as at 31 December 2019, none of the subsidiaries of the Company had issued any bonds.

(V) INTERESTS IN OTHER ENTITIES (Continued)

2 Interests in associates

Name of associate	Principal place of business	Place of registration	Nature of business	Shareholding and voting right percentage at 31 December 2020 (%)	Accounting treatment for investment in associate
JiaXing Kaihong Flat Supply Chain Management Co., Ltd.* (嘉興凱鴻福萊特供應鏈管理有限公司) ("Kaihong Flat")	Zhejiang	Zhejiang	Transportation of goods	40	Equity method
Fengyang PetroChina Kunlun Gas Co., Ltd.* (鳳陽中石油昆侖燃氣有限公司) ("Kunlun Gas")	Anhui	Anhui	Installation, sales and operation of natural gas pipelines	35	Equity method

(1) Financial information summary of insignificant associate

Item	Closing balance/ Amount incurred in the current year
Associate:	
Total invested book value	13,914,841.66
Listed total number calculated by shareholding percentage	
– Net profit	2,614,841.66
– Other comprehensive income	–
– Total comprehensive income	2,614,841.66

(2) Major restrictions on the ability of transferring funds to the Group of associate

There was no material restrictions on the capacity of associates of the Group to transfer capital to the Group.

(3) Contingent liabilities relating to investment of associate

The Group had no contingent liabilities relating to investment of associates.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Item	Foreign currency amount	Closing balance Conversion rate	RMB amount
Cash on hand:			
RMB			17,673.90
Cash at bank:			
RMB			627,174,299.81
US dollars	73,572,615.60	6.5249	480,053,961.74
Euro	1,779,048.96	8.0250	14,276,867.91
Yen	97,644,876.00	0.0632	6,174,671.39
Australian dollars	300,325.40	5.0163	1,506,522.30
Hong Kong dollars	167,585.13	0.8416	141,046.35
Pound	3,995.13	8.8903	35,517.90
Vietnamese Dong	59,163,138,811.00	0.0003	16,791,368.83
Other cash at bank and on hand:			
RMB			443,794,856.80
US dollars	32.98	6.5249	215.19
Yen	12.00	0.0632	0.76
Swiss Franc	1.46	7.4006	10.81
Total			1,589,967,013.69
Including: total amount deposited abroad			379,200,657.97

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Ca h a Bank and on Hand (Continued)

RMB

I em	Foreign currency amount	Opening balance Conversion rate	RMB amount
Cash on hand:			
RMB	–	–	20,326.96
Cash at bank:			
RMB	–	–	231,716,017.53
US dollars	31,233,046.00	6.9762	217,888,045.59
Euro	2,881,827.84	7.8155	22,522,925.50
Yen	72,801,936.00	0.0641	4,665,584.87
Australian dollars	13,510.43	4.8843	65,988.99
Hong Kong dollars	66,730.50	0.8958	59,775.85
Pound	4,049.79	9.1501	37,055.99
Vietnamese Dong	6,986,939,392.00	0.0003	2,092,370.31
Other cash at bank and on hand:			
RMB	–	–	120,322,475.78
US dollars	1,925,121.46	6.9762	13,430,032.33
Euro	23,000.00	7.8155	179,756.50
Swiss Franc	1.20	7.2000	8.64
Total			613,000,364.84
Including: total amount deposited abroad			189,977,453.37

Other notes:

Among other cash at bank and on hand of the Group at the end of the year, the restricted cash at bank and on hand amounted to RMB443,795,083.56 (at the end of the previous year: RMB133,932,273.25), including bill margin of RMB440,879,255.36(at the end of the previous year: RMB107,965,192.11), forward foreign exchange contracts of RMB1,683,743.42 (at the end of the previous year: RMB11,479,684.54), L/C margin of RMB0.00 (at the end of the previous year: RMB12,876,440.50), mining margin of RMB1,211,839.75 (at the end of the previous year: RMB1,598,788.77) and other margin of RMB20,245.03 (at the end of the previous 7.2000gw

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Trading Financial Assets

RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss:		
Bank wealth management products	**400,000,000.00**	–
Total	**400,000,000.00**	–

Reversed for the year

3. Derivative Financial Assets

RMB

Item		Closing balance	Opening balance
Derivative financial asset without specified hedging relationship		**1,445,666.57**	1,117,793.99
Including:	Forward foreign exchange contract (Note)	**1,445,666.57**	666,463.87
	Interest rate swap contract		379,492.22
	Foreign exchange option contract		71,837.90
Total		**1,445,666.57**	1,117,793.99

Note: The unexpired forward foreign exchange contracts is not designated as hedging instruments, and the gains or losses arising from changes in fair value are directly included in profit and loss for the period.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Bills Receivable

(1) Bills receivable by category

RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**545,166,435.99**	1,905,783,818.43
Commercial acceptance bills	**1,606,204.18**	72,633,145.40
Less: credit loss provision		2,033,728.07
Total	**546,772,640.17**	1,976,383,235.76

(2) Bills receivable pledged by the Group at the end of the year

RMB

Item	Pledged amount at the end of the year
Bank acceptance bills	62,301,314.55
Commercial acceptance bills	–
Total	62,301,314.55

4. Bill Rece i able (Continued)

(3) Bill , ece i able ha ha e been endo ed o di co n ed b he G, o p a he end of he ea, b no e d e a he balance hee da e

RMB

I em	Amo n no de, ecogni ed a he end of he ea,	Amounts not derecognized at the beginning of the year
Endorsed bank acceptance bills (Note)	**395,214,640.80**	1,040,614,593.75
Discounted bank acceptance bills (Note)	**1,000,000.00**	341,723,029.12
Total	**396,214,640.80**	1,382,337,622.87

Note: The above bills receivable that have been endorsed or discounted but not yet due at the balance sheet date have not been derecognized.

(4) At the end of the year, the Group had no bills transferred to trade receivables due to the drawer's failure to perform.

(5) Di clo ed b cla ifica ion of c, edi lo p, o i ion me hod

RMB

	Clo ing balance				
	Book balance		C, edi lo p, o i ion		
Cla ifica ion	Amo n	Pe, cen age (%)	Amo n	Acc, al Pe, cen age (%)	Book, a e
Credit loss provision by portfolio					
Including:					
Bank acceptance bills	**545,166,435.99**	**99.71**			**545,166,435.99**
Commercial acceptance bills	**1,606,204.18**	**0.29**			**1,606,204.18**
Total	**546,772,640.17**	**100.00**			**546,772,640.17**

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Bills Receivable (Continued)

(5) Disclosed by classification of credit loss provision method (Continued)

	Opening balance				
	Book balance		Credit loss provision		
Classification	Amount	Percentage (%)	Amount	Accrual Percentage (%)	Book value
Credit loss provision by portfolio					
Including:					
Bank acceptance bills	1,905,783,818.43	96.33	–	–	1,905,783,818.43
Commercial acceptance bills	72,633,145.40	3.67	2,033,728.07	2.80	70,599,417.33
Total	1,978,416,963.83	100.00	2,033,728.07		1,976,383,235.76

Bills receivable with credit loss provision by portfolio

RMB

	Closing balance			Opening balance		
Name of portfolio	Book balance	Credit loss provision	Accrual Percentage (%)	Book balance	Credit loss provision	Accrual Percentage (%)
Low risk	545,166,435.99			1,905,783,818.43	–	–
Normal	1,606,204.18			72,633,145.40	2,033,728.07	2.80
Total	546,772,640.17			1,978,416,963.83	2,033,728.07	

The Group believes that the acceptance bank of bank acceptances bills held by the Group has relatively higher credit rating, therefore, there is no significant credit risk and no impairment allowance is made.

4. Bill Receivable (Continued)

(6) Credit loss provision

RMB

Classification	Opening balance	Changes in amount for the year			Closing balance
		Provided	Transferred	Written off	
Normal	2,033,728.07	–	2,033,728.07	–	
Total	2,033,728.07	–	2,033,728.07	–	

5. Trade Receivable

(1) Disclosed by ageing:

RMB

Ageing	Closing balance			Opening balance		
	Trade receivable	Credit loss provision	Accrual percentage (%)	Trade receivables	Credit loss provision	Accrual percentage (%)
Within 1 year	**1,431,590,651.45**	**48,055,237.42**	**3.36**	1,144,827,074.75	40,326,435.78	3.52
1–2 years	**30,065,427.35**	**25,227,192.18**	**83.91**	3,500,510.92	875,882.63	25.02
2–3 years	**795,125.49**	**795,125.49**	**100.0**	542,957.55	422,588.41	77.83
Over 3 years	**7,175,879.10**	**7,175,879.10**	**100.00**	8,732,198.07	8,732,198.07	100.00
Total	**1,469,627,083.39**	**81,253,434.19**		1,157,602,741.29	50,357,104.89	

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade Receivable (Continued)

(2) Disclosed by classification of credit loss provision method:

RMB

	At the end of the year				
			Credit loss provision		
Classification	Amount	Percentage (%)		Percentage (%)	Book value
Account receivable excluding components for significant financing	1,469,627,083.39	100.00	81,253,434.19	5.53	1,388,373,649.20
Total	1,469,627,083.39	100.00	81,253,434.19	5.53	1,388,373,649.20

	At the beginning of the year				
			Credit loss provision		
Classification	Amount	Percentage (%)		Percentage (%)	Book value
Account receivable excluding components for significant financing	1,157,602,741.29	100.00	50,357,104.89	4.35	1,107,245,636.40
Total	1,157,602,741.29	100.00	50,357,104.89	4.35	1,107,245,636.40

The Group always measures the loss provision of receivables at an amount equal to the lifetime expected credit loss ("ECL") and calculates its ECL based on the comparison table of credit risk rating and default loss rate. The default loss rate is calculated based on the actual credit loss experience of the past three years, and adjusted according to the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions within the expected life assumed by the Group. According to the Group's assessment of credit risk, there is no significant difference in the loss of different customer segments, therefore there is no further distinction between different customer segments when calculating the loss provision according to the credit rating.

5. Trade Receivable (Continued)

(2) Disclosed by classification of credit loss provision method: (Continued)

Credit risk rating	Closing balance				
	Within 1 year	1-2 year	2-3 year	Over 3 year	Total
Normal					
ECL rate	2.84%	2.84%	2.84%	2.84%	
Trade receivables	1,369,486,563.41				1,369,486,563.41
ECL	38,910,526.79				38,910,526.79
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	62,104,088.04	30,065,427.35	795,125.49		92,964,640.88
ECL	9,144,710.63	25,227,192.18	795,125.49		35,167,028.30
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables				7,175,879.10	7,175,879.10
ECL				7,175,879.10	7,175,879.10
Total					
Trade receivables	1,431,590,651.45	30,065,427.35	795,125.49	7,175,879.10	1,469,627,083.39
ECL	48,055,237.42	25,227,192.18	795,125.49	7,175,879.10	81,253,434.19

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade Receivables (Continued)

(2) Disclosed by classification of credit loss provision method: (Continued)

RMB

	Opening balance				
Credit risk rating	Within 1 year	1–2 years	2–3 years	Over 3 years	Total
Normal					
ECL rate	2.80%	2.80%	2.80%	2.80%	
Trade receivables	1,073,534,334.05	–	–	–	1,073,534,334.05
ECL	30,058,961.35	–	–	–	30,058,961.35
Concerned					
ECL rate	14.40%	25.02%	77.59%	100%	
Trade receivables	71,292,740.70	3,500,510.92	537,202.53	–	75,330,454.15
ECL	10,267,474.43	875,882.63	416,833.39	–	11,560,190.45
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	–	–	5,755.02	8,732,198.07	8,737,953.09
ECL	–	–	5,755.02	8,732,198.07	8,737,953.09
Total					
Trade receivables	1,144,827,074.75	3,500,510.92	542,957.55	8,732,198.07	1,157,602,741.29
ECL	40,326,435.78	875,882.63	422,588.41	8,732,198.07	50,357,104.89

5. Trade Receivable (Continued)

(3) Changes in credit loss provision of trade receivable

RMB

Credit loss provision	Lifetime ECL (no credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January 2020	**41,619,151.82**	**8,737,953.07**	**50,357,104.89**
Changes of the opening balance in the period:			
− Transferred to not credit impaired	**459,683.32**	**(459,683.32)**	
Provision for the year	**35,418,096.72**		**35,418,096.72**
Reversed for the year	**(3,419,376.77)**		**(3,419,376.77)**
Transfers out due to derecognized financial assets (including direct write-down)		**(1,102,390.65)**	**(1,102,390.65)**
Balance at 31 December 2020	**74,077,555.09**	**7,175,879.10**	**81,253,434.19**

(4) Receivable actually written off in the year

RMB

Item	Amount written off
Receivables actually written off	1,102,390.65

(5) Details of top five trade receivable with the closing balance classified by the borrowers

At the end of the year, the top five trade receivables of the Group with the closing balances classified by the borrowers amounted to RMB1,097,833,934.72 (as at the end of the previous year: RMB728,885,564.42), accounting for 74.70% (as at the end of the previous year: 62.97%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB30,739,350.17 (as at the end of the previous year: RMB20,408,795.80).

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Financing receivable

RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**684,530,748.37**	–

In the current year, the Company has made classification on bank acceptance bills, and separately managed bank acceptance bills issued by banks with higher credit rating, so as to endorse or discount them when necessary. Since the business model of holding these specific bank acceptance bills aims at both collecting contractual cash flows and selling such financial assets, they are classified as financial assets at FVTOCI, and are listed as financing receivables.

On 31 December 2020, the Group measured the bad debt provision according to the lifetime ECL. The Group believes that there is no significant credit risk in the bank acceptance bills held by it, and there will be no significant loss due to bank default.

(1) Changes in fair value

RMB

Item	Closing balance
Cost	**691,547,886.53**
Fair value	**684,530,748.37**
Accumulated changes in fair value included in other comprehensive income	**(7,017,138.16)**

(2) Bank acceptance bills pledged by the Group at the end of the year

RMB

Item	Pledged amount at the end of the year
Bank acceptance bills	**188,205,389.77**

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Financing receivable (Continued)

(3) Bank acceptance bills that have been endorsed or discounted by the Group at the end of the year but not derecognized at the balance sheet date

RMB

Item	Amount not derecognized at the end of the year
Endorsed bank acceptance bills (Note)	**706,981,322.62**
Discounted bank acceptance bills (Note)	**408,650,239.78**
Total	**1,115,631,562.40**

Note: The above-mentioned endorsed or discounted bank acceptance bills that had not expired on the balance sheet date shall be derecognized.

7. Advance Payments

(1) The ageing analysis of advance payments is as follows:

RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	**358,810,968.32**	**98.80**	91,930,966.55	98.66
1–2 years	**3,653,939.76**	**1.01**	572,471.56	0.61
2–3 years	**49,194.67**	**0.01**	39,159.88	0.04
Over 3 years	**640,281.65**	**0.18**	640,867.97	0.69
Total	**363,154,384.40**	**100.00**	93,183,465.96	100.00

At the end of the year, the Group had no advance payments with an ageing of more than one year and an important amount.

(2) Details of top five advance payments with the closing balance classified by the payees:

As at 31 December 2020 and 31 December 2019, the balances of top five advance payments were RMB319,471,728.26 and RMB75,881,961.60, respectively, representing 86.84% and 87.97% of the total balances of advance payments.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables

RMB

Item	Closing balance	Opening balance
Other receivables	**24,267,677.88**	3,684,181.68
Total	**24,267,677.88**	3,684,181.68

(1) Disclosed by ageing

RMB

	Closing balance			Opening balance		
Ageing	Trade receivables	Credit loss provision	Accrual percentage (%)	Trade receivables	Credit loss provision	Accrual percentage (%)
Within 1 year	**23,482,716.06**			3,207,810.19	–	–
1–2 years	**323,404.02**			85,394.65	–	–
2–3 years	**70,795.90**			128,688.86	100,000.00	77.71
Over 3 years	**440,761.90**	**50,000.00**	**11.34**	362,287.98	–	–
Total	**24,317,677.88**	**50,000.00**		3,784,181.68	100,000.00	77.71

(2) Other receivables listed by classification by nature

RMB

Nature	Closing book balance	Opening book balance
Deposit	**242,731.73**	242,291.73
Margin	**22,370,161.90**	2,356,412.76
Reserve fund	**404,598.62**	205,834.45
Others	**1,250,185.63**	879,642.74
Total	**24,267,677.88**	3,684,181.68

8. Other Receivable (Continued)

(3) Impairment of other receivable

The Group always measures the loss provision of other receivables at an amount equal to the lifetime ECL and calculates its ECL based on the comparison table of credit risk rating and default loss rate. According to the Group's assessment of credit risk, there is no significant difference in the loss of different customer segments, therefore there is no further distinction between different customer segments when calculating the loss provision according to the credit rating.

RMB

Credit risk rating	Default loss rate	Closing balance Other receivable	Credit loss provision
Low risk	0.00%	24,267,677.88	
Loss	100.00%	50,000.00	50,000.00
Total		24,317,677.88	50,000.00

RMB

Credit risk rating	Default loss rate	Opening balance Other receivables	Credit loss provision
Low risk	0.00%	3,684,181.68	–
Loss	100.00%	100,000.00	100,000.00
Total		3,784,181.68	100,000.00

The default loss rate is calculated based on the actual credit loss experience of the past three years, and adjusted according to the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions within the expected life assumed by the Group.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables (Continued)

(4) Changes in credit loss provision

RMB

Credit loss provision	Stage 1 12 month ECL	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2020			**100,000.00**	**100,000.00**
Changes of the opening balance in the period:				
Reversed for the year			**(50,000.00)**	**(50,000.00)**
Balance at 31 December 2020			**50,000.00**	**50,000.00**

(5) Details of top five other receivables with the closing balance classified by other receivables

RMB

Name	Relationship with the Company	Amount	Percentage of the other receivables (%)	Closing balance of credit loss provision
Fengyang County Rural Revitalization Investment Co., Ltd.* (鳳陽縣鄉村振興投資有限公司) (Note)	Third party	20,000,000.00	82.24	–
Jiaxing Yihe Investment Co., Ltd	Related party	2,000,000.00	8.22	–
Jiaxing Xiuzhou District Administrative Approval Service Center	Third party	212,291.73	0.87	–
Zhejiang Jiaxing Xiuzhou Industrial Park Management Committee	Third party	100,000.00	0.41	–
Jiangsu Jinke Tianchen Real Estate Co., Ltd	Third party	50,000.00	0.21	50,000.00
Total		22,362,291.73	91.95	50,000.00

Note: In 2020, the Group paid the performance bonds of RMB20,000,000.00 to Fengyang County Rural Revitalization Investment Co., Ltd.* (鳳陽縣鄉村振興投資有限公司) pursuant to the Ore Purchase and Sale Contract entered into between the Group and Fengyang County Rural Revitalization Investment Co., Ltd. After the completion of the contract, the performance bonds will be used to offset the expenses agreed by the Group in the contract, and the balance will be returned to the Group's account without interest. As at 31 December 2020, the contract has not been fulfilled.

9. Inventories

(1) Inventory category

RMB

Item	Closing balance Book balance	Impairment provision	Book value
Raw materials	**211,978,779.74**		**211,978,779.74**
Low-valued consumables	**86,711,647.41**	**4,093,734.58**	**82,617,912.83**
Work in progress	**48,255,479.71**		**48,255,479.71**
Finished goods	**137,448,604.16**	**905,589.77**	**136,543,014.39**
Total	**484,394,511.02**	**4,999,324.35**	**479,395,186.67**

Items	Opening balance Book balance	Impairment provision	Book value
Raw materials	240,823,561.93	–	240,823,561.93
Low-valued consumables	87,513,814.99	2,783,814.87	84,730,000.12
Work in progress	46,323,120.27	–	46,323,120.27
Finished goods	112,656,064.67	913,099.82	111,742,964.85
Total	487,316,561.86	3,696,914.69	483,619,647.17

(2) Inventory impairment provision

RMB

Item	Opening balance	Increased amount for the year	Decreased amount for the year: Reversed	Written off	Closing balance
Finished goods	**913,099.82**	**439,787.02**	**92,584.83**	**354,712.24**	**905,589.77**
Low-valued consumables	**2,783,814.87**	**2,770,934.14**		**1,461,014.43**	**4,093,734.58**
Total	**3,696,914.69**	**3,210,721.16**	**92,584.83**	**1,815,726.67**	**4,999,324.35**

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Other Current Assets

RMB

Item	Closing balance	Opening balance
Value-added tax recoverable	**73,386,905.13**	113,055,099.76
Export tax rebate	**17,552,947.29**	5,265,275.24
Prepaid rent	**412,844.04**	5,022,209.84
Prepaid income tax		46,103,407.17
Prepaid import tax		5,064,383.26
Others	**17,020.44**	–
Total	**91,369,716.90**	174,510,375.27

11. Long-term Equity Investments

RMB

Investee	Accounting method	Opening balance	Movement for the year: Investment amount	Investment gain recognized under the equity method	Closing balance
Associate					
Kaihong Flat	Equity method		**800,000.00**	**2,614,841.66**	**3,414,841.66**
Kunlun Gas	Equity method		**10,500,000.00**		**10,500,000.00**
Total			**11,300,000.00**	**2,614,841.66**	**13,914,841.66**

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Other Equity Instruments Investment

(1) Status of other equity instruments investment

RMB

Item	Closing balance	Opening balance
Listed equity instrument investment	**53,970,165.00**	–
Total	**53,970,165.00**	–

(2) Status of non-trading equity instruments investment

RMB

Item	Dividend income recognized during the period	Accumulated loss	Reason for being designated to be measured at fair value through other comprehensive income
Listed companies			
JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) (Note)	–	(3,217,914.84)	Non-trading equity instrument investments
Total	–	(3,217,914.84)	

Note: Refer to the equity interest held by Group in the restricted outstanding shares of H-share listed company JiaXing Gas Group Co.,Ltd., the shares of which were listed in 2020. The Group designated such equity interest as financial assets measured at fair value through other comprehensive income. Subsequent changes in the fair value are included in other comprehensive income.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Investment Properties

Investment properties measured using cost model

RMB

Item	House and building	Land use right	Total
I. Book value			
1. Opening and closing balance	27,486,623.54	7,525,892.36	35,012,515.90
II. Accumulated amortization			
1. Opening balance	11,874,887.19	1,472,456.88	13,347,344.07
2. Amount increased in the current year	1,267,864.08	163,606.32	1,431,470.40
(1) Provided or amortized	1,267,864.08	163,606.32	1,431,470.40
3. Closing balance	13,142,751.27	1,636,063.20	14,778,814.47
III. Book value			
1. Closing book value	14,343,872.27	5,889,829.16	20,233,701.43
2. Opening book value	15,611,736.35	6,053,435.48	21,665,171.83

The ownership of houses and buildings and land use rights with a net value of RMB20,233,701.43 at the end of the current year (at the end of previous year: RMB21,665,171.83) was pledged to obtain loans.

All fixed assets under operating lease of the Group are investment properties.

The investment properties held by the Group is listed in the balance sheet at the amount of the book value less accumulated amortization and impairment provision. At the end of the current year, according to the evaluation of qualified independent professional valuers, the fair value of the Group's investment properties amounted to RMB66,974,400.00 (at the end of previous year: RMB 64,656,167.00).

Fair value is recognized according to cost method and market method. The cost method is adopted for the evaluation of houses and buildings, that is, under the premise of continuous use, the replacement cost is determined based on the current market value of the assets to be rebuilt, and the survey newness rate is determined through site investigation and comprehensive technical analysis, and the comprehensive newness rate is determined by combining the newness rate of the service life method, so as to calculate the evaluation value of houses and buildings. Market method is adopted for evaluation of land use rights. Under the same market conditions, according to the principle of substitution, the market method compares the land to be evaluated with the similar land transaction cases that have been transacted in a relatively recent period and revises the land to be evaluated according to the known price of the latter and the difference of the transaction situation, date, regional factors, remaining service life of the land so the unit land price at the time of land evaluation is acquired, then the total land price of land use right is obtained.

When estimating the fair value of investment properties, the best use of investment properties is its current use. The valuation method adopted has not changed.

14. Fixed Assets

(1) Fixed assets

RMB

Item	House and building	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	1,178,743,301.38	3,115,887,972.66	52,306,864.62	44,640,593.63	4,391,578,732.29
2. Amount increased in the current year	116,509,618.29	606,093,156.21	14,645,042.56	6,438,474.92	743,686,291.98
(1) Purchase	12,984,634.42	29,724,962.49	12,970,625.48	2,178,000.56	57,858,222.95
(2) Transferred from construction in progress	103,524,983.87	576,368,193.72	1,674,417.08	4,260,474.36	685,828,069.03
3.Amount decreased in the current year	–	(246,976,008.30)	(269,230.77)	(5,668,136.57)	(252,913,375.64)
(1) Disposal or scrap	–	(128,267,856.48)	(269,230.77)	(5,668,136.57)	(134,205,223.82)
(2) Transferred to construction in progress	–	(118,708,151.82)	–	–	(118,708,151.82)
4. Exchange differences on foreign currency financial statements translation	–	(11,859.32)	(16,862.13)	–	(28,721.45)
5. Closing balance	1,295,252,919.67	3,474,993,261.25	66,665,814.28	45,410,931.98	4,882,322,927.18
II. Accumulated depreciation					
1. Opening balance	292,611,549.81	937,428,463.41	37,854,207.95	36,926,211.10	1,304,820,432.27
2. Amount increased in the current year	56,884,959.80	299,773,645.16	5,981,133.23	3,723,114.96	366,362,853.15
(1) Provision	56,884,959.80	299,773,645.16	5,981,133.23	3,723,114.96	366,362,853.15
3. Amount decreased in the current year	–	(176,086,596.30)	(255,769.23)	(5,366,031.11)	(181,708,396.64)
(1) Disposal or scrap	–	(93,299,429.97)	(255,769.23)	(5,366,031.11)	(98,921,230.31)
(2) Transferred to construction in progress	–	(82,787,166.33)	–	–	(82,787,166.33)
4. Exchange differences on foreign currency financial statements translation	–	(545.83)	(11,502.48)	(260.58)	(12,308.89)
5. Closing balance	349,496,509.61	1,061,114,966.44	43,568,069.47	35,283,034.37	1,489,462,579.89
III. Impairment provision					
1. Opening balance	–	15,974,759.99	–	118,320.61	16,093,080.60
2. Amount increased in the current year	–	68,297,615.03	275,923.26	91,795.15	68,665,333.44
(1) Provision	–	68,297,615.03	275,923.26	91,795.15	68,665,333.44
3. Amount decreased in the current year	–	(25,477,963.29)	–	(118,320.61)	(25,596,283.90)
(1) Disposal or scrap	–	(12,145,187.34)	–	(118,320.61)	(12,263,507.95)
(2) Transferred to construction in progress	–	(13,332,775.95)	–	–	(13,332,775.95)
4. Closing balance	–	58,794,411.73	275,923.26	91,795.15	59,162,130.14
IV. Book value					
1. Closing balance of book value	945,756,410.06	2,355,083,883.08	22,821,821.55	10,036,102.46	3,333,698,217.15
2. Opening balance of book value	886,131,751.57	2,162,484,749.26	14,452,656.67	7,596,061.92	3,070,665,219.42

At the end of the current year, the fixed assets with a book value of RMB1,549,733,966.49 (at the end of previous year: RMB1,612,140,382.99), were used as collateral for short-term borrowings and long-term borrowings.

See Notes (VI) 20 and 29 for short-term and long-term borrowings.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Fixed Assets (Continued)

(2) At the end of the year, the Group's temporarily idle fixed assets

RMB

Item	Book value	Accumulated depreciation	Impairment provision	Net book value
Machinery and equipment	8,292,131.46	2,728,761.44	5,563,370.02	–
Other equipment	268,037.61	225,506.25	42,531.36	–
Total	8,560,169.07	2,954,267.69	5,605,901.38	–

At the end of the current year, the Group's idle fixed assets included the fixed assets of the Company and its subsidiary, Zhejiang Jiafu. The Group considers that the above idle assets are no longer suitable for future production needs, and the management makes provision for impairment of related assets in accordance with the lower of the book value and the recoverable amount.

(3) At the end of the year, there were no fixed assets of the Group without property rights certificates.

RMB

Item	Book value	Reason for failing to complete the certification
Insulating workshop (north)	12,147,211.18	The title certificate is still in process

15. Construction in Progress

(1) Listed by classification

RMB

Item	Closing balance	Opening balance
Construction in progress	**1,914,760,672.93**	928,857,629.12
Engineering materials	**22,390,712.49**	7,970,915.02
Total	**1,937,151,385.42**	936,828,544.14

15. Construction in Progress (Continued)

(2) Construction in progress

a. Construction in progress

RMB

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Construction in Progress (Continued)

(2) Construction in progress (Continued)

b. Changes in major construction projects in progress in the current year

RMB

Project name	Budget	Opening amount	Increase in the year	Transfer amount from fixed assets in the year	Transfer amount in other ways in the year	Closing amount	Project progress	Accumulated amount of interest capitalization	Including: the amount of interest capitalization in the year	Capitalization rate of interest in the year	Source of fund
Vietnam Flat PV glass production line	1,500,000,000.00	546,338,600.58	786,554,750.29	–	–	1,332,893,350.87	89%	94,757,638.78	21,718,637.46	2.69%	Self-funds/Special borrowings
Annual output of 750,000 tons of PV cover glass project	1,751,683,600.00	1,245,283.02	338,760,508.55	–	–	340,005,791.57	19%	29,813,592.05	29,813,592.05	4.71%	Convertible bonds
PV phase I cold repair project	260,000,000.00	–	98,463,731.93	17,802,573.11	–	110,494,434.62	42%	42%	–	–	–	Self-funds
110KV transformer substations project	80,000,000.00	–	42,388,491.05	–	–	42,388,491.05	53%	53%	–	–	–	Self-funds
Annual production of 42 million square meters of PV backplane project	861,600,000.00	76,250,671.39	30,586,065.00	–	70,839,381.24	–	35,997,355.15	12%	12%	–	–	–	Self-funds
Cold repair project of the second line of float glass process	200,000,000.00	37,389,452.51	156,026,159.19	–	180,196,076.63	–	13,219,535.07	97%	97%	–	–	–	Self-funds
Jiafu phase I cold repair project	370,000,000.00	243,069,979.16	118,291,991.23	–	359,549,234.23	840,459.94	972,276.22	97%	97%	–	–	–	Self-funds
Anhui Flat annual output of 900,000 tons of PV cover glass project	1,390,000,000.00	16,043,897.48	300,299.40	–	16,344,196.88	–	–	100%	100%	49,544,370.60	–	–	Self-funds/Special borrowings

c. At the end of the current year, there was no indication of impairment of the Group's construction in progress, so no provision for impairment was made.

(3) Engineering materials

RMB

Item	Closing balance	Opening balance
Specialized equipment		1,308,403.19
Others	**22,390,712.49**	6,662,511.83
Total	**22,390,712.49**	7,970,915.02

16. Right-of-use Asset

Item	Landuse right
I. Book value	
1. Opening balance	201,430,039.79
2. Amount increased in the current year	307,587.95
(1) Increased	307,587.95
3. Exchange differences on foreign currency financial statements translation	(11,465,999.43)
4. Closing balance	190,271,628.31
II. Accumulated depreciation	
1. Opening balance	12,499,485.26
2. Amount increased in the current period	4,857,170.49
(1) Provision	4,857,170.49
3. Exchange differences on foreign currency financial statements translation	(890,053.70)
4. Closing balance	16,466,602.05
III. Book value	
1. Closing balance of book value	173,805,026.26
2. Opening balance of book value	188,930,554.53

Other notes:

The Group leased, including the lands and infrastructures in Vietnam, with terms ranging from 29 to 42 years.

The short-term lease expenses included in the simplified processing of current profit and loss for the year were RMB10,620,628.36 (end of the previous year: RMB5,954,646.58).

The total cash outflow related to leases for the year was RMB 6,673,072.19(end of the previous year: RMB15,067,742.62)

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Intangible Assets

RMB

Item	Landuse rights	Emission rights (Note 1)	Mining rights (Note 2)	Software	Total
I. Book value					
1. Opening balance	335,114,610.92	30,418,912.45	232,964,000.00	7,595,886.72	606,093,410.09
2. Amount increased in the current year	134,343,157.50	8,909.59	–	–	134,352,067.09
3. Closing balance	469,457,768.42	30,427,822.04	232,964,000.00	7,595,886.72	740,445,477.18
II. Accumulated amortization					
1. Opening balance	48,203,614.67	23,440,576.28	106,225,779.18	1,092,968.47	178,962,938.60
2. Amount increased in the current year	8,380,930.46	2,300,611.76	19,356,784.61	1,874,171.38	31,912,498.21
(1) Provision	8,380,930.46	2,300,611.76	19,356,784.61	1,874,171.38	31,912,498.21
3. Closing balance	56,584,545.13	25,741,188.04	125,582,563.79	2,967,139.85	210,875,436.81
III. Book value					
1. Closing balance of book value	412,873,223.29	4,686,634.00	107,381,436.21	4,628,746.87	529,570,040.37
2. Opening balance of book	286,910,996.25	6,978,336.17	126,738,220.82	6,502,918.25	427,130,471.49

18. Deferred Tax Assets/Deferred Tax Liabilities

(1) Deferred tax assets before offsetting

RMB

Items	Opening balance Deductible temporary difference	Opening balance Deferred tax assets	Opening balance Deductible temporary difference	Opening balance Deferred tax assets
Provision for asset impairment	**64,161,454.49**	**9,640,751.87**	19,789,995.29	2,994,291.49
Credit impairment losses	**81,303,434.19**	**13,376,610.46**	52,490,832.96	9,428,329.37
Deferred revenue	**33,039,484.74**	**5,295,812.37**	45,408,644.70	7,087,020.10
Deductible losses			27,969,454.38	6,992,363.60
Depreciation difference for fixed assets	**29,585,538.31**	**4,437,830.75**	27,390,091.61	4,108,513.74
Share payment	**15,643,324.40**	**2,346,498.66**	–	–
Profit and loss arising from changes in fair value	**7,017,138.16**	**1,052,570.72**	179,452.24	44,863.06
Sub-total	**230,750,374.29**	**36,150,074.83**	173,228,471.18	30,655,381.36

(2) Deferred tax liabilities before offsetting

RMB

Item	Opening balance Taxable temporary differences	Opening balance Deferred tax liabilities	Opening balance Taxable temporary differences	Opening balance Deferred tax liabilities
Property revaluation arising from conversion to a joint stock company	**13,717,191.97**	**2,057,578.80**	14,915,897.34	2,237,384.60
Accelerated depreciation of fixed assets	**278,401,586.08**	**41,760,237.91**	343,648,763.73	80,333,711.71
Trial production cost	**66,635,003.81**	**9,995,250.57**	74,254,329.85	16,544,529.20
Profit and loss arising from changes in fair value	**1,445,666.57**	**361,416.64**	379,492.22	56,923.83
Sub-total	**360,199,448.43**	**54,174,483.92**	433,198,483.14	99,172,549.34

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(3) The net balance of deferred tax assets or liabilities after offsetting

RMB

Item	Closing balance: Offset amount of deferred tax assets and liabilities at the end of the period	Closing balance: deferred tax assets or liabilities after offsetting	Opening balance: Offset amount of deferred tax assets and liabilities at the end of the period	Opening balance: deferred tax assets or liabilities after offsetting
Deferred tax assets	**10,159,559.72**	**25,990,515.11**	12,196,792.13	18,458,589.23
Deferred tax liabilities	**10,159,559.72**	**44,014,924.20**	12,196,792.13	86,975,757.21

(4) Deductible loss and other temporary difference of unrecognized deferred tax items:

RMB

Item	Closing balance	Opening balance
Deductible losses	**78,222,599.22**	26,474,183.91
Others	**1,080,737.08**	1,508,512.12
Total	**79,303,336.30**	27,982,696.03

18. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(5) The deductible loss of unrecognized deferred tax assets will expire in the following years:

RMB

	Closing balance	Opening balance
2020		2,070,947.48
2021	**5,383,141.31**	5,383,141.32
2022	**2,253,828.56**	2,253,828.56
2023	**5,267,794.80**	5,267,794.80
2024	**11,498,471.76**	11,498,471.75
2025	**53,819,362.79**	–
Total	**78,222,599.22**	26,474,183.91

19. Other Non-current Assets

RMB

	Closing balance	Opening balance
Construction prepayment	**603,014,147.21**	266,522,264.83
Prepaid land deposit		2,400,000.00
Total	**603,014,147.21**	268,922,264.83

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Short-term Borrowings

RMB

	Closing balance	Opening balance
Mortgaged borrowings (Note)	**429,391,130.00**	672,776,859.40
Bill discounting borrowings	**1,000,000.00**	341,723,029.12
Credit borrowings	**187,010,905.00**	301,777,594.27
Total	**617,402,035.00**	1,316,277,482.79

Note: For the types and amount of the asset of the mortgaged borrowings, please refer to the Notes (VI), 13, 14 and 17.

At the end of the current year, the Group had no short-term borrowings that were overdue.

The annual interest rate of the above borrowings in current year is from 1.25% to 4.35% (last year: from 2.75% to 4.35%).

21. Derivative Financial Liabilities

RMB

Item	Fair value at the end of the year	Fair value at the beginning of the year
Derivative financial liabilities without specified hedging relationship		
− Foreign exchange option contract		917,754.01
Total		917,754.01

22. Bills Payable

RMB

	Fair value at the end of the year	Fair value at the beginning of the year
Bank acceptance bills	**713,571,260.89**	338,562,948.43
Total	**713,571,260.89**	338,562,948.43

23. T, ade Pa able

(1) Li ing of , ade pa able :

RMB

	Clo ing balance	Opening balance
Trade payables	**725,162,337.22**	1,224,384,872.92
Construction costs payable	**569,481,155.04**	630,320,769.67
Total	**1,294,643,492.26**	1,854,705,642.59

(2) Ageing anal i of , ade pa able acco, ding o he in, oice da e (imila, o he po ing da e):

RMB

Items	Clo ing balance	Opening balance
Within 1 year	**1,242,930,837.07**	1,838,367,474.37
1−2 years	**40,910,901.01**	10,823,771.97
2−3 years	**5,481,412.12**	1,735,881.92
Over 3 years	**5,320,342.06**	3,778,514.33
Total	**1,294,643,492.26**	1,854,705,642.59

(3) Significan , ade pa able i h ageing o e, 1 ea,

RMB

	Clo ing balance	Rea on of o anding o, ca, , -o e,
Construction costs payable	**37,480,243.11**	Project warranty has not yet expired and been repaid
Trade payables	**12,751,512.09**	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	**50,231,755.20**	

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Contract Liabilities

(1) Listing of contract liabilities:

RMB

	Closing balance	Opening balance
Goods payment	**91,178,042.21**	24,993,817.16

(2) The amount of revenue included in the book value of contract liabilities at the beginning of the year recognized in the current year amounted to RMB24,993,817.16.

(3) According to the contract, the Group shall deliver the products to the customer's designated location or the goods shall be picked up by the customer. The product is still controlled by the Group before the customer acceptance confirmation. Only when the customer receives the product and the qualified acceptance has been made, the control right of the product is transferred to the customer. The Group fulfills the performance obligations stipulated in the contract, and at this time, have the right to receive the contracted amount for the products provided, then the Group, at this point in time, recognise the income. When the customer initially purchases the goods, the Group will recognise the transaction price as the contract liabilities until the customer obtains control of the goods.

25. Payroll Payable

(1) Listing of payroll payable

RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Short-term remuneration	30,736,466.16	322,683,940.28	305,299,401.50	**48,121,004.94**
2. Post-employment welfare − Defined contribution plan	1,021,824.64	11,283,458.90	11,487,334.70	**817,948.84**
Total	31,758,290.80	333,967,399.18	316,786,736.20	**48,938,953.78**

25. Payroll Payable (Continued)

(2) Listing of short-term employee benefits

RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	**Closing balance**
I. Wages or salaries, bonuses, allowances and subsidies	26,787,951.72	282,327,016.66	263,145,115.79	**45,969,852.59**
II. Staff welfare	–	13,414,075.15	13,414,075.15	
III. Social insurance	626,144.17	11,560,435.46	11,414,312.45	**772,267.18**
Including: Medical insurance	544,236.00	10,267,137.24	10,154,172.43	**657,200.81**
Work-related injury insurance	46,537.67	889,771.91	859,902.08	**76,407.50**
Maternity insurance	35,370.50	403,526.31	400,237.94	**38,658.87**
IV. Housing funds	633,192.44	9,187,872.08	9,210,045.52	**611,019.00**
V. Labor education & union	2,689,177.83	6,194,540.93	8,115,852.59	**767,866.17**
Total	30,736,466.16	322,683,940.28	305,299,401.50	**48,121,004.94**

(3) Defined contribution plan

RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	**Closing balance**
1. Basic pension insurance	986,454.14	10,882,816.83	11,079,662.43	**789,608.54**
2. Unemployment insurance	35,370.50	400,642.07	407,672.27	**28,340.30**
Total	1,021,824.64	11,283,458.90	11,487,334.70	**817,948.84**

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Payroll Payable (Continued)

(3) Defined contribution plan (Continued)

Defined contribution plan:

The Group participates in pension insurance and unemployment insurance schemes established by government agencies as required. According to these schemes, the Group pays monthly fees to these plans at 14% and 0.5% of the employees' basic wages. Except for the above monthly paid fees, the Group does not undertake further payment obligations. The corresponding expenses are recognised in profit or loss in the period in which they are incurred.

During the year, the Group shall pay a total of RMB10,882,816.83 and RMB400,642.07 (2019: RMB18,418,773.28 and RMB1,058,588.91) to the pension insurance and unemployment insurance schemes respectively. As of 31 December 2020, RMB789,608.54 and RMB28,340.30 had been accrued but unpaid for the pension insurance and unemployment insurance schemes, respectively. Such payables were contributed after the reporting period.

26. Taxes Payable

RMB

Item	Closing balance	Opening balance
Enterprise income tax	**211,526,135.88**	86,893,499.25
VAT	**62,394,735.41**	25,664,110.89
Land use tax	**9,436,202.79**	2,002,730.01
Property tax	**6,612,738.39**	756,264.31
Urban maintenance and construction tax	**5,655,015.78**	4,531,456.38
Education surcharge and local educational surcharges	**4,921,641.59**	3,419,497.34
Individual income tax	**1,222,786.16**	4,411,541.98
Others	**1,662,854.05**	1,673,180.61
Total	**303,432,110.05**	129,352,280.77

27. Other Payable

Listing of items:

RMB

Item	Closing balance	Opening balance
Interest payable	**2,856,171.00**	4,831,749.01
Dividends payables	**299,000.00**	–
Other payables	**97,660,344.00**	40,711,453.51
Total	**100,815,515.00**	45,543,202.52

(1) Interest payable

RMB

Item	Closing balance	Opening balance
Interest for long-term borrowings with interest paid in installment and principal paid due to maturity	**1,547,587.53**	893,964.04
Interest payable for short-term borrowings	**647,870.68**	3,937,784.97
Interest payable on convertible bonds	**660,712.79**	–
Total	**2,856,171.00**	4,831,749.01

(2) Dividend payable

RMB

Item	Closing balance	Opening balance
Dividends on ordinary shares	**299,000.00**	–
Total	**299,000.00**	–

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Other Payables (Continued)

(3) Other payables

RMB

Item	Closing balance	Opening balance
Warranty	**42,285,711.92**	16,714,600.00
Transportation premium	**21,651,934.27**	18,207,409.63
Restricted share incentive schemes (Note)	**28,359,000.00**	–
Intermediary agency service fee		779,816.51
Others	**5,363,697.81**	5,009,627.37
Total	**97,660,344.00**	40,711,453.51

At the end of the year, the Group had no other payables with an ageing of more than one year and a significant amount.

Note: It represents the subscription amount of restricted shares paid by the participants to the Company after the Company granted the restricted shares to the employees. The Company recognized full liabilities for the repurchase obligations of restricted shares and included them in the treasury stock. Please refer to Note (X) for the details of grant of restricted shares.

28. Non-Current Liabilities Due Within One Year

RMB

	Closing balance	Opening balance
Long-term borrowings due within 1 year (Note (VI) 29)	**160,819,952.95**	711,977,777.21
Total	**160,819,952.95**	711,977,777.21

29. Long-Te, m Bo, , o ing

(1) Ca ego, ie of long- e, m bo, , o ing

RMB

	Clo ing balance	Opening balance
Pledged borrowings (Note 1)	**1,161,760,623.96**	711,977,777.21
Secured borrowings (Note 2)	**374,071,211.06**	281,902,410.30
Less: Pledged borrowings due within 1 year	**146,810,250.00**	711,977,777.21
Less: Secured borrowings due within 1 year	**14,009,702.95**	–
	1,375,011,882.07	281,902,410.30

Note 1: The pledged assets of the pledge borrowings are the equity interest of Flat (Vietnam).

Note 2: For the types and amounts of secured assets of secured loans, please refer to the Notes (VI), 13, 14 and 17.

(2) P, ofile of ma¤ , i da e of long- e, m bo, , o ing :

RMB

Items	Clo ing balance	Opening balance
1 to 2 years	**418,682,008.11**	43,297,504.16
2 to 5 years	**956,329,873.96**	238,604,906.14
Total	**1,375,011,882.07**	281,902,410.30

(3) O he, de c, ip ion

The interest rate of the above borrowings was between 2.69% and 4.90% (previous year: between 4.75% and 5.10%).

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Bonds Payable

(1) Bonds payable

RMB

	Closing balance	Opening balance
Bonds payables	**236,681,991.63**	–
Total	**236,681,991.63**	–

(2) Changes in bonds payable

RMB

Name of bond	Issuing date	Term of the bond	Issue amount	Opening balance	Issuance for the current year	Accrued interests at par value	Amortization of premium/ discount	Conversion for the current year	Closing balance
Flat convertible bond	2020-05-27	6 years	1,450,000,000.00	–	1,187,332,132.29	3,092,883.53	29,813,592.05	977,370,849.18	**236,681,991.63**

30. Bonds Payable (Continued)

(3) Description of interest, conversion, redemption and time of convertible corporate bonds

Approved by CSRC Approval [2020] No. 294, the Group issued 14.5 million convertible bonds with a nominal value of RMB100 on 27 May 2020. The annual coupon rate shall be 0.4% in the first year, 0.6% in the second year, 1% in the third year, 1.5% in the fourth year, 1.8% in the fifth year and 2% in the sixth year. The payment method that interest shall be paid on an annual basis shall be adopted and the principal shall be repaid and the interest for the last year shall be paid. The term of the A Share Convertible Corporate Bonds under the issuance shall be six years from the date of the issuance, namely 27 May 2020 to 26 May 2026. The conversion period of the A Share Convertible Bonds under the issuance shall commence on the first trading day immediately following the expiry of the six-month period after the date of the issuance of the convertible bonds (i.e. 2 June 2020), and end on the maturity date of the convertible bonds (i.e. 3 December 2020 to 26 May 2026).

The initial conversion price of convertible corporate bonds under the issuance is RMB13.56 per share. After the issuance, in case of certain events such as distribution of share dividends, conversion or increase of share capital, issuance of new shares (excluding any increase in the share capital as a result of conversion of the convertible corporate bonds under the issuance), rights issue and distribution of cash dividends, the price of the convertible shares shall be adjusted accordingly. During the term of the A Share Convertible Corporate Bonds under the issuance, the closing prices of shares of the Company on at least 15 trading days out of any 30 consecutive trading days are lower than 90% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to the Shareholders at the Shareholders' general meetings and A/H shareholders class meeting for their consideration and voting.

Within five trading days upon the maturity of the A Share Convertible Corporate Bonds under the issuance, the Company will redeem all outstanding A Share Convertible Corporate Bonds that are not converted into shares at 115% (including the interest for the final interest accrual year) of the par value of the A Share Convertible Corporate Bonds with the holders of the A Share Convertible Corporate Bonds.

During the conversion period, the Company has the right to redeem all or part of the A Share Convertible Bonds which have not been converted into shares based on the par value plus the accrued interest then in case of where the closing prices of A Shares of the Company for at least 20 trading days out of any 30 consecutive trading days are no less than 130% (including 130%) of the prevailing conversion price or where the balance of the outstanding A Share Convertible Bonds under the issuance is lower than RMB30 million.

The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount was assigned as the equity component and included in shareholders' equity.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Bonds Payable (Continued)

(3) Description of type, conversion period, method and timing of convertible corporate bonds (Continued)

According to the relevant terms under the Prospectus on the Public Issuance of the A Share Convertible Corporate Bonds of Flat Glass Group Co., Ltd., after the issuance of "Flat Convertible Bonds", in case of certain events such as distribution of share dividends, conversion or increase of share capital, issuance of new shares (excluding any increase in the share capital as a result of conversion of the convertible corporate bonds under the issuance), rights issue and distribution of cash dividends, the price of the convertible shares shall be adjusted according to the relevant formula. After the issuance of "Flat Convertible Bonds", the Company made issuance of new shares and distribution of share dividends: on 11 August 2020, the Company granted restricted shares to the proposed participants. A total of 15 participants actually subscribed for 4,600,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB6.23 per share. The equity incentive grant registration changed the total share capital of the Company from 1,950 million shares to 1,954.6 million shares; on 9 October 2020, the Company distributed cash dividend of RMB0.65 (tax included) to all shareholders for every 10 shares, with the total profit distribution of RMB127,049,000.00. Therefore, on 9 November 2020, the Company revised the conversion price of "Flat Convertible Bonds" to RMB13.48 per share.

As of 31 December 2020, a total of "Flat Convertible Bonds" of RMB1,168,082,000.00 have been converted into corporate bonds with the number of shares converted of 86,648,788.00.

31. Lease Liabilities

RMB

Item	Closing balance	Opening balance
Lease liabilities	**11,508,090.39**	11,016,173.42
Total	**11,508,090.39**	11,016,173.42

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Deferred Revenue (Continued)

RMB

Item	Opening balance	Increased amount for the year	Decreased amount for the year	Closing balance	Asset-related/ Income-related
TCO ultra-white conductive film project grant	3,510,862.91	–	1,500,000.00	**2,010,862.91**	Asset-related
Jiaxing City 2012 first batch of industrial development fund subsidy – annual output of 15 million square meters of solar photovoltaic ultra- white glass project 1# photovoltaic kiln	1,950,494.85	–	500,000.04	**1,450,494.81**	Asset-related
2014 industrial transformation and upgrading items (central infrastructure investment) Flat Glass annual production of 5.8 million square meters LOW-E glass deep processing project	4,650,000.00	–	930,000.00	**3,720,000.00**	Asset-related
Glass melting furnace flue gas denitrification technology project grant	7,026,110.69	–	1,173,333.48	**5,852,777.21**	Asset-related
Jiaxing Finance Bureau 2011 glass melting furnace flue gas waste heat power generation project grant	1,479,999.80	–	370,000.00	**1,109,999.80**	Asset-related
The first phase of distributed PV related project construction grant	4,683,840.00	–	334,560.00	**4,349,280.00**	Asset-related
The second phase of distributed PV related project construction grant	1,320,545.67	–	93,215.04	**1,227,330.63**	Asset-related
Annual production of 5.8 million square meters LOW-E glass deep processing project	5,873,972.00	–	819,624.00	**5,054,348.00**	Asset-related
Annual production of 12 million square meters of high transparent photovoltaic glass project	2,380,920.32	–	348,427.40	**2,032,492.92**	Asset-related
Total	45,408,644.70	–	12,369,159.96	**33,039,484.74**	

33. Share Capital and Treasury Stock

Share capital

RMB

	Changes for the year			
	Opening balance	New shares issued (Note 1)	Conversion of convertible bonds (Note 2)	**Closing balance**
Total share capital	487,500,000.00	1,150,000.00	21,662,197.00	**510,312,197.00**

33. Sha, e Capi al and T, ea¾ , S ock (Continued)

T, ea¾ , ock

RMB

I em	Opening balance	Increase for the year (Note 1)	Decrease for the year (Note 3)	**Clo ing balance**
Share-based payment	–	28,658,000.00	299,000.00	**28,359,000.00**
Total	–	28,658,000.00	299,000.00	**28,359,000.00**

Note 1: The Company granted restricted shares to proposed participants pursuant to the Resolution on Adjusting the List of Participants and the Number of Restricted Shares Granted in the First Grant in 2020 Restricted A Share Incentive Plan of the Company, and the Resolution on the First Grant of Restricted A Shares to the Participants on 11 August 2020. A total of 15 participants have actually subscribed for 4,600,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB6.23 per share. After the completion of the above transaction, the share capital increased by RMB1,150,000.00 and the treasury stock increased by RMB28,658,000.00.

Note 2: See Note (VI). 30 for conversion of the convertible bonds.

Note 3: On 9 November 2020, the Company implemented the interim profit distribution plan for 2020 and distributed cash dividends to shareholders (including holders of restricted shares). After the completion of the above transaction, the treasury stock decreased by RMB299,000.00 accordingly.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Other equity instruments

RMB

Outstanding financial instruments	Opening balance		Increase in the current year		Decrease in the current year		Closing balance	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Convertible corporate bonds	–	–	14,500,000.00	254,089,565.81	11,680,820.00	204,687,895.32	2,819,180.00	49,401,670.49

Note: Other equity instruments comprise of the equity from the convertible corporate bonds issued for the current year, and please refer to Note (VI). 30.

35. Capital reserve

RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium (Note 1)	839,115,113.41	1,190,336,718.24	–	**2,029,451,831.65**
Other capital reserve (Note 2)	–	15,643,324.40	–	**15,643,324.40**
Total	839,115,113.41	1,205,980,042.64	–	**2,045,095,156.05**

Note 1: Increase in the share premium for the current year mainly represented: (1) the total amount paid by participants of RMB28,658,000.00 for the grant of restricted shares to the participants in the current year, of which share capital of RMB1,150,000.00 and capital reserve of RMB27,508,000.00 were included. (2) Details of convertible bonds for the current year are set out in Note VI. (30) and the capital reserve (share premium) increased by RMB1,162,828,718.24.

Note 2: Other capital reserves for the current year increased by RMB15,643,324.40, among which, according to the fair value of restricted shares on the grant date, the service fees provided by employees in the current period were included in the relevant cost expense of RMB15,643,324.40.

36. Other Comprehensive Income

RMB

Item	Opening balance	Amount incurred in the current year: Amount before income tax incurred in the current year	Amount incurred in the current year: Less: Income tax expense	Amount incurred in the current year: Amount attributable to the Company after income tax	Amount incurred in the current year: Amount attributable to minority shareholders after income tax	Closing balance
I. Other comprehensive income that will not be reclassified into profit or loss afterwards	–	(3,217,914.84)	–	(3,217,914.84)	–	**(3,217,914.84)**
– Changes in fair value of other equity instrument investments	–	(3,217,914.84)	–	(3,217,914.84)	–	**(3,217,914.84)**
II. Other comprehensive income that will be reclassified into profit or loss afterwards	5,935,642.83	(30,109,174.86)	(1,052,570.72)	(29,056,604.14)	–	**(23,120,961.31)**
– Exchange differences on foreign currency financial statements translation	5,935,642.83	(23,092,036.70)	–	(23,092,036.70)	–	**(17,156,393.87)**
– Changes in fair value of financing receivables	–	(7,017,138.16)	(1,052,570.72)	(5,964,567.44)		**(5,964,567.44)**
Total	5,935,642.83	(33,327,089.70)	(1,052,570.72)	(32,274,518.98)	–	**(26,338,876.15)**

37. Special Reserve

RMB

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Safety production costs	11,810,858.31	2,559,073.07	–	**14,369,931.38**
Total	11,810,858.31	2,559,073.07	–	**14,369,931.38**

38. Surplus Reserve

RMB

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserve	193,555,355.70	27,149,843.61	–	**220,705,199.31**
Total	193,555,355.70	27,149,843.61	–	**220,705,199.31**

Note: Surplus reserve is accrued according to the Company's Articles of Association or with the approval from the Board. The statutory surplus reserve can be used to cover the Company's losses or to increase the share capital.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Undistributed Profit

RMB

Item	Amount for the current year	Amount for the last year
Opening balance of the undistributed profit	**2,974,971,417.75**	2,423,524,157.41
Add: Net profit attributable to shareholders of the parent company in the current year	**1,628,783,787.63**	717,243,708.67
Less: Accrual of statutory surplus reserves	**27,149,843.61**	25,396,448.33
Dividends payable (Note 1)	**127,049,000.00**	140,400,000.00
Closing balance of the undistributed profit (Note 2)	**4,449,556,361.77**	2,974,971,417.75

Note 1: As proposed by the 22nd Meeting of the 5th session of the Board held on 4 August 2020 and approved by the resolution of the 2020 Second Extraordinary General Meeting held on 9 October 2020, the Company distributed cash dividend of RMB0.65 (tax included) to all shareholders for every 10 shares based on the total share capital on the date of equity registration at the time of profit distribution, with the total profit distribution of RMB127,049,000.00.

Note 2: The undistributed profit at the end of the year included the legal surplus reserve of RMB96,524,662.64 (2019: RMB34,159,547.69) accrued by the subsidiaries of the Company in the current year.

40. Operating Revenue and Operating Cost

(1) Operating revenue and operating cost

RMB

Item (Note)	Amount for the current year		Amount for last year	
	Revenue	Cost	Revenue	Cost
Main business	**6,222,273,153.93**	**3,343,827,517.70**	4,755,886,682.40	3,279,977,662.99
Other business	**38,144,638.33**	**2,813,794.05**	50,917,338.56	9,757,848.37
Total	**6,260,417,792.26**	**3,346,641,311.75**	4,806,804,020.96	3,289,735,511.36

Note: The Group recognized operating revenue at a point in time.

40. Operating Revenue and Operating Cost (Continued)

(2) Breakdown of operating revenue

By source of revenue:

RMB

Item	PV glass	Household glass	Architectural glass	Float glass	Mining product	Other business	Total
Main business place							
China	3,649,206,874.17	99,172,485.05	526,071,671.83	75,653,286.86	63,783,515.00	37,909,627.94	4,451,797,460.85
Asia (excluding China)	1,337,455,445.00	3,623,936.08	1,798,698.31				1,342,878,079.39
Europe	404,966.05	188,344,026.24					188,748,992.29
North America	238,482,201.25	14,743,585.88	197,449.22			235,010.39	253,658,246.74
Others	124,911.85	20,653,413.33	2,556,687.81				23,335,012.99
Total	5,225,674,398.32	326,537,446.58	530,624,507.17	75,653,286.86	63,783,515.00	38,144,638.33	6,260,417,792.26

RMB

Items	Amount for last year						
	PV glass	Household glass	Architectural glass	Float glass	Mining product	Other business	Total
Main business place							
China	2,534,076,147.70	64,718,308.44	449,782,897.69	171,052,809.62	49,629,587.50	50,917,338.56	3,320,177,089.51
Asia (excluding China)	944,195,373.41	15,349,662.86	–	–	–	–	959,545,036.27
Europe	75,261.49	208,531,336.48	–	–	–	–	208,606,597.97
North America	269,356,898.46	22,884,165.52	246,585.66	–	–	–	292,487,649.64
Others		24,862,633.21	1,125,014.36	–	–	–	25,987,647.57
Total	3,747,703,681.06	336,346,106.51	451,154,497.71	171,052,809.62	49,629,587.50	50,917,338.56	4,806,804,020.96

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Ope, a ing Re, eni e and Ope, a ing Co (Continued)

(2) B, eakdo n of ope, a ing , e eni e (Continued)

By selling manner:

RMB

I em	PV gla	Ho ehold gla	A, chi ec , al gla	Amo n fo, he ea, Floa gla	Mining p, od c	O he, b ine	To al
Selling manners							
Direct sales	5,196,699,827.50	292,466,336.81	470,538,760.63	48,702,686.18	63,783,515.00	38,144,195.85	6,110,335,321.97
Dealers	28,974,570.82	34,071,109.77	60,085,746.54	26,950,600.68		442.48	150,082,470.29
Total	5,225,674,398.32	326,537,446.58	530,624,507.17	75,653,286.86	63,783,515.00	38,144,638.33	6,260,417,792.26

RMB

Items	PV glass	Household glass	Architectural glass	Amount for last year Float glass	Mining product	Other business	Total
Selling manners							
Direct sales	3,720,491,533.97	307,903,160.93	389,244,726.93	112,606,248.08	49,629,587.50	50,917,338.56	4,630,792,595.97
Dealers	27,212,147.09	28,442,945.58	61,909,770.78	58,446,561.54	–	–	176,011,424.99
Total	3,747,703,681.06	336,346,106.51	451,154,497.71	171,052,809.62	49,629,587.50	50,917,338.56	4,806,804,020.96

(3) Pe, fo, mance obliga ion

The Group's main business activities are the production and sales of glass products. The Group shall ship the product to the customer's designated location or the product shall be picked up by the customer. The product is still controlled by the Group before the customer's acceptance confirmation. Only when the customer receives the product and the qualified acceptance is made, the control of the product is transferred to the customer and the Group recognises the revenue. After the customer makes the acceptance, the customer has full rights to decide th selling manner and price of the goods, and assumes the primary responsibility and the risk of loss associated with the goods. The Group requires dealer customers to fully prepay the purchase payment before the delivery of the goods, and the normal credit period for direct sales customers is 30 to 120 days after the acceptance of the goods.

The estimated contract period of the Group's sales contract does not exceed one year, so the transaction price allocated to the remaining performance obligation is not disclosed.

41. Taxes and Surcharges

RMB

Item	Amount for the year	Amount for last year
Land use tax	**17,128,580.99**	5,800,753.20
Urban construction tax	**12,622,468.96**	7,219,030.48
Education surcharge and local educational surcharges	**10,654,543.54**	5,277,983.67
Property tax	**10,293,250.16**	7,850,936.80
Resource tax	**4,464,846.05**	3,677,434.31
Stamp duty	**2,245,219.00**	1,733,015.60
Special fund for water conservancy construction	**1,757,930.61**	1,236,914.07
Environmental protection tax	**1,656,773.40**	2,163,104.52
Others	**260,076.09**	67,666.20
Total	**61,083,688.80**	35,026,838.85

42. Selling Expense

RMB

Item	Amount for the year	Amount for last year
Transportation expenses	**254,222,773.59**	227,906,923.86
Pallet expenses	**26,833,227.50**	8,931,949.78
Employee compensation and welfare	**10,563,544.00**	8,974,779.72
Marketing expenses	**6,021,170.99**	6,822,694.20
Depreciation and amortization	**22,691.75**	13,331.56
Others	**4,191,444.94**	2,463,233.60
Total	**301,854,852.77**	255,112,912.72

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Administrative Expense

RMB

Item	Amount for the year	Amount for last year
Employee remuneration and benefits	**69,771,843.00**	58,087,652.05
Depreciation and amortization	**22,035,717.88**	15,945,363.90
Equity settled share-based payment	**15,643,324.40**	–
Decoration cost	**12,187,614.24**	184,164.25
Intermediary agency service fee	**8,881,925.13**	10,244,395.45
Greening and environmental protection costs	**6,765,192.91**	6,916,472.04
Office expenses	**4,656,885.24**	5,158,138.42
Traveling expenses	**3,657,963.25**	2,540,323.06
Rent expenses	**3,384,980.10**	2,866,576.97
Labor costs	**3,351,866.39**	3,874,595.92
Audit expense	**3,000,000.00**	2,700,000.00
Transportation expenses	**2,479,975.45**	2,384,514.32
Entertainment expenses	**1,350,902.74**	1,873,078.04
Repair and maintenance fee	**193,781.02**	585,615.80
Others	**14,987,060.68**	8,137,670.07
Total	**172,349,032.43**	121,498,560.29

44. Research and Development Expense

RMB

Item	Amount for the year	Amount for last year
Employee remuneration and benefits	**191,584,338.99**	128,193,474.91
Direct material costs	**58,966,609.13**	54,643,946.27
Depreciation and amortization	**21,574,545.93**	17,073,030.11
Others	**12,592,318.76**	4,241,108.01
Total	**284,717,812.81**	204,151,559.30

45. Finance Expense

RMB

Item	Amount for the year	Amount for last year
Interest expenses	**80,273,151.69**	65,388,264.94
Less: Interest income	**16,412,291.81**	17,902,429.34
Handling fee	**2,317,334.00**	2,116,641.03
Exchange losses		

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Gains (Losses) Arising from Changes in Fair Value

RMB

Sources of gains (losses) arising from changes in fair value	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship	**1,245,626.59**	(5,234,350.32)
− Losses arising from changes in fair value of interest rate swap contract	**(379,492.22)**	(2,839,854.11)
− Gains (losses) arising from changes in fair value of forward foreign exchange contracts	**779,202.70**	(1,548,580.10)
− Gains (losses) arising from changes in fair value of foreign exchange option contracts	**845,916.11**	(845,916.11)
Total	**1,245,626.59**	(5,234,350.32)

49. Credit Impairment Loss

RMB

Item	Amount for the year	Amount for last year
Credit impairment losses on bills receivable	**2,033,728.07**	(1,909,618.30)
Credit impairment losses on trade receivables	**(31,998,719.95)**	(10,806,940.74)
Credit impairment losses on other receivables	**50,000.00**	(100,000.00)
Total	**(29,914,991.88)**	(12,816,559.04)

50. Asset Impairment Loss

RMB

Item	Amount for the year	Amount for last year
Inventory impairment losses	**(3,118,136.33)**	(2,444,410.60)
Impairment losses fixed assets	**(68,665,333.44)**	(12,253,523.91)
Total	**(71,783,469.77)**	(14,697,934.51)

51. Loss on Disposal of Assets

RMB

Item	Amount for the year	Amount for last year
Gains on disposal of fixed assets	**1,329,253.30**	478,903.28
Losses on disposal of fixed assets	**(19,347,599.56)**	(7,020,306.26)
Total	**(18,018,346.26)**	(6,541,402.98)

52. Non-Operating Income

RMB

Item	Amount for the year	Amount for last year
Government grants (Note (VI) 61)	**9,060,785.16**	14,482,137.47
Others	**3,828,431.69**	2,415,826.21
Total	**12,889,216.85**	16,897,963.68

53. Non-Operating Expense

RMB

Item	Amount for the year	Amount for last year
Public welfare donations	**3,371,547.10**	45,000.00
Others	**527,918.34**	139,158.59
Total	**3,899,465.44**	184,158.59

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Income Tax Expense

RMB

Item	Amount for the year	Amount for last year
Current period income tax expenses	**294,112,587.56**	59,967,199.67
Income taxes repaid (refunded) for the last year	**451,854.67**	(2,063,581.01)
Deferred income tax expenses	**(49,440,188.17)**	87,522,916.79
Total	**245,124,254.06**	145,426,535.45

The Group was not subject to profit tax as it had no taxable profit in Hong Kong during the year.

Reconciliation between income tax expense and accounting profit is as follows:

RMB

	Amount for the year	Amount for last year
Total profits	**1,873,908,041.69**	862,670,244.12
Income tax expense calculated at tax rate of 15% (2019: 15%)	**281,086,206.24**	129,400,536.62
Effect of subsidiaries to adapt different tax rates	**7,669,245.65**	51,571,682.68
Effect of non-deductible costs, expenses and losses	**4,646,051.43**	622,253.54
Effects of non-taxable income	**(392,226.25)**	–
Repayment (refund) of the income tax for last period	**451,854.67**	(2,063,581.01)
Tax effect on tax incentives)	**(1,671,607.26)**	(7,728,962.16)
Effect of deductible losses and deductible temporary difference of unrecognized deferred tax assets in the period	**11,414,082.25**	2,467,850.79
Changes in opening balances of deferred tax assets/liabilities due to the change in tax rate	**(34,187,403.39)**	–
Effect on research and development costs plus deduction	**(23,891,949.28)**	(28,843,245.01)
Income tax expenses	**245,124,254.06**	145,426,535.45

55. Supplementary Information for Income Statement

RMB

Item	Amount for the year	Amount for last year
Raw materials used	**3,011,592,698.96**	2,820,770,731.08
Changes in inventories of finished goods work-in-progress goods	**(28,540,625.60)**	(185,005.68)
Employee benefits expenses	**333,967,399.18**	293,375,254.85
Equity-settled share-based payments	**15,643,324.40**	–
Depreciation and amortization expenses	**406,719,294.44**	333,701,397.47
Financial expenses	**141,528,692.18**	53,129,460.34
Transportation expenses	**254,222,773.59**	227,906,923.86
Audit fee	**3,000,000.00**	2,700,000.00
Non-deductible value-added tax		151,774.63
Asset impairment losses	**71,783,469.77**	14,697,934.51
Credit impairment losses	**29,914,991.88**	12,816,559.04
Taxes and surcharges	**61,083,688.80**	35,026,838.85
Other expenses	**108,958,144.79**	192,077,467.46
Total costs and expenses	**4,409,873,852.39**	3,986,169,336.41

56. Calculation of Basic Earning Per Share and Diluted Earning Per Share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders of the parent company is as follows:

RMB

Item	Amount for the year	Amount for last year
Net profit for the current period attributable to ordinary shareholders of the parent company	**1,628,783,787.63**	717,243,708.67
Less: cash dividends distributed in the current year to the holders of restricted shares expected to be unlocked in the future	**299,000.00**	–
Net profit attributable to the ordinary shareholders of the parent company for the current period for the purpose of the basic earnings per share	**1,628,484,787.63**	717,243,708.67

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Calculation of Basic Earning Per Share and Diluted Earning Per Share (Continued)

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Share

	Amount for the year	Amount for last year
Number of ordinary shares outstanding at the beginning of the year	**1,950,000,000**	1,800,000,000
Add: Weighted number of ordinary shares of the year	**7,220,732**	125,000,000
Weighted number of outstanding ordinary shares at the end of the year	**1,957,220,732**	1,925,000,000

When calculating diluted earnings per share, the net profit attributable to ordinary shareholders of the parent company for the current period is:

RMB

Item	Amount for the year	Amount for last year
Net profit attributable to the ordinary shareholders of the parent company for the current period for the purpose of the earnings per share	**1,628,484,787.63**	717,243,708.67
Add: cash dividends distributed in the current year to the holders of restricted shares expected to be unlocked in the future	**299,000.00**	–
The calculation of the diluted earnings per share of net profit attributable to the ordinary shareholders of the parent company for the current period	**1,628,783,787.63**	717,243,708.67

For the purpose of the diluted earnings per share is as follows:

Unit: Share

	Amount for the year	Amount for last year
Weighted number of ordinary shares outstanding at the end of the year for the purpose of earnings per share	**1,957,220,732**	1,925,000,000
Add: the impact on the weight number of the employee share incentive schemes of the Group	**607,685**	–
Add: the impact on the weight number of the convertible corporate bonds of the Group	**55,526,548**	–
Weighted number of ordinary shares outstanding as at the end of the year	**2,013,354,965**	1,925,000,000

57. Notes to Items in the Cash Flow Statement

(1) Other cash received and related to business activities

RMB

Item	Amount for the year	Amount for last year
Revenue-related government grant	**22,162,859.02**	68,653,654.09
Interest income	**16,412,291.81**	17,902,429.34
Operating margin	**200,000.00**	300,000.00
Commission		55,000.00
Others	**3,828,431.69**	2,415,826.21
Total	**42,603,582.52**	89,326,909.64

(2) Other cash paid and related to operating activities

RMB

Item	Amount for the year	Amount for last year
Paid fees	**493,990,965.42**	415,165,793.25
Operating margin	**20,063,749.14**	2,146,412.76
Charitable donation expenses	**3,371,547.10**	45,000.00
Handling charge	**2,317,334.00**	2,116,641.03
Others	**1,014,685.85**	535,133.31
Total	**520,758,281.51**	420,008,980.35

(3) Other cash received and related to investment activities

RMB

Item	Amount for the year	Amount for last year
Recovery of restricted monetary funds	**100,233,187.12**	130,519,478.45
Project margin	**25,676,711.92**	744,600.00
Total	**125,909,899.04**	131,264,078.45

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Notes to Items in the Cash Flow Statement (Continued)

(4) Other cash paid and related to investment activities

RMB

Item	Amount for the year	Amount for last year
Payment of restricted monetary funds	**111,220,723.45**	95,799,657.78
Cash paid for investment losses	**7,198,465.40**	1,364,111.32
Project margin	**305,600.00**	4,990,000.00
Total	**118,724,788.85**	102,153,769.10

(5) Other cash received and related to financing activities

RMB

Item	Amount for the year	Amount for last year
Recovery of restricted monetary funds	**255,660,791.32**	277,454,484.32
Total	**255,660,791.32**	277,454,484.32

(6) Other cash paid and related to financing activities

RMB

Item	Amount for the year	Amount for last year
Payment of restricted monetary funds	**554,536,065.30**	291,837,608.59
Issuance fees of convertible corporate bonds	**2,794,000.00**	–
A-share listing fee		4,473,114.11
Total	**557,330,065.30**	296,310,722.70

58. Supplementary Information to Cash Flow Statement

(1) Supplementary information to cash flow statement

RMB

Supplementary information	Amount for the year	Amount for last year
(1) Adjust net profit to cash flow from operating activities		
Net profit	**1,628,783,787.63**	717,243,708.67
Add: Asset impairment provision	**71,783,469.77**	14,697,934.51
Credit impairment losses	**29,914,991.88**	12,816,559.04
Investment property amortization	**1,431,470.40**	1,431,470.40
Depreciation of fixed assets	**366,362,853.15**	302,765,562.87
Depreciation of right-of-use assets	**4,857,170.49**	4,558,308.33
Amortization of long-term fees	**31,912,498.21**	24,946,055.87
Amortization of intangible assets	**2,155,302.19**	–
Losses for disposal of fixed assets, intangible assets and other long-term assets	**18,018,346.26**	6,541,402.98
(Gains) losses on fair value change	**(1,245,626.59)**	5,234,350.32
Financial expenses	**80,273,151.69**	65,388,264.94
Investment gains	**(5,675,836.26)**	(6,908,081.15)
(Increase)/decrease in deferred income tax assets	**(6,479,355.16)**	547,159.58
Decrease (increase) in deferred income tax liabilities	**(42,960,833.01)**	86,975,757.21
Increase in inventory	**1,106,324.17**	(108,940,857.81)
Increase of operating receivables	**(1,529,059,046.61)**	(1,158,546,275.43)
Increase in operating payables	**1,044,155,413.98**	552,228,051.35
Deferred income amortization	**(12,369,159.96)**	(13,167,910.01)
Increase in special reserve	**2,559,073.07**	2,385,230.90
Equity settled share-based payment	**15,643,324.40**	–
Net cash flow from operating activities	**1,701,167,319.70**	510,196,692.57
(2) Net changes in cash and cash equivalents		
Closing balance of cash	**1,146,171,930.13**	479,068,091.59
Less: Opening balance of cash	**479,068,091.59**	528,750,004.08
Net decrease in cash and cash equivalents	**667,103,838.54**	(49,681,912.49)

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information for Cash Flow Statement (Continued)

(2) Components of cash and cash equivalents

RMB

Item	Closing balance	Opening balance
1. Cash	**1,146,171,930.13**	479,068,091.59
Including: Cash on hand	**17,673.90**	20,326.96
Blank deposit available for payment	**1,146,154,256.23**	479,047,764.63
Other monetary funds available for payment		–
2. Cash equivalents		–
Cash and cash equivalents at the end of the year	**1,146,171,930.13**	479,068,091.59

59. Assets with Restricted Ownership or Use Rights

RMB

Item	Book value at the end of the year	Reason for restriction
Monetary funds	443,795,083.56	Bills deposits, etc.
Bills receivable	62,301,314.55	Pledged to bank to obtain credit facilities
Financing receivables	188,205,389.77	Pledged to bank to obtain credit facilities
Investment property	20,233,701.43	Pledged to bank to obtain credit facilities
Fixed assets	1,549,733,966.49	Pledged to bank to obtain credit facilities
Intangible assets	175,597,445.12	Pledged to bank to obtain credit facilities
Total	2,439,866,900.92	

60. Foreign currency monetary items

Item		Closing balance		
		Foreign currency amount	Translation exchange rate	RMB amount
Cash at bank and on hand				
Including:	USD	73,572,648.58	6.5249	480,054,176.93
	EUR	1,779,048.96	8.0250	14,276,867.91
	JPY	97,644,888.00	0.0632	6,174,672.15
	AUD	300,325.40	5.0163	1,506,522.30
	HKD	167,585.13	0.8416	141,046.35
	GBP	3,995.13	8.8903	35,517.90
	CHF	1.46	7.4006	10.81
Total				502,188,814.35
Trade receivables				
Including:	USD	55,050,356.75	6.5249	359,185,698.15
	EUR	1,043,841.24	8.0250	8,376,825.95
	AUD	79,053.30	5.0163	396,555.07
Total				367,959,079.17
Other receivables				
Including:	HKD	3,970.00	0.8416	3,341.31
Total				3,341.31
Trade payables				
Including:	USD	7,040,967.61	6.5249	45,941,609.58
	EUR	79,000.00	8.0250	633,975.00
Total				46,575,584.58
Borrowings				
Including:	USD	195,200,333.95	6.5249	1,273,662,658.96
Total				1,273,662,658.96

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Government Grant

RMB

Type	Asset-related/ Income-related	Listed item	Amount for the year
Distributed PV power generation project grant	Revenue	Other revenues	7,815,127.04
Social insurance grant	Revenue	Other revenues/non-operating revenue	5,024,355.00
Industrial development grant	Revenue	Non-operating revenue	3,568,572.00
Listing reward	Revenue	Non-operating revenue	2,000,000.00
Foreign trade reward and subsidy	Revenue	Non-operating revenue	1,017,100.00
Refund income from handling fee for individual income tax	Revenue	Other revenues	302,137.25
Other	Revenue	Other revenues/non-operating revenue	2,435,567.73
Total			22,162,859.02
Including: Government grands included into current period profit or loss			22,162,859.02

62. Operating Lease Arrangement

Revenue from operating leases for the year amounted to RMB7,046,989.32 (last year: RMB6,949,488.96). Total undiscounted lease receipts in each of the five accounting years after the balance sheet date and in subsequent years are as follows:

RMB

	Closing balance	Opening balance
Undiscounted lease receipts:		
1 year after the balance sheet date	**7,164,439.12**	7,046,989.32
2 years after the balance sheet date	**7,399,338.77**	7,164,439.12
3 years after the balance sheet date	**7,522,661.08**	7,399,338.77
4 years after the balance sheet date	**7,769,305.70**	7,522,661.08
5 years after the balance sheet date	**3,237,210.71**	7,769,305.70
Subsequent years		3,237,210.71
Total	**33,092,955.38**	40,139,944.70

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At the end of the year, major financial instruments of the Group include: cash at bank and on hand, held-for-trading financial assets, derivative financial asset, bills receivable and trade receivables, receivables financing, other receivables, other equity instrument investments, derivative financial liabilities, bills payable and trade payables, other payables, lease liabilities, bonds payable and borrowings. Details of each financial instrument are set out below:

RMB

Item	Closing balance	Opening balance
Financial asset		
Cash at bank and on hand	**1,589,967,013.69**	613,000,364.84
Held-for-trading financial assets	**400,000,000.00**	–
Derivative financial asset	**1,445,666.57**	1,117,793.99
Bills receivable	**546,772,640.17**	1,976,383,235.76
Trade receivables	**1,388,373,649.20**	1,107,245,636.40
Receivables financing	**684,530,748.37**	–
Other receivables	**24,267,677.88**	3,684,181.68
Other equity instrument investments	**53,970,165.00**	–
Total	**4,689,327,560.88**	3,701,431,212.67
Financial liabilities		
Derivative financial liabilities		917,754.01
Bills payable	**713,571,260.89**	338,562,948.43
Trade payables	**1,294,643,492.26**	1,854,705,642.59
Other payables	**97,660,344.00**	40,711,453.51
Bonds payable	**236,681,991.63**	–
Lease liabilities	**11,508,090.39**	11,016,173.42
Borrowings	**2,156,090,041.02**	2,314,989,419.31
Total	**4,510,155,220.19**	4,560,903,391.27

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies

The risk management objectives of the Group are to obtain an appropriate balance between risk and return, to reduce negative effects caused by operating results to a lowest level, and to maximize interest of shareholders and other equity investors. Based on these objectives, the basic strategies are to confirm and analyze all potential risks related to the Group, to set appropriate risk limitations, to manage and monitor all risks timely and effectively, and to control the risks within a limited scope.

1.1 Market risk

The Group's business has caused its financial risks due to the changes in interest rates and foreign exchange rates. The Group believes that the above risks during the year or the manner in which they are managed and measured have not been changed compared to the previous year.

1.1.1. Foreign exchange risk

Foreign exchange risk refers to the risk of loss arising from the losses in exchange rate. The operating economic environment of the Company and its major subsidiaries is China and Vietnam whose functional currencies are RMB and VND. Some of the Group's transactions are settled in currencies other than functional currencies such as USD, EUR, JPY, HKD, GBP and AUD, and are subject to the resulting foreign exchange risk.

As at 31 December 2020, the Group's foreign currency assets and liabilities are set out below. The foreign exchange risk arising from the assets and liabilities of these foreign currency balances (see Notes (VI), 60) may impact the Group's operating results.

RMB

Item	Closing balance	Opening balance
Cash and cash equivalents	**502,188,814.35**	258,849,174.26
Trade receivables	**367,959,079.17**	350,675,459.66
Other payables	**3,341.31**	3,556.25
Trade payables	**46,575,584.58**	9,636,256.28
Borrowings	**1,273,662,658.96**	942,754,636.60

The Group closely monitors exchange rate movements and formulates relevant hedging policies to reduce foreign exchange risk. Foreign exchange forward contracts can be used to eliminate foreign exchange risk. For the year ended 31 December 2020, the Company entered into contracts in relation to foreign currency assets of RMB199,661,940.00 (equivalent to USD30,600,000.00). For details, please refer to Notes (VI), 3.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objective and Policies (Continued)

1.1 Market risk (Continued)

1.1.1. Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange risk

The following table details the sensitivity of this Group to 5% of the change of foreign exchanges rate from functional currency of related group entities (including: RMB and VND) to other foreign currencies. Internal reports to senior management adopt such ratio of 5% which represents the estimation of the management on the possible changes of foreign exchange rate. The Group's foreign exchange risk sensitivity analysis at the reporting date includes only monetary items denominated in foreign currencies and does not consider the impact of the derivative financial instruments purchased. Positive refers to an increase in profit before tax due to exchange rate changes, and negative refers to a decrease in profit before tax due to exchange rate changes.

RMB

		Amount for the year		Amount for last year	
Item	Change in the exchange rate	Impact on Profit before tax	Impact on Shareholder's equity	Impact on Profit before tax	Impact on Shareholder's equity
Entities using RMB as functional currency					
USD	Appreciation of 5% against RMB	**(32,343,331.71)**	**(32,343,331.71)**	(19,532,578.13)	(19,532,578.13)
USD	Depreciation of 5% against RMB	**32,343,331.71**	**32,343,331.71**	19,532,578.13	19,532,578.13
EUR	Appreciation of 5% against RMB	**1,100,985.94**	**1,100,985.94**	1,449,115.38	1,449,115.38
EUR	Depreciation of 5% against RMB	**(1,100,985.94)**	**(1,100,985.94)**	(1,449,115.38)	(1,449,115.38)
JPY	Appreciation of 5% against RMB	**308,733.61**	**308,733.61**	267,814.40	267,814.40
JPY	Depreciation of 5% against RMB	**(308,733.61)**	**(308,733.61)**	(267,814.40)	(267,814.40)
HKD	Appreciation of 5% against RMB	**7,219.38**	**7,219.38**	3,166.61	3,166.61
HKD	Depreciation of 5% against RMB	**(7,219.38)**	**(7,219.38)**	(3,166.61)	(3,166.61)
GBP	Appreciation of 5% against RMB	**1,775.90**	**1,775.90**	1,852.80	1,852.80
GBP	Depreciation of 5% against RMB	**(1,775.90)**	**(1,775.90)**	(1,852.80)	(1,852.80)
AUD	Appreciation of 5% against RMB	**95,153.87**	**95,153.87**	3,299.45	3,299.45
AUD	Depreciation of 5% against RMB	**(95,153.87)**	**(95,153.87)**	(3,299.45)	(3,299.45)
Entities using VND as functional currency					
USD	Appreciation of 5% against VND	**8,325,112.04**	**8,325,112.04**	664,193.93	664,193.93
USD	Depreciation of 5% against VND	**(8,325,112.04)**	**(8,325,112.04)**	(664,193.93)	(664,193.93)

The management of the Group believes that the foreign exchange risk at the end of the year did not reflect the annual foreign exchange risk, and the sensitivity analysis did not reflect the inherent foreign exchange risk.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Ri k Managemen Objec i e and Policie (Continued)

1.1 Ma. ke , i k (Continued)

1.1.2. Interest rate risk

The Group's risks to the changes in cash flows of financial instruments arising from changes in interest rates is primarily related to floating rate bank borrowings and floating rate bank deposits. As at 31 December 2020, the Group's floating borrowings amounted to RMB1,987,233,870.02 (31 December 2019: RMB1,523,254,636.60) (please refer to Notes (VI), 20 and 29). The management of the Group closely monitors interest rate risk. The Group's policy is to maintain the floating interest rate of these loans. At present, there is no interest rate swap arrangement.

Sensitivity analysis of interest rate risk

The sensitivity analysis below is prepared based on the interest rate risk faced by non-derivative instruments at the end of each reporting period and the changes in regulations at the beginning of the relevant financial year and remains the same during each reporting period (for instruments that carry interest at market rates). When reporting interest rate risk to the management, the assumption of a 100 basis point increase or decrease for bank borrowings with floating interest rate provisions and a 50 basis point increase or decrease for bank deposits represents the management's estimates of possible changes in deposit-related interest rates.

If the bank borrowing interest rate rises by 100 basis points, the bank deposit interest rate rises by 50 basis points, and all other variables remain unchanged, the Group's net profit increase and decrease for the year ended 31 December 2020 (excluding the impact of interest capitalization) is as follows:

RMB

	Clo ing balance	Opening balance
Decrease in net profit	**10,853,051.15**	9,635,308.11
Decrease in shareholders' equity	**10,853,051.15**	9,635,308.11

If the bank borrowing interest rate drops by 100 basis points, the bank deposit interest rate decreases by 50 basis points, and all other variables remain unchanged, the annual net profit and year-end shareholders' equity will increase by the same amount as described above.

The management believes that the above sensitivity analysis does not represent interest rate risk because the year-end risk exposure does not reflect the risk exposure for the year.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objective and Policies (Continued)

1.2 Credit risk

As at 31 December 2020, the maximum credit risk exposure that may cause the Group's credit losses is mainly due to the loss of the Group's financial assets caused by the failure of the other party to perform its obligations and the financial guarantees undertaken by the Group (without considering available collateral or other credit enhancements), specifically: cash at bank and on hand (Note (VI), 1), bills receivable (Note (VI), 4), trade receivables (Notes (VI), 5) financing receivables (Note (VI), 6) other receivables (Note (VI)), 8), etc., and derivative financial assets that are not included in the scope of impairment assessment (Note (VI), 3), etc. At the balance sheet date, the carrying amount of the Group's financial assets has represented its maximum credit risk exposure.

In order to reduce credit risk, the Group has established a team responsible for determining the credit limits and conducting credit approval. At the same time, the Group performs other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of financial assets on each balance sheet date to ensure that adequate credit loss provisions are made for the relevant financial assets. As a result, the management of the Group believes that the credit risk assumed by the Group has been significantly reduced.

The Group's cash at bank and on hand are deposited in banks with higher credit ratings, so cash at bank and on hand is subject to lower credit risk.

As at 31 December 2020, the Group's accounts receivable balance with the top five customers was RMB1,097,833,934.72 (31 December 2019: RMB728,885,564.42), accounting for 75% of the Group's account receivable balance (31 December 2019: 63%). In addition, the Group has no other significant credit risk exposure concentrated on a single financial asset or financial assets group with similar characteristics.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.3 Liquidity risk

In managing the liquidity risk, the Group maintains and monitors the cash and cash equivalents that the management considers adequate to meet the Group's operational needs and mitigate the impact of fluctuations in cash flows. The management of the Group closely monitors the liquidity situation and expects to have sufficient sources of financing to finance the Group's operations. The management of the Group believes that the Group does not have any significant liquidity risk.

According to the term to maturity of non-discounted and remaining contract obligations, the financial liabilities held by the Group are analyzed as below:

RMB

	Within 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Short-term borrowings	198,056,007.10	431,691,725.00			
Bills payable	275,509,726.74	438,061,534.15			
Trade payables	1,294,643,492.26				
Other payables	100,590,355.28				
Long-term borrowings	11,517,591.62	189,524,125.88	450,564,836.89	980,226,190.31	
Bonds payables	282,578,712.79				
Lease liabilities			661,809.63	2,647,238.52	21,839,717.79
Total	2,162,895,885.79	1,059,277,385.03	451,226,646.52	982,873,428.83	21,839,717.79

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

2. T. an fe. of Financial A e

At the end of the year, the Group endorsed bills receivable classified as financing receivables of RMB706,981,322.62 (At the end of last year: RMB0.00) to its suppliers to pay the accounts payable; discounted bills receivable of RMB408,650,239.78 (At the end of last year: RMB0.00) to bank to obtain currency funds. The Group believes that the risk and rewards of the ownership of such endorsed or discounted bills receivable have been substantially transferred to the supplier or discounting bank, therefore derecognized such endorsed or discounted bills receivable. If the acceptor can't cash such notes, according to relevant laws and regulations of China, the Group is held jointly liable for such bills receivable. The Group believes that as the acceptor is of good reputation, there is minor risk of the acceptor's failure to cash the notes upon maturity. At the end of the year, if the acceptor fails to cash such notes upon maturity, i.e. the Group's maximum exposure to loss is equivalent to the amount that the Group should pay the supplier or discounting bank in respect of such endorsed or discounted notes. For all the bills receivable endorsed to suppliers or discounted to bank, the maturity is within 1 year after the end of reporting year.

At the end of the year, the Group endorsed the amount presented under bills receivable of RMB395,214,640.80 (At the end of last year: RMB1,040,614,593.75) to its suppliers to pay the accounts payable, and discounted bills receivable of RMB1,000,000.00 (At the end of last year: RMB341,723,029.12) to bank to obtain currency funds. The Group believes that it retains substantially all risk and rewards of the ownership of such endorsed or discounted bills receivable (including relevant risk of default), therefore continues to recognize such endorsed or discounted bills receivable as well as the carrying amount of relevant accounts payable that have been repaid. After the endorsement or discounting of bills receivable, the Group does not retain any right to use such endorsed or discounted notes, including selling, transferring or pledging such endorsed or discounted notes to any third party.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

3. Capi al Managemen

The Group manages capital by optimizing the structure of liabilities and shareholders' equity to ensure that entities within the Group maintain operations while maximizing shareholder returns.

The capital structure of the Group consists of the Group's net debt and shareholders' equity.

The Group is not subject to external mandatory capital management requirements.

The Group manages and adjusts the capital structure based on changes in economic conditions. In order to

(VIII) DISCLOSURE OF FAIR VALUE (Continued)

3. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Second Level of Continuous and Non-continuous Fair Value Measurements

RMB

Item	Fair value as at 31 December 2020	Valuation techniques	Main input value
Derivative financial assets – forward foreign exchange contracts	**1,445,666.57**	Discounted cash flow method	Forward exchange rate, discount rate
Trading financial assets – bank wealth management products	**400,000,000.00**	Discounted cash flow method	Expected rate of return of products, discount rate
Financing receivables	**684,530,748.37**	Discounted cash flow method	Expected discount rate

4. Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

The book value of financial assets and financial liabilities that the Group does not consider to be measured at fair value is similar to the fair value.

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related parties with control relationship

The actual controllers of the Group are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei.

2. The Group's subsidiaries

Please refer to Note (V), 1 for relevant information of subsidiaries.

3. Associates of the Group

Associates that had related party transactions with the Group in the year are as follows:

Name of enterprise	Relationship with the Group
Jiaxing Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	Associate

Note: Kaihong Flat became the associate of the Group in the current year while it had no related relationships with the Group in last year.

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS

4. Related Parties and Related Party Relationship

Entities name	Related relationship with the connected parties
Jiaxing Yihe Investment Co., Ltd. (Note)	Controlled by one of the actual controllers of the Company
Fengyang Hongding Port Co., Ltd.	Controlled by one of the actual controllers of the Company

Note: Jiaxing Yihe Machinery Co., Ltd. changed its name into Jiaxing Yihe Investment Co., Ltd. on 5 August 2020.

5. Related Parties and Related Party Transactions

(1) Sales of goods

RMB

Related parties	Content of related party transaction	Amount for the year	Amount for last year
Jiaxing Yihe Investment Co., Ltd.	Sales of goods		11,698.89
Kaihong Flat	Sales of goods	**85,357.25**	–
Total		**85,357.25**	11,698.89

(2) Purchase of goods/accepting labor service

RMB

Related parties	Content of related transaction	Amount for the year	Amount for last year
Kaihong Flat	Accepting labor service	**106,860,521.43**	
Total		**106,860,521.43**	

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Rela ed Pa, T, an ac ion (Continued)

(3) Rela ed lea e

RMB

Rela ed pa,	Con en of he , ela ed pa, , an ac ion	Amo n fo, he ea,	Amount for last year

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Amounts due from/to related parties

RMB

Item	Related party	Closing balance	Opening balance
Trade receivables	Jiaxing Yihe Investment Co., Ltd.		1,453,110.99
Other receivables	Jiaxing Yihe Investment Co., Ltd.	**2,000,000.00**	2,000,000.00
Other current assets	Jiaxing Yihe Investment Co., Ltd.		4,609,365.80
Other current assets	Fengyang Hongding Port Co., Ltd.	**412,844.04**	412,844.04
Total		**412,844.04**	5,022,209.84
Trade payables	Kaihong Flat	**33,784,993.00**	
Trade payables	Jiaxing Yihe Investment Co., Ltd	**4,972.35**	–
Total		**33,789,965.35**	–

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration

2020

RMB

Name	Remuneration	Salaries and other benefits (Note 1)	Bonus (Note 3)	Post-employment benefits (Note 2)	Total
Executive directors					
Ruan Hongliang		**973,817.27**	**116,126.00**	**30,006.30**	**1,119,949.57**
Jiang Jinhua		**704,040.43**	**88,805.00**		**792,845.43**
Wei Yezhong		**595,571.95**	**68,845.00**	**30,006.30**	**694,423.25**
Shen Qifu		**563,001.31**	**63,841.00**	**30,006.30**	**656,848.61**
Independent non-executive directors					
Cui Xiaozhong	**80,000.00**				**80,000.00**
Hua Fulan	**80,000.00**				**80,000.00**
Ng Ki Hung	**80,000.00**				**80,000.00**
Total	**240,000.00**	**2,836,430.96**	**337,617.00**	**90,018.90**	**3,504,066.86**

2019

RMB

Name	Remuneration	Salaries and other benefits (Note 1)	Bonus (Note 3)	Post-employment benefits (Note 2)	Total
Executive directors					
Ruan Hongliang	–	815,695.15	121,800.00	27,744.30	965,239.45
Jiang Jinhua	–	639,650.28	101,800.00	–	741,450.28
Wei Yezhong	–	553,281.93	51,800.00	27,744.30	632,826.23
Shen Qifu	–	546,504.70	46,800.00	27,744.30	621,049.00
Independent non-executive directors					
Cui Xiaozhong	80,000.00	–	–	–	80,000.00
Ng Ki Hung	80,000.00	–	–	–	80,000.00
Hua Fulan	80,000.00	–	–	–	80,000.00
Total	240,000.00	2,555,132.06	322,200.00	83,232.90	3,200,564.96

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration (Continued)

One of the top five highest paid employees this year is a director (previous year: two), and his/her remuneration has been reflected in Directors' salaries. The salaries of the other four members (last year: three) are as follows:

RMB

	Total of this year four members	Total of last year four members

(X) SHARE-BASED PAYMENTS

1. De ail of ha e-ba ed pa men

Pursuant to the Resolution on Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. (Draft) and its Summary ("Restricted A Share Incentive Scheme For 2020"), the Resolution on Assessment Management Measures for the Implementation of the Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. as considered and approved at the 16th meeting of the fifth session of the Board held by the Company on 29 April 2020, the Resolution on Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. (Draft) and its Summary and the Resolution on Assessment Management Measures for the Implementation of the Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. as considered and approved at the 2019 Annual General Meeting, 2020 first A shareholders class meeting and 2020 first H shareholders class meeting and the Resolution on Adjusting the List of Participants and the Number of Restricted Shares Granted in the First Grant in Restricted A Share Incentive Scheme for 2020 of the Company and the Resolution on the First Grant of Restricted A Shares to the Participants as considered and approved at the 23rd meeting the fifth session of the Board held by the Company on 11 August 2020. The first grant date of restricted shares was 11 August 2020. A total of 15 participants actually subscribed for 4,600,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB6.23 per share. As of 12 August 2020, the Company has received a total of RMB28,658,000.00 paid by 15 participants to subscribe for 4,600,000 ordinary shares (A shares). The sales restriction period of each batch of restricted shares in the Restricted A Share Incentive Scheme For 2020 is 12 months, 24 months, 36 months, 48 months and 60 months from the date of completion of the first grant registration. The Company shall repurchase and cancel the restricted shares that have not applied for lifting the restrictions within the agreed period or that cannot be lifted due to the failure to meet the conditions for lifting the restrictions. The repurchase price is the grant price.

Share

	Re , ic ed A Sha, e Incen i e Scheme fo, 2020
Total equity instruments outstanding at the beginning of the year	—
Total equity instruments granted by the Company for the current period	**4,600,000**
Total equity instruments outstanding at the end of the year	**4,600,000**
Range of exercise price in respect of share options outstanding at the end of the year	**RMB6.23**
Remaining contract terms in respect of share options outstanding at the end of the year	**App, o ima el 4.5 ea,**

(X) SHARE-BASED PAYMENTS (Continued)

2. Equity-settled share-based payment

RMB

	Restricted A Share Incentive Scheme for 2020
Method for determining the fair value as at the grant date	50% of the average trading price of the Company's shares on the trading day before the announcement of Restricted A Share Incentive Scheme for 2020
Basis for determining the number of equity instruments with exercisable rights	When the optionees, each the exercise period in the stock option scheme, and meet the applicable conditions of the Company's annual and personal performance, the corresponding equity instruments in payment of the exercisable right
Reasons for significant differences of estimate between the current year and the previous period	Nil
Cumulative amount of equity settled share-based payment recognized into capital reserves	15,643,324.40
Total recognized fees of share-based payment settled in equity in the current year	15,643,324.40

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant Matters of Commitment

Capital Commitment

As of the balance sheet date, the irrevocable purchase of long-term assets contracts signed by the Group is as follows:

RMB

	Closing balance	Opening balance
Contracted but not confirmed in the financial statements Purchase – Build long-term asset commitments	2,950,522,163.05	1,332,163,932.86

2. Contingencies

The Group does not have any significant contingencies that need to be disclosed.

(XII) EVENTS AFTER THE BALANCE SHEET DATE

1. P. ofi di , ib ion plan fo. 2020

The Company intends to distribute profits to entire shareholders. This profit distribution is based on the total shares as at the registration date of shareholding for profit distribution for 2020. A cash dividend of RMB1.5 (tax inclusive) for every ten Shares will be distributed. Based on total shares of the Company at present, a total of cash dividend of RMB321,928,988.10 (tax inclusive) will be distributed. Total shares for actual cash dividend will be based on the total shares as at the registration date of shareholding for the Company to implement profit distribution plan in the future. If there are any changes in the total shares as at the registration date of shareholding, the distribution will be made on the principle of maintaining the amount of distribution per share.

2. Non-p blic i ance of RMB o. dina ha e (A Sha e)

As considered at the 20th meeting of the fifth session of the Board, 2020 first extraordinary general meeting, 2020 second A shareholders class meeting and 2020 second H shareholders class meeting of the Company, and approved by the Approval of the Non-public Issuance of Shares of Flat Glass Group Co., Ltd. (CSRC Approval [2020] No. 2648) issued by China Securities Regulatory Commission, the Company was permitted to issue not more than 450,000,000 RMB ordinary shares (A shares) by way of non-public issuance at a par value of RMB0.25 per share. As of 7 January 2021, the Company has completed the non-public issuance of 84,545,147 A shares at an issue price of RMB29.57 per share with the total amount of funds raised of RMB2,499,999,996.79.

3 Ea. l , edemp ion of con e. ible co. po. a e bond

During the period from 3 December 2020 to 23 December 2020, the closing prices of shares of the Company during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% (130% inclusive) of the prevailing conversion price, triggeringing onveB(g)0.5 (e)0.5 (ri)9.57 Tw 0 -1.3 Td[

(XIII) OTHER SIGNIFICANT MATTERS

1. Segment Reports

According to the internal organizational structure, management requirements and internal reporting system of the Group, the Group's operating activities are divided into five operating segments. Based on the operating segments, the Group has identified five reporting segments, namely the PV glass segment, the household glass segment, architectural glass segment, float glass segment and mining products segment. These reporting segments are based on product categories. The main products provided by each of the Group's reporting segments are PV glass, household glass, architectural glass, float glass and mining products. The management of the Group regularly evaluates the operating results of these segments to determine the resources to be allocated to them and to evaluate their performance. The evaluation does not include the review of the assets and liabilities of the operating segments.

Transfer transactions between segments are measured on the basis of actual transaction prices, and segment revenue and segment expenses are determined based on the actual revenue and expenses of each segment.

(1) Segment report information

RMB

	Amount for the year							
	PV glass	Household glass	Architectural glass	Float glass	Mining products	Other business	Mutual offset among segments	Total
I. Segment operating revenue	5,225,674,398.32	326,537,446.58	530,624,507.17	75,653,286.86	63,783,515.00	38,144,638.33		6,260,417,792.26
Segment operating costs	2,643,738,349.50	238,091,546.49	382,647,279.86	51,385,888.54	27,964,453.31	2,813,794.05		3,346,641,311.75
Segment profit	2,581,936,048.82	88,445,900.09	147,977,227.31	24,267,398.32	35,819,061.69	35,330,844.28		2,913,776,480.51
Adjusted items:								
Less: Taxes and surcharges								61,083,688.80
Selling expenses								301,854,852.77
Administrative expenses								172,349,032.43
Research and development expenses								284,717,812.81
Financial expenses								141,528,692.18
Including: Interest expense								80,273,151.69
Interest income								16,412,291.81
Add: Other income								25,471,233.82
Investment income								5,675,836.26
Including: Gains on investment in associates								2,614,841.66
Profit (losses) arising from changes in fair value								1,245,626.59
Credit impairment losses								(29,914,991.88)
Asset impairment losses								(71,783,469.77)
Losses on disposal of assets								(18,018,346.26)
II. Operating profit								1,864,918,290.28
Add: Non-operating income								12,889,216.85
Less: Non-operating expenses								3,899,465.44
III. Total profit								1,873,908,041.69
Less: Income tax expense								245,124,254.06
IV. Net profit								1,628,783,787.63

(XIII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(1) Segment report information (Continued)

RMB

	Amount for last year							
	PV glass	Household glass	Architectural glass	Float glass	Mining products	Other business	Mutual offset among segments	Total
Segment operating revenue	3,747,703,681.06	336,346,106.51	451,154,497.71	171,052,809.62	49,629,587.50	50,917,338.56	–	4,806,804,020.96
Segment operating costs	2,515,980,409.12	241,795,397.27	351,742,312.74	149,793,961.57	20,665,582.29	9,757,848.37	–	3,289,735,511.36
Segment profit	1,231,723,271.94	94,550,709.24	99,412,184.97	21,258,848.05	28,964,005.21	41,159,490.19	–	1,517,068,509.60
Adjusted items:								
Less: Taxes and surcharges								35,026,838.85
Selling expenses								255,112,912.72
Administrative expenses								121,498,560.29
Research and development expenses								204,151,559.30
Financial expenses								53,129,460.34
Including: Interest expense								65,388,264.94
Interest income								17,902,429.34
Add: other income								30,189,426.63
Investment income								6,908,081.15
Profit (losses) arising from changes in fair value								(5,234,350.32)
Credit impairment losses								(12,816,559.04)
Asset impairment losses								(14,697,934.51)
Losses on disposal of assets								(6,541,402.98)
II. Operating profit								845,956,439.03
Add: Non-operating income								16,897,963.68
Less: Non-operating expenses								184,158.59
III. Total profit								862,670,244.12
Less: Income tax expense								145,426,535.45
IV. Net profit								717,243,708.67

(XIII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Reports (Continued)

(2) Foreign trade income by country of income

RMB

Item	Amount for the year	Amount for last year
PRC	**4,451,797,460.85**	3,320,177,089.51
Asia (excluding the PRC and Japan)	**1,342,878,079.39**	959,545,036.27
Europe	**188,748,992.29**	208,606,597.97
North America	**253,658,246.74**	292,487,649.64
Others	**23,335,012.99**	25,987,647.57
Total	**6,260,417,792.26**	4,806,804,020.96

(3) Non-current assets by location

RMB

Item (Note)	Closing balance	Opening balance
PRC	**5,215,696,539.55**	4,129,546,767.41
Vietnam	**1,462,379,796.25**	791,530,512.20
Total	**6,678,076,335.80**	4,921,077,279.61

Note: The above non-current assets do not include deferred income tax assets.

The management of the Group does not evaluate the assets and liabilities of the above operating segments, hence no the assets and liabilities of the above reporting segments were not disclosed.

(XIII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(4) Reliance on major income

In 2020, the income from LONGI Group, Jinko Solar and Hanwha Group, the main customers for PV glass segment, amounted to RMB1,134,938,203.37, RMB1,080,557,488.96 and RMB645,200,898.34, accounting for 18%, 17% and 10% of the Group's operating revenue respectively, while in 2019 the income of Hanwha Group and Risen, the main customers for PV glass segment, amounted to RMB641,813,367.62 and RMB533,316,570.25 respectively, accounting for 13% and 11% of the Group's operating revenue respectively.

2. Net Profit for the Year Net of

RMB

Item	Amount for the year	Amount for last year
Employees' salaries (including directors' salaries)	**338,567,264.66**	275,196,481.57
Basic pension insurance	**11,283,458.90**	18,418,773.28
Total employees' salaries	**349,850,723.56**	293,615,254.85
Audit fee	**3,000,000.00**	2,700,000.00
Depreciation and amortization (included in operating cost, selling expenses, administrative expenses and research and development expenses)	**406,323,394.06**	333,701,397.47
Leases	**10,620,628.36**	5,954,646.58
Inventory selling costs	**3,337,631,519.91**	3,289,735,511.36
Provision for impairment of inventories	**3,210,721.16**	2,444,410.60

No e o he Financial S a emen

For the year ended 31 December 2020

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Ca h a Bank and on Hand (Continued)

RMB

Items	Opening balance		
	Foreign currency amounts	Translation exchange rate	RMB amounts
Cash:			
RMB	–	–	13,313.83
Bank deposit:			
RMB	–	–	120,829,066.73
USD	5,279,596.85	6.9762	36,831,523.54
EUR	80,470.81	7.8155	628,919.62
JPY	7,287,307.00	0.0641	467,014.36
HKD	61,568.83	0.8958	55,152.13
GBP	4,049.79	9.1501	37,055.99
AUD	13,510.43	4.8843	65,988.99
Other currency capital:			
RMB	–	–	63,723,640.64
USD	105,121.45	6.9762	733,348.26
EUR	23,000.00	7.8155	179,756.50
CHF	1.20	7.2000	8.64
Total			223,564,789.23

Note: At the end of the year, the restricted cash at bank and on hand of the Company's other cash at bank and on hand was RMB111,008,589.51 (end of the previous year: RMB64,636,754.04), including bills deposits of RMB109,324,619.40 (end of the previous year: RMB52,978,609.47), forward foreign exchange contract of RMB1,683,970.11 (end of last year: RMB11,478,388.07) and letter of credit deposit of RMB0.00 (end of last year: RMB179,756.50).

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Derivative Financial Assets

RMB

Item	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship		
Including: Interest rate swap contract (Note)		379,492.22
Total		379,492.22

Note: Unexpired interest rate swap contracts and forward foreign exchange contracts are not designated as hedging instruments. Gains or losses arising from changes in fair value are directly included in the current profit and loss.

3. Bills Receivable

(1) Bills receivable listed by categories

RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**488,013,132.29**	1,541,318,278.98
Commercial acceptance bills	**492,464.18**	27,350,000.00
Less: Provision for credit impairment losses		765,800.00
Total	**488,505,596.47**	1,567,902,478.98

(2) Bills receivable pledged by the Group at the end of the year

RMB

Item	Amount pledged at the end of the year
Bank acceptance bills	**61,301,314.55**
Commercial acceptance bills	
Total	**61,301,314.55**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bill Rece i able (Continued)

(3) Bill , ece i able ha ha e been endo ed o di co n ed b he Compan b no e d e a he balance hee da e

RMB

I em	No de-, ecogni ed a he end of he ea,	Not de-recognized at the beginning of the year
Endorsed bank acceptance bills (Note)	**339,317,437.10**	877,271,493.97
Discounted bank acceptance bills (Note)	**1,000,000.00**	260,605,919.15
Total	**340,317,437.10**	1,137,877,413.12

Note: The above bills receivable that have been endorsed or discounted but not yet due at the balance sheet date were not de-recognized.

(4) At the end of the year, the Group had no bills transferred to accounts receivable due to the drawer's non-performance.

(5) Di clo ed b cla ifica ion of c, edi lo p, o i ion me hod

RMB

I em	Book balance		Clo ing balance C, edi lo p, o i ion		
	Amo n	Pe, cen age (%)	Amo n	P, o i ion pe, cen age (%)	Book, al e
Provision for credit loss based by portfolio					
Including:					
Bank acceptance bills	**488,013,132.29**	**99.90**			**488,013,132.29**
Commercial acceptance bills	**492,464.18**	**0.10**			**492,464.18**
Total	**488,505,596.47**	**100.00**			**488,505,596.47**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bills Receivable (Continued)

(5) Disclosed by classification of credit loss provision method (Continued)

RMB

Items	Opening balance				
	Book balance		Credit loss provision		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision for credit loss based by portfolio					
Including:					
Bank acceptance bills	1,541,318,278.98	98.26	–	–	1,541,318,278.98
Commercial acceptance bills	27,350,000.00	1.74	765,800.00	2.80	26,584,200.00
Total	1,568,668,278.98	100.00	765,800.00		1,567,902,478.98

Bills receivable of provision for credit loss based by portfolio

RMB

Portfolio category	Closing balance		
	Book balance	Credit loss provision	Provision percentage (%)
Low risk	**488,013,132.29**		
Normal	**492,464.18**		
Total	**488,505,596.47**		

The Group believes that the accepting bank's acceptance bill owns a high credit rating and there is no significant credit risk. Therefore, no provision for credit losses is made.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bill Receivable (Continued)

(6) Credit loss provision

RMB

Items	Opening balance	Changes for the year			Closing balance
		Provision	Reversal	Written-off	
Normal	765,800.00	–	765,800.00	–	
Total	765,800.00	–	765,800.00	–	

4. Trade Receivable

(1) Disclosed by ageing:

RMB

Ageing	Closing balance			Opening balance		
	Trade receivable	Credit loss provision	Provision percentage (%)	Trade receivables	Credit loss provision	Provision percentage (%)
Within 1 year	**607,752,595.70**	**24,130,190.25**	**3.97**	806,114,479.21	29,508,153.05	3.66
1–2 years	**29,361,580.32**	**24,636,610.71**	**83.91**	2,925,824.91	732,087.19	25.02
2–3 years	**230,108.49**	**230,108.49**	**100.00**	487,324.03	379,416.75	77.86
Over 3 years	**2,350,984.84**	**2,350,984.84**	**100.00**	2,865,223.20	2,865,223.20	100.00
Total	**639,695,269.35**	**51,347,894.29**		812,392,851.35	33,484,880.19	

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivable (Continued)

(2) Analysis based on method of provision for credit loss allowance:

RMB

Category	Book balance	Percentage (%)	Closing balance Credit loss provision	Proportion of provision (%)	Book value
Account receivable excluding costs for significant financing	639,695,269.35	100.00	51,347,894.29	8.03	588,347,375.06
Total	639,695,269.35	100.00	51,347,894.29	8.03	588,347,375.06

Category	Book balance	Percentage (%)	Opening balance Credit loss provision	Proportion of provision (%)	Book value
Account receivable excluding costs for significant financing	812,392,851.35	100.00	33,484,880.19	4.12	778,907,971.16
Total	812,392,851.35	100.00	33,484,880.19	4.12	778,907,971.16

The Company always measures the impairment allowance for receivables at an amount equal to lifetime ECL for the entire life period, and calculates its expected credit losses based on the comparison table for credit risk rating and default loss rate.The default loss rate is calculated based on the historical actual credit loss in the past 3 years, and it is adjusted based on the differences between the economic situation during the historical data collection period, the current economic situation and the economic situation that the Group believes to be during the expected life period. According to the Company's assessment on the credit risk, the losses incurred by different customer groups are not significantly different. Therefore, when calculating the impairment allowance based on credit risk, apart from the amounts due from subsidiaries, different customer groups are not further distinguished.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivable (Continued)

(2) Analysis by category based on method of provision for credit loss allowance: (Continued)

RMB

Credit risk rating	Closing balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Low risk					
Expected credit loss rate					
Trade receivables	30,551,291.18				30,551,291.18
Expected credit loss					
Normal					
Expected credit loss rate	2.84%	2.84%	2.84%	2.84%	
Trade receivables	515,108,502.43				515,108,502.43
Expected credit loss	14,987,941.08				14,987,941.08
Concern					
Expected credit loss rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	62,092,802.09	29,361,580.32	230,108.49		91,684,490.90
Expected credit loss	9,142,249.17	24,636,610.71	230,108.49		34,008,968.37
Loss					
Expected credit loss rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables				2,350,984.84	2,350,984.84
Expected credit loss				2,350,984.84	2,350,984.84
Total					
Trade receivables	607,752,595.70	29,361,580.32	230,108.49	2,350,984.84	639,695,269.35
Expected credit loss	24,130,190.25	24,636,610.71	230,108.49	2,350,984.84	51,347,894.29

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. T, ade Rece‹ able (Continued)

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivable (Continued)

(3) Change in credit loss provision of trade receivable

RMB

	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2020	30,613,918.71	2,870,961.48	33,484,880.19
Changes of balance at the beginning of the year			
− Transfers to not credit impaired	189,299.26	(189,299.26)	−
Provided in the year	18,193,691.48	−	18,193,691.48
Derecognition of financial assets (including direct write-off) transferred	−	(330,677.38)	(330,677.38)
Balance at 31 December 2020	48,996,909.45	2,350,984.84	51,347,894.29

(4) Trade receivable for the actual write-off in the year

RMB

Item	Write-offs
Trade receivables actually written off	330,677.38

(5) Details of top five trade receivable with the closing balance classified by the borrower:

As at the end of the year, top five trade receivables with the closing balances classified by the borrowers amounted to RMB438,808,698.68 (as at the end of last year: RMB535,984,563.09), accounting for 68.60% of total trade receivables (as at the end of last year: 65.98%). Provision for credit loss of top five trade receivables amounted to RMB12,286,643.56 (as at the end of last year: RMB15,007,567.77).

(6) The Company has no derecognized receivables out of transfer of financial assets at the end of the year.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Financing , ecei able

RMB

I em	Clo ing balance	Opening balance
Bank acceptance bills	**633,026,500.88**	–

During the year, the Company managed the bank acceptance bills through classification. The Company managed separately the bank acceptance bills issued by the bank with higher credit rating for endorsing or discounting when necessary. Due to the business model of holding these specific bank acceptance bills aims at collecting the contract cash flow and selling these financial assets, such bank acceptance bills are classified as financial assets at fair value through other comprehensive profit or loss, presented under receivables financing.

On 31 December 2020, the Company measured the bad debt provision according to the o lifetime ECL. The Company believes that there is no significant credit risk in the bank acceptance bill held by it, and there will be no significant loss due to bank default.

(1) Change in fai , alue

RMB

I em	Clo ing balance
Costs	**640,043,639.04**
Fair value	**633,026,500.88**
Accumulated changes in fair value included in other comprehensive income	**(7,017,138.16)**

(2) Bank accep ance bill pledged b he Compan a he end of he ea,

RMB

I em	Pledged amo n a he end of he ea,
Trade receivables financing	**173,715,764.96**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Financing receivable (Continued)

(3) Bank acceptance bills that have been endorsed or discounted by the Company at the end of the year but not yet due at the balance sheet date

RMB

Item	Amount derecognized at the end of the year
Endorsed bank acceptance bills (Note)	**359,072,597.51**
Discounted bank acceptance bills (Note)	**408,650,239.78**
Total	**767,722,837.29**

Note: The above-mentioned endorsed or discounted bank acceptance bills that had not expired on the balance sheet date were derecognized.

6. Advance Payment

(1) The analysis of advance payments listed by aging is as follows:

RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amounts	Percentage (%)
Within 1 year	**38,001,712.49**	**95.51**	44,584,481.46	98.65
1–2 years	**1,199,773.03**	**3.02**	48,802.23	0.11
2–3 years	**48,793.83**	**0.12**	28,687.20	0.06
Over 3 years	**537,207.97**	**1.35**	535,207.97	1.18
Total	**39,787,487.32**	**100.00**	45,197,178.86	100.00

At the end of the year, the Company had no advance payments with an ageing of more than one year and an important amount.

(2) Details of top five advance payments with the closing balance classified by the payee:

As at 31 December 2020 and 31 December 2019, the balances of top five advance payments were RMB25,989,587.42 and RMB36,129,409.61, respectively, representing 65.32% and 79.94% of the total balances of advance payments.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Other receivables

RMB

Item	Closing balance	Opening balance
Other receivables	**682,247,356.05**	356,091,353.75
Total	**682,247,356.05**	356,091,353.75

(1) Disclosed by the ageing

RMB

Ageing	Trade receivable	Closing balance Credit loss provision	Provision percentage (%)
Within 1 year	**663,907,422.57**		
1–2 years	**18,175,933.48**		
2–3 years	**20,000.00**		
Over 3 years	**194,000.00**	**50,000.00**	**25.77**
Total	**682,297,356.05**	**50,000.00**	

(2) Other receivables classified by nature

RMB

Nature of other receivables	Closing balance of book value	Opening balance of book value
Amount due from subsidiaries	**679,687,500.51**	353,793,995.22
Margin	**2,121,000.00**	2,114,000.00
Reserve fund	**189,152.90**	40,000.00
Deposit	**30,000.00**	30,000.00
Others	**219,702.64**	113,358.53
Total	**682,247,356.05**	356,091,353.75

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Other Receivable (Continued)

(3) Impairment of other receivable

At the end of the year,the Company always measures the impairment allowance for other receivable at an amount equal to lifetime ECL for the entire life period, and calculates its expected credit losses based on the comparison table for credit risk rating and default loss rate.According to the Company's assessment on the credit risk, the losses incurred by different customer groups are not significantly different. Therefore, when calculating the impairment allowance based on credit risk, different customer groups are not further distinguished.

RMB

		Closing balance	
Credit risk ratings	**Probability of loss given default**	**Trade receivables**	**Credit loss provisions**
Low risk	**0.00%**	**682,247,356.05**	
Loss	**100.00%**	**50,000.00**	**50,000.00**
Total		**682,297,356.05**	**50,000.00**

RMB

		Opening balance	
Credit risk ratings	Probability of loss given default	Trade receivables	Credit loss provisions
Low risk	0.00%	356,091,353.75	–
Loss			

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Other Receivable (Continued)

(4) Changes in credit loss provisions of trade receivables

RMB

Credit loss provisions	Stage 1 12 month ECL	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2020			**100,000.00**	**100,000.00**
Changes in balance at the beginning of the year:				
Reversed in the year			**(50,000.00)**	**(50,000.00)**
Balance at 31 December 2020			**50,000.00**	**50,000.00**

(5) Details of top five trade receivables with the closing balance classified by the borrower

RMB

Name	Relationship with the Company	Amounts	Percentage of the total trade receivables (%)	Closing balance of credit loss provision
Flat Import & Export	Subsidiary	359,591,362.05	52.71	–
Flat (Hong Kong)	Subsidiary	258,937,443.43	37.95	–
Anhui Flat Material	Subsidiary	61,000,000.00	8.94	–
Jiaxing Yihe Investment Co., Ltd.	Related party	2,000,000.00	0.29	–
Flat (Vietnam)	Subsidiary	158,695.03	0.02	–
Total		681,687,500.51	99.91	–

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

8. Inventories

(1) Inventory category

RMB

Item	Book balance	Closing balance Impairment provision	Book value
Raw materials	**96,518,384.56**		**96,518,384.56**
Low-valued consumables	**31,170,667.23**	**4,093,734.58**	**27,076,932.65**
Work in progress	**9,922,868.44**		**9,922,868.44**
Finished goods	**47,027,741.13**	**756,932.75**	**46,270,808.38**
Total	**184,639,661.36**	**4,850,667.33**	**179,788,994.03**

RMB

Items	Book balance	Opening balance Impairment provision	Book value
Raw materials	94,918,451.00	–	94,918,451.00
Low-valued consumables	46,613,287.81	2,783,814.87	43,829,472.94
Work in progress	10,269,773.77	–	10,269,773.77
Finished goods	61,319,281.68	696,815.66	60,622,466.02
Total	213,120,794.26	3,480,630.53	209,640,163.73

(2) Inventory impairment provision

RMB

Item	Opening balance	Amount increased in the year	Amount decreased in the year: Transferred	Amount decreased in the year: Resold	Closing balance
Finished goods	696,815.66	414,829.33	–	354,712.24	**756,932.75**
Low-valued consumables	2,783,814.87	2,770,934.14	–	1,461,014.43	**4,093,734.58**
Total	3,480,630.53	3,185,763.47	–	1,815,726.67	**4,850,667.33**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Other Current Assets

RMB

Items	Closing balance	Opening balance
Prepaid rent		4,609,365.80
Prepaid import tax		5,064,383.25
Others	**17,020.44**	–
Total	**17,020.44**	9,673,749.05

10. Long-term Equity Investments

Details of long-term equity investments are as follows:

RMB

Investee	Accounting method	Opening balance	Changes during the year: Investments/ additional investments	Changes during the year: Investment gains recognized under equity method	Closing balance	Dividend of long-term equity investment accounted for by cost method declared this year
Subsidiaries						
Zhejiang Flat	Cost method	10,000,000.00	–	–	**10,000,000.00**	–
Zhejiang Jiafu	Cost method	150,000,000.00	–	–	**150,000,000.00**	–
Shanghai Flat	Cost method	70,000,000.00	–	–	**70,000,000.00**	–
Anhui Flat Glass	Cost method	700,000,000.00	–	–	**700,000,000.00**	–
Anhui Flat Material	Cost method	30,000,000.00	–	–	**30,000,000.00**	–
Flat (Hong Kong)	Cost method	66,137,343.00	–	–	**66,137,343.00**	–
Flat New Energy	Cost method	10,000,000.00	–	–	**10,000,000.00**	–
Flat Import & Export	Cost method	7,000,000.00	–	–	**7,000,000.00**	–
Associates						
Kaihong Flat	Equity method	–	800,000.00	2,614,841.66	**3,414,841.66**	–
Total		1,043,137,343.00	800,000.00	2,614,841.66	**1,046,552,184.66**	–

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Fixed Assets

(1) Fixed assets

RMB

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Fixed Assets (Continued)

(1) Fixed assets (Continued)

At the end of the year, the fixed assets with a book value of RMB186,124,226.73 (at the end of last year: RMB201,193,709.77) were used as collateral for short-term borrowings.

See Note (XIV). 16 and 23 for short-term and long-term borrowings.

(2) At the end of year, the Group had no temporarily idle fixed assets.

(3) At the end of year, the Group had no fixed assets without property right certificate.

RMB

Item	Book value	Reason for failing to complete the certification
Insulating workshop (north)	12,147,211.18	The title certificate is still in process

12. Construction in Progress

(1) Listed by category

RMB

Item	Closing balance	Opening balance
Construction in progress	**276,283,585.56**	163,515,476.68
Engineering materials	**17,005,201.88**	131,894.56
Total	**293,288,787.44**	163,647,371.24

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

12. Construction in Progress (Continued)

(2) Construction in progress

RMB

Item	Book balance	Closing balance Impairment provision	Net book amount
PV phase I cold repair project	**110,494,434.62**		**110,494,434.62**
110KV transformer substation project	**42,388,491.05**		**42,388,491.05**
Annual production of 42 million square meters of PV backplane project	**35,997,355.15**		**35,997,355.15**
Cold repair project of the second line of float glass process	**13,219,535.07**		**13,219,535.07**
Self-manufactured equipment (Vietnam Flat PV glass production line)	**13,451,351.72**		**13,451,351.72**
Self-manufactured equipment (annual output of 750,000 tons of PV cover glass project)	**28,965,032.91**		**28,965,032.91**
Equipment to be installed and others	**31,767,385.04**		**31,767,385.04**
Total	**276,283,585.56**		**276,283,585.56**

RMB

Item	Book balance	Opening balance Impairment provision	Net book amount
Annual production of 42 million square meters of PV backplane project	76,250,671.39	–	76,250,671.39
Cold repair project of the second line of float glass process	37,389,452.50	–	37,389,452.50
Self-manufactured equipment (Vietnam Flat PV glass production line)	30,967,780.66	–	30,967,780.66
Self-manufactured equipment (Anhui Flat annual output of 900,000 tons of PV cover glass project)	9,995,216.26	–	9,995,216.26
Self-manufactured equipment (Cold repair of Jiafu (phase I) project)	4,051,081.01	–	4,051,081.01
Equipment to be installed and others	4,861,274.86	–	4,861,274.86
Total	163,515,476.68	–	163,515,476.68

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

12. Construction in Progress (Continued)

(3) Changes in major construction projects in progress in the year

RMB

Project name	Budget	Opening amount	Amount decreased in the year	Transfer amount from fixed assets in the year	Transfer amount from fixed assets in the year	Transfer into others in the year	Closing balance	Project cumulative investment accounted for the proportion of the budget	Project progress	Including: Accumulated amount of interest capitalization	Including: the amount of interest capitalization in the year	Capitalization rate of interest in the year (%)	Sources of funds
PV phase I cold repair project	260,000,000.00	–	98,463,731.93	17,802,573.11	–	5,771,870.42	110,494,434.62	42%	42%	–	–	–	Self-funds
110KV transformer substation project	80,000,000.00	–	42,388,491.05	–	–	–	42,388,491.05	53%	53%	–	–	–	Self-funds
Annual production of 42 million square meters of PV backplane project	861,600,000.00	76,250,671.39	30,586,065.00	–	70,839,381.24	–	35,997,355.15	12%	12%	–	–	–	Self-funds
Cold repair project of the second line of float glass process	200,000,000.00	37,389,452.51	156,026,159.19	–	180,196,076.63	–	13,219,535.07	97%	97%	–	–	–	Self-funds

(4) The Company did not note any indicators of impairment; therefore there is no provision for impairment losses for construction in progress.

13. Intangible Assets

RMB

Item	Land use right	Emission rights	Software	Total
I. Original carrying amount				
1. Opening balance	192,410,029.82	22,989,542.45	7,595,886.72	222,995,458.99
2. Amount increased in the year	74,109,787.50	8,909.59	–	74,118,697.09
3. Closing balance	266,519,817.32	22,998,452.04	7,595,886.72	297,114,156.08
II. Accumulated amortization				
1. Opening balance	32,695,065.33	18,502,655.89	1,092,968.47	52,290,689.69
2. Amount increased in the year	4,481,277.04	1,390,521.56	1,874,171.38	7,745,969.98
(1) Provision	4,481,277.04	1,390,521.56	1,874,171.38	7,745,969.98
3. Closing balance	37,176,342.37	19,893,177.45	2,967,139.85	60,036,659.67
III. Book value				
1. Closing balance of book value	229,343,474.95	3,105,274.59	4,628,746.87	237,077,496.41
2. Opening balance of book value	159,714,964.49	4,486,886.56	6,502,918.25	170,704,769.30

At the end of the year,the land use right with the net value of RMB133,689,341.98 (at end of last year: RMB136,927,806.30) was used for mortgages to obtain borrowings

14. Deferred Tax Assets

(1) Deferred assets before offsetting

RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	**Deferred tax assets**	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	**58,406,896.09**	**8,761,034.41**	17,323,568.65	2,598,535.30
Provision for Credit losses	**51,397,894.29**	**7,709,684.14**	34,350,680.19	5,152,602.03
Deferred revenue	**23,487,048.57**	**3,523,057.29**	34,543,339.29	5,181,500.89
Depreciation difference for fixed assets	**29,585,538.31**	**4,437,830.75**	27,390,091.61	4,108,513.74
Share-based payments	**15,643,324.40**	**2,346,498.66**	–	–
Profit and loss arising from changes in fair value	**7,017,138.16**	**1,052,570.72**	–	–
Subtotal	**185,537,839.82**	**27,830,675.97**	113,607,679.74	17,041,151.96

(2) Deferred tax liabilities before offsetting

RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	**Deferred tax liabilities**	Taxable temporary differences	Deferred tax liabilities
Property revaluation arising from conversion to a joint stock company	**13,717,191.97**	**2,057,578.80**	14,915,897.34	2,237,384.60
Accelerated depreciation of fixed assets	**23,944,128.39**	**3,591,619.26**	55,784,792.25	8,367,718.84
Losses arising from changes of fair value			379,492.22	56,923.83
Subtotal	**37,661,320.36**	**5,649,198.06**	71,080,181.81	10,662,027.27

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

14. Deferred Tax Assets (Continued)

(3) The net balance of deferred tax assets or liabilities after offsetting

RMB

	Closing balance		Opening balance	
Item	Offset amount of deferred tax assets and liabilities at the end of the year	Closing balance of deferred tax assets or liabilities after offsetting	Offset amount of deferred tax assets and liabilities at the end of the year	Closing balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	**5,649,198.06**	**22,181,477.91**	10,662,027.27	6,379,124.69
Deferred tax liabilities	**5,649,198.06**		10,662,027.27	–

15. Other Non-current Assets

RMB

	Closing balance	Opening balance
Current accounts of subsidiaries (Note)	**2,046,622,573.69**	520,297,150.88
Construction prepayment	**114,884,662.18**	47,108,350.06
Total	**2,161,507,235.87**	567,405,500.94

Note: The amounts were lent by the Company to its subsidiaries Anhui Flat Material, Anhui Flat Glass, Flat (Vietnam)and Flat New Energy.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

16. Sho. - e m Bo, , o ing

RMB

Cla ifica ion	Clo ing balance	Opening balance
Mortgaged borrowings (Note 1)	**50,000,000.00**	297,038,150.32
Guaranteed and mortgaged borrowings (Note 1 and Note 2)	**89,391,130.00**	99,738,709.08
Bill discounting borrowings	**1,000,000.00**	259,460,258.71
Guaranteed borrowings (Note 2)		80,000,000.00
Total	**140,391,130.00**	736,237,118.11

Note 1: For the classification and amount of the asset of the secured borrowings, please refer to the Note (XIV), Note11 and Note 13.

Note 2: At the end of the year, bank loans of RMB89,391,130.00 (at the end of last year: RMB179,738,709.08) were guaranteed by Anhui PV Glass and Zhejiang Jiafu.

At the end of the year, the Company had no short-term borrowings that were overdue.

The annual interest rate of the above borrowings in the year is from 1.27% to 4.35% (in last year: 2.75% to 4.35%).

17. Bill Pa able

RMB

Cla ifica ion	Clo ing balance	Opening balance
Bank acceptance bills		190,000,000.00
Total		190,000,000.00

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

18. Trade Payable

(1) Listing of trade payable

RMB

Classification	Closing balance	Opening balance
Trade payables	**513,393,391.72**	1,389,793,093.22
Construction costs payable	**90,880,829.95**	93,821,462.35
Total	**604,274,221.67**	1,483,614,555.57

(2) Ageing analysis of trade payable based on invoice date (close to the date of recognized):

RMB

Total	Closing balance	Opening balance
Within 1 year	**592,761,052.68**	1,480,347,657.63
1–2 years	**8,334,186.04**	1,823,903.14
2–3 years	**1,756,793.18**	513,252.77
Over 3 years	**1,422,189.77**	929,742.03
Total	**604,274,221.67**	1,483,614,555.57

Significant trade payables with ageing over 1 year:

RMB

	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	**1,847,415.89**	Project warranty has not yet expired and been repaid
Trade payables	**9,665,753.10**	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	**11,513,168.99**	

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

19. Con , ac Liabili ie

(1) Li ing of con , ac liabili ie :

RMB

Cla ifica ion	Clo ing balance	Opening balance
Goods payment	**58,126,632.90**	17,454,654.26
Total	**58,126,632.90**	17,454,654.26

(2) The amount of revenue recognized during the year including the book value of contract liabilities at the beginning of the year was RMB17,454,654.26.

(3) According to the contract, the Company shall deliver the products to the customer's designated location or the goods shall be picked up by the customer. The product is still controlled by the Group before the customer acceptance confirmation. Only when the customer receives the product and the qualified acceptance has been made, the control right of the product is transferred to the customer. The Company fulfills the performance obligations stipulated in the contract, and at this time, have the right to receive the contracted amount for the products provided, then the Company, at this point in time, recognise the income. When the customer initially purchases the goods, the Company will recognise the transaction price as the contract liabilities until the customer obtains control of the goods.

20. Pa , oll Pa able

(1) Li ing of pa , oll pa able

RMB

I em	Opening balance	Amount increased in the year	Amount decreased in the year	Clo ing balance
1. Short-term remuneration	17,305,878.05	155,833,770.96	148,276,741.39	**24,862,907.62**
2. Post-employment welfare – Defined contribution plan	784,042.55	8,491,405.33	8,453,579.18	**821,868.70**
Total	18,089,920.60	164,325,176.29	156,730,320.57	**25,684,776.32**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

20. Pa , oll Pa able (Continued)

(3) Li ing of defined con , ib ion plan (Continued)*

The Company should pay a total of RMB8,198,598.24 and RMB292,807.09 to the pension insurance and unemployment insurance schemes (2019: RMB8,065,709.40 and RMB721,429.45) respectively. At the end of the year, the Company still had RMB793,528.40 and RMB28,340.30 payables that had been accrued at the end of the year and not paid for the pension insurance and unemployment insurance schemes.The relevant payables have been paid after the reporting period.

21. Ta e Pa able

RMB

Cla ifica ion	Clo ing balance	Opening balance
Enterprise income tax	**44,828,004.12**	20,183,741.16
VAT	**6,669,513.52**	24,746,583.70
Land use tax	**4,908,985.20**	–
Property tax	**4,232,066.31**	42,857.14
City maintenance and construction tax	**1,229,344.57**	2,413,181.12
Educational surtax and local educational surtax	**878,103.26**	1,723,700.80
Individual income tax	**1,107,103.23**	4,316,448.21
Others	**356,066.02**	498,890.16
Total	**64,209,186.23**	53,925,402.29

22. O he. Pa able

Listed by category:

RMB

I em	Clo ing balance	Opening balance
Interest payable	**976,742.73**	4,512,898.61
Dividend payable	**299,000.00**	–
Other payables	**1,646,116,961.55**	333,819,970.72
Total	**1,647,392,704.28**	338,332,869.33

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

22. Other Payable (Continued)

(1) Interest payable

RMB

Item	Closing balance	Opening balance
Interest for long-term borrowings with interest paid in installment and principal paid due to maturity	**225,159.72**	–
Interest payable for short-term borrowings	**90,870.22**	3,117,026.88
Bond interest payable	**660,712.79**	–
Interest payable to subsidiaries		1,395,871.73
Total	**976,742.73**	4,512,898.61

(2) Dividend payable

RMB

Item	Closing balance	Opening balance
Dividend for ordinary shares	**299,000.00**	–
Total	**299,000.00**	–

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

22. O he. Pa able (Continued)

(3) O he. pa able

RMB

Cla ifica ion	Clo ing balance	Opening balance
Payable to subsidiaries	**1,592,424,323.57**	311,273,092.81
Restricted share incentive scheme (Note)	**28,359,000.00**	–
Warranty	**15,465,711.92**	14,134,600.00
Transportation premium	**7,757,693.22**	5,744,424.00
Others	**2,110,232.84**	2,667,853.91
Total	**1,646,116,961.55**	333,819,970.72

At the end of the year, the Company had no other payables with an ageing of more than one year and a significant amount.

Note: It represents the subscription amount of restricted shares paid by the participants to the Company after the Company granted restricted shares to the employees. The Company recognized full liabilities for the repurchase obligations of restricted shares and accounted them into the treasure stocks. Please refer to note (X) for the details of grant of restricted shares.

23. Long-Te. m Bo. . o ing

(1) Ca ego. ie of long- e. m bo. . o ing

RMB

	Clo ing balance	Opening balance
Pledged borrowings (Note)	**235,000,000.00**	–
Total	**235,000,000.00**	–

Note: For the types and amounts of secured assets of secured loans, please refer to the Notes (XIV), 11 and 13.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Long-Term Borrowings (Continued)

(2) Profile of maturity date of long-term borrowings:

Item	Closing balance	Opening balance
1 to 2 years		–
2 to 5 years	**235,000,000.00**	–
Total	**235,000,000.00**	–

(3) Other description

The interest rate of the above borrowings was between 3.70% and 4.35%.

24. Deferred Revenue

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
Government grants	34,543,339.29	–	11,056,290.72	**23,487,048.57**
	34,543,339.29	–	11,056,290.72	**23,487,048.57**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

24. Defe , ed Re enue (Continued)

Projects of government grants:

P, oject	Opening balance	Amount increased in the year	Amount included in other income in the year	Amoun dec, ea ed in he ea,	Related to assets/ related to revenue
Jiaxing City 2011 supported major investment item – TCO ultra-white conductive film project grant 1#Float Kiln	5,500,000.00	–	3,000,000.00	**2,500,000.00**	Related to assets
Zhejiang Finance Department 2011 industrial transformation and upgrading technical transformation grant – annual output of 170,000 tons of solar thin film battery ultra- white conductive film glass and deep processing project 1 #PV kiln	366,666.69	–	200,000.00	**166,666.69**	Related to assets
Jiaxing City 2011 industrial development fund grant-production of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1# photovoltaic kiln	366,666.69	–	200,000.00	**166,666.69**	Related to assets
Jiaxing City 2009 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	3,666,666.63	–	2,000,000.00	**1,666,666.63**	Related to assets
Jiaxing City 2012 first batch of industrial development fund grant annual output of 170,000 tons of low – E glass and deep processing project 2# float kiln	533,333.14	–	200,000.04	**333,333.10**	Related to assets
Jiaxing City 2012 provincial energy-saving financial grant – 2 production lines of furnace flue gas waste heat utilization Phase II project with supporting construction of waste heat boilers and steam turbine generator sets	390,291.47	–	99,999.96	**290,291.51**	Related to assets
Annual production of 15 million square meters of solar photovoltaic ultra-white glass expansion project	1,424,778.50	–	500,000.04	**924,778.46**	Related to assets
Jiaxing City 2012 first batch of industrial development fund grant –2*600t/d glass melting furnace flue gas waste heat power generation first phase construction's technical transformation project	283,495.34	–	99,999.96	**183,495.38**	Related to assets
TCO ultra-white conductive film project grant	3,510,862.91	–	1,500,000.00	**2,010,862.91**	Related to assets

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

24. Deferred Revenue (Continued)

RMB

Project	Opening balance	Amount increased in the year	Amount included in other income in the year	Amount decreased in the year	Related to assets/ related to revenue
Jiaxing City 2012 first batch of industrial development fund subsidy–annual output of 15 million square meters of solar photovoltaic ultra-white glass project 1# photovoltaic kiln	1,950,494.85	–	500,000.04	**1,450,494.81**	Related to assets
2014 industrial transformation and upgrading items (central infrastructure investment) Flat Glass annual production of 5.8 million square meters LOW-E glass deep processing project	4,650,000.00	–	930,000.00	**3,720,000.00**	Related to assets
Glass melting furnace flue gas denitrification technology project grant	6,026,111.07	–	1,006,666.68	**5,019,444.39**	Related to assets
Annual production of 5.8 million square meters LOW-E glass deep processing project	5,873,972.00	–	819,624.00	**5,054,348.00**	Related to assets
Total	34,543,339.29	–	11,056,290.72	**23,487,048.57**	

25. Other Comprehensive Income

RMB

Item	Opening balance	Amount incurred in the current year				Closing balance
		Amount before income tax incurred in the current year	Less: Income tax expense	Amount attributable to the Company after income tax	Amount attributable to minority shareholders after income tax	
I. Other comprehensive income that will not be reclassified into profit or loss afterwards	–	–	–	–	–	
II. Other comprehensive income that will be reclassified into profit or loss afterwards	–	(7,017,138.16)	(1,052,570.72)	(5,964,567.44)		**(5,964,567.44)**
– Changes in fair value of financing receivables	–	(7,017,138.16)	(1,052,570.72)	(5,964,567.44)		**(5,964,567.44)**
Total	–	(7,017,138.16)	(1,052,570.72)	(5,964,567.44)		**(5,964,567.44)**

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

26. Undistributed Profit

RMB

Item	Amount for the year	Amount for last year
Undistributed profit at the beginning of the year	**1,744,901,445.14**	1,656,733,410.15
Add: Net profit	**271,498,436.12**	253,964,483.32
Less: Accrual of statutory surplus reserves	**27,149,843.61**	25,396,448.33
Dividend payable on ordinary shares	**127,049,000.00**	140,400,000.00
Undistributed profit at the end of the year	**1,862,201,037.65**	1,744,901,445.14

27. Operating Revenue and Operating Cost

(1) Operating revenue and operating cost

RMB

Item	Amount for the year		Amount for last year	
	Revenue	Cost	Revenue	Cost
Main business	**4,258,627,637.07**	**3,491,923,789.75**	3,390,797,857.59	2,873,986,059.67
Other business	**294,856,428.36**	**229,057,879.76**	200,741,150.44	127,011,398.07
Total	**4,553,484,065.43**	**3,720,981,669.51**	3,591,539,008.03	3,000,997,457.74

Note: The Company's operating revenue is recognized at a certain point in time.

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

27. Operating Revenue and Operating Cost (Continued)

(2) *Disaggregation of operating income*

Disaggregation of operating income – source of revenue

RMB

Item	PV glass	Household glass	Amount for the year Architectural glass	Float glass	Other business	Total
Main business area						
China	2,994,323,142.92	145,606,886.25	527,916,369.20	120,053,470.50	294,856,428.36	4,082,756,297.23
Other Asian countries and regions (excluding China)	465,617,510.73	429,212.68	1,801,995.91			467,848,719.32
North America			197,449.22			197,449.22
Others	124,911.85		2,556,687.81			2,681,599.66
Total	3,460,065,565.50	146,036,098.93	532,472,502.14	120,053,470.50	294,856,428.36	4,553,484,065.43

RMB

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

27. Operating Revenue and Operating Cost (Continued)

(2) *Disaggregation of operating income (Continued)*

Disaggregation of operating income – Methods of sales

RMB

Item	PV glass	Household glass	Amount for the year Architectural glass	Float glass	Other business	Total
Methods of sales						
Direct sales	3,460,043,331.60	140,454,570.83	472,386,755.60	93,102,869.82	294,855,985.88	4,460,843,513.73
Dealer customers	22,233.90	5,581,528.10	60,085,746.54	26,950,600.68	442.48	92,640,551.70
Total	3,460,065,565.50	146,036,098.93	532,472,502.14	120,053,470.50	294,856,428.36	4,553,484,065.43

RMB

Items	PV glass	Household glass	Amount for last year Architectural glass	Float glass	Other business	Total

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

27. Operating Revenue and Operating Cost (Continued)

(3) Performance obligation

The Company's main business activities are the production and sales of glass products. The Company shall ship the product to the customer's designated location or the product shall be picked up by the customer. The product is still controlled by the Company before the customer's acceptance confirmation. Only when the customer receives the product and the qualified acceptance is made, the control of the product is transferred to the customer and the Group recognises the revenue. After the customer makes the acceptance, the customer has full rights to decide the selling manner and price of the goods, and assumes the primary responsibility and the risk of loss associated with the goods. The Company requires dealer customers to fully prepay the purchase payment before the delivery of the goods, and the normal credit period for direct sales customers is 30 to 120 days after the acceptance of the goods.

Since all sales of the Company are within one year, it is not necessary to disclose the transaction price allocated to the remaining performance obligations.

28. Taxes and Surcharges

RMB

Item	Amount for the year	Amount for last year
Urban construction tax	**6,458,212.96**	5,695,658.73
Land use tax	**4,908,985.16**	18,603.34
Property tax	**4,895,984.66**	3,827,846.85
Educational surtax and local educational surtax	**4,613,009.25**	4,068,327.66
Stamp duty	**983,095.80**	773,312.40
Environmental protection tax	**882,554.73**	1,103,693.34
Others	**148,155.49**	33,074.16
Total	**22,889,998.05**	15,520,516.48

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Selling E pen e

RMB

I em	Amo n fo, he ea,	Amount for last year
Transportation expenses	**61,307,718.11**	56,975,061.15
Employee compensation and welfare	**9,106,580.05**	7,362,166.89
Depreciation and amortization	**20,533.91**	12,305.44
Others	**3,201,996.73**	4,580,423.24
Total	**73,636,828.80**	68,929,956.72

30. Admini , a i e E pen e

RMB

I em	Amo n fo, he ea,	Amount for last year
Employee remuneration and benefits	**42,184,296.48**	35,975,531.61
Equity settled share-based payment	**15,643,324.40**	–
Decoration cost	**11,833,939.74**	–
Depreciation and amortization	**7,262,776.86**	6,001,769.32
Intermediary agency service fee	**6,796,572.77**	8,534,231.12
Greening and environmental protection costs	**4,859,670.18**	5,340,462.72
Audit expense	**3,000,000.00**	2,700,000.00
Rent expenses	**2,592,040.82**	2,100,703.73
Office expenses	**2,476,727.14**	1,469,419.97
Labor costs	**2,265,007.37**	1,372,588.41
Transportation expenses	**1,957,762.04**	1,824,927.03
Traveling expenses	**1,233,255.25**	1,106,868.25
Entertainment expenses	**935,231.86**	1,625,556.88
Repair and maintenance fee	**142,782.44**	345,799.45
Others	**6,303,925.32**	8,258,149.47
Total	**109,487,312.67**	76,656,007.96

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

31. Research and Development Expense

RMB

Item	Amount for the year	Amount for last year
Direct material costs	**93,381,871.98**	57,014,035.18
Employee remuneration and benefits	**37,676,330.94**	31,536,866.27
Depreciation and amortization	**7,725,200.56**	7,299,200.70
Others	**6,650,328.03**	4,224,912.57
Total	**145,433,731.51**	100,075,014.72

32. Finance Expense

RMB

Item	Amount for the year	Amount for last year
Interest expenses	**58,260,295.56**	31,980,999.88
Less: Interest income	**5,119,750.54**	12,524,684.44
Handling fee	**785,473.62**	750,345.60
Exchange gains and losses	**25,287,523.03**	7,704,498.84
Total	**79,213,541.67**	27,911,159.88

33. Other Revenue

RMB

Source of other revenue	Amount for the year	Amount for last year
Deferred income amortization	**11,056,290.72**	11,056,290.71
Social security subsidy	**3,751,395.62**	5,305,659.25
Tax handling fee refund income	**232,734.29**	–
Total	**15,040,420.63**	16,361,949.96

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

34. Investment (Loss) Income

RMB

Item	Amount for the year	Amount for last year
1. Derivative tools without the specified hedging relationship	**(6,903,465.40)**	471,707.68
Interest rate swap contract investment losses	**(6,903,465.40)**	(991,092.32)
Forward foreign exchange contract investment gains		1,462,800.00
2. Gain from long-term equity investment under the equity method	**2,614,841.66**	–
Total	**(4,288,623.74)**	471,707.68

35. Loss Arising From Change in Fair Value

RMB

Item	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship	**(379,492.22)**	(3,852,732.49)
Losses arising from changes in fair value of interest rate swap contract	**(379,492.22)**	(2,839,854.11)
Losses arising from changes in fair value of forward foreign exchange contracts		(1,012,878.38)
Total	**(379,492.22)**	(3,852,732.49)

36. Credit Impairment Loss

RMB

Item	Amount for the year	Amount for last year
Bills receivable credit impairment losses	**765,800.00**	(765,800.00)
Trade receivables credit impairment losses	**(18,193,691.48)**	(14,599,540.85)
Other receivables credit impairment losses	**50,000.00**	(100,000.00)
Total	**(17,377,891.48)**	(15,465,340.85)

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

37. Asset Impairment Loss

RMB

Item	Amount for the year	Amount for last year
Inventory impairment losses	**(3,185,763.47)**	(2,444,410.60)
Fixed assets impairment losses	**(65,309,574.54)**	(12,253,523.91)
Total	**(68,495,338.01)**	(14,697,934.51)

38. Loss on Disposal of Asset Disposal

RMB

Item	Amount for the year	Amount for last year
Gains on disposal of fixed assets	**1,285,719.45**	–
losses on disposal of fixed assets	**(18,059,882.54)**	(7,017,163.75)
Total	**(16,774,163.09)**	(7,017,163.75)

39. Non-operating Income

RMB

Item	Amount for the year	Amount for last year
Government grants (Note (XIV) 46)	**4,045,626.00**	6,304,000.00
Others	**2,786,766.47**	1,989,509.23
Total	**6,832,392.47**	8,293,509.23

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

40. Non-operating Expense

RMB

Item	Amount for the year	Amount for last year
Charitable donation expenses	**2,220,000.00**	45,000.00
Others	**291,423.80**	55,000.00
Total	**2,511,423.80**	100,000.00

41. Income Tax Expense

RMB

Item	Amount for the year	Amount for last year
Income tax expenses for the period	**54,230,422.05**	27,654,393.07
Repayment (refund) income tax for the last year	**2,907,788.31**	(678,861.71)
Deferred income tax expenses	**(14,749,782.50)**	4,502,875.12
Total	**42,388,427.86**	31,478,406.48

Reconciliation between income tax expense and accounting profit is as follows:

RMB

	Amount for the year	Amount for last year
Total profits	**313,886,863.98**	285,442,889.80
Income tax expense calculated at tax rate of 15% (2019:15%)	**47,083,029.60**	42,816,433.47
Effect of non-deductible costs, expenses and losses	**4,590,469.10**	599,273.88
Tax effect of tax-exempt income)	**(392,226.25)**	–
Repayment (refund) of the income tax for last period)	**2,907,788.31**	(678,861.71)
Tax effect on tax incentives	**(323,904.79)**	–
Effect on research and development costs plus deduction)	**(11,476,728.11)**	(11,258,439.16)
Income tax expenses	**42,388,427.86**	31,478,406.48

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

42. Supplementary Information for Income Statement

RMB

Item	Amount for the year	Amount for last year
Consumed raw materials	**3,587,236,065.91**	2,800,348,272.15
Changes in finished goods and work in process inventory	**12,822,719.21**	(19,741,913.53)
Employee remuneration expenses	**164,325,176.29**	149,420,168.35
Equity settled share-based payment	**15,643,324.40**	–
Depreciation and amortization expenses	**156,514,823.27**	161,607,858.31
Finance expenses	**79,213,541.67**	27,911,159.88
Transportation expenses	**61,307,718.11**	56,975,061.15
Audit fee	**3,000,000.00**	2,700,000.00
Asset impairment losses	**68,495,338.01**	14,697,934.51
Credit impairment losses	**17,377,891.48**	15,465,340.85
Taxes and surcharges	**22,889,998.05**	15,520,516.48
Other expenses	**48,689,715.30**	95,348,990.71
Total	**4,237,516,311.70**	3,320,253,388.86

43. Notes to Items in Cash Flow Statement

(1) Other cash received and related to business activities

RMB

Item	Amount for the year	Amount for last year
Government grants related to income	**8,029,755.91**	11,609,659.25
Interest income	**5,119,750.54**	12,524,684.44
Operating margin		300,000.00
Commission		55,000.00
Others	**2,786,766.47**	2,002,009.23
Total	**15,936,272.92**	26,491,352.92

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

43. Notes to Items in Cash Flow Statement (Continued)

(4) Other cash paid and related to investment activities

RMB

Item	Amount for the year	Amount for last year
Funds borrowed to subsidiary	**2,008,528,425.42**	238,903,844.36
Payment of restricted monetary funds	**111,220,723.45**	93,535,716.39
Cash paid for investment losses	**6,903,465.40**	1,287,492.32
Project margin	**305,600.00**	4,490,000.00
Total	**2,126,958,214.27**	338,217,053.07

(5) Other cash received and related to financing activities

RMB

Item	Amount for the year	Amount for last year
Funds borrowed from subsidiaries	**1,323,008,430.76**	29,460,657.26
Recovery of restricted monetary funds	**46,259,318.60**	139,222,902.05
Total	**1,369,267,749.36**	168,683,559.31

(6) Other cash paid and related to financing activities

RMB

Item	Amount for the year	Amount for last year
Payment of restricted monetary funds	**81,643,617.74**	128,443,255.70
Repayment of funds borrowed from subsidiaries	**41,857,200.00**	311,597,600.00
Expenses on issuance of convertible corporate bonds	**2,794,000.00**	–
A-share listing fee		4,473,114.11
Total	**126,294,817.74**	444,513,969.81

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

44. Supplementary Information of Cash Flow Statement

(1) Supplementary information of cash flow statement

RMB

Supplementary information	Amount for the year	Amount for last year
(1) Adjust net profit to cash flow from operating activities		
Net profit	**271,498,436.12**	253,964,483.32
Add: Provision for asset impairment	**68,495,338.01**	14,697,934.51
Credit impairment losses	**17,377,891.48**	15,465,340.85
Depreciation of fixed assets	**148,616,351.02**	154,492,619.75
Amortization of intangible assets	**7,745,969.98**	7,115,238.56
Amortization of long-term deferred expenses	**152,502.27**	–
Losses for disposal of fixed assets, intangible assets and other long-term assets	**16,774,163.09**	7,017,163.75
Fair value change losses	**379,492.22**	3,852,732.49
Finance expenses	**58,260,295.56**	31,980,999.88
Investment gain (losses)	**4,288,623.74**	(471,707.68)
Decrease in deferred income tax assets (less: increase)	**(14,749,782.50)**	4,502,875.12
Decrease in inventory (less: increase)	**26,665,406.23**	(49,700,723.31)
Increase of operating receivables	**(437,182,579.44)**	(773,966,523.19)
Increase of operating payables (less: decrease)	**(451,842,119.00)**	631,828,586.09
Deferred income amortization	**(11,056,290.72)**	(11,056,290.71)
Equity settled share-based payment	**15,643,324.40**	–
Net cash flow from operating activities	**(278,932,977.54)**	289,722,729.43
(2) Net changes in cash and cash equivalents		
Closing balance of cash	**188,559,197.40**	158,928,035.19
Less: opening balance of cash	**158,928,035.19**	171,799,091.46
Net increase (decrease) in cash and cash equivalents	**29,631,162.21**	(12,871,056.27)

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

44. Supplementary Information for Cash Flow Statement (Continued)

(2) Components of cash and cash equivalents

RMB

Item	Closing balance	Opening balance
I. Cash	**188,559,197.40**	158,928,035.19
Including: Cash on hand	**13,313.83**	13,313.83
Blank deposit available for payment	**188,545,883.57**	158,914,721.36
Other monetary funds available for payment		–
II. Cash equivalents		–
Cash and cash equivalents at the end of the year	**188,559,197.40**	158,928,035.19

45. Assets with Restricted Ownership or Use Rights

RMB

Item	Closing balance of book value	Reasons for restriction
Monetary funds	**111,008,589.51**	Bills deposits, etc.
Bills receivable	**62,301,314.55**	Pledged to bank to obtain credit facilities
Financing receivables	**173,715,764.96**	Pledged to bank to obtain credit facilities
Fixed assets	**186,124,226.73**	Pledged to bank to obtain credit facilities
Intangible assets	**133,689,341.98**	Pledge to bank to obtain credit facilities
Total	**666,839,237.73**	

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

46. Government Grant

RMB

Items	Asset-related/ revenue-related	Listed items	Amount for the year
Social security subsidy	Revenue	Other revenues	**3,751,395.62**
listing incentive fees	Revenue	Non-operating revenue	**2,000,000.00**
Industrial development subsidy	Revenue	Non-operating revenue	**1,250,226.00**
Refund income from handling fee for individual income tax	Revenue	Other revenues	**232,734.29**
Others	Revenue	Non-operating revenue	**795,400.00**
Total			**8,029,755.91**
Including: Government subsidies included in the period profit and loss			**8,029,755.91**

47. Related Parties and Related Party Transaction

(1) The Company's other related parties

Except for the subsidiaries mentioned in Note (V), for details of other related parties of the Company, please refer to Note (IX).

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Related Parties and Related Party Transaction (Continued)

(2) Related party transaction

1) Sales of goods

RMB

Related parties	Content of the related party transaction	Amount for the year	Amount for last year
Flat (Hong Kong)	Sales	**196,522,358.87**	359,880,616.34
Zhejiang Flat	Sales	**193,725,480.33**	166,181,174.81
Shanghai Flat	Sales		19,356,946.26
Zhejiang Jiafu	Sales	**169,455,153.58**	97,472,108.04
Anhui Flat Glass	Sales	**48,197,254.28**	40,036,484.23
Flat Import & Export	Sales	**18,451,467.95**	33,431,321.78
Flat (Vietnam)	Sales	**167,463.25**	1,153,972.12
Kaihong Flat	Sales	**165.93**	–
Jiaxing Yihe Investment Co., Ltd.	Sales		11,698.89
Total		**626,519,344.19**	717,524,322.47

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa, ie and Rela ed Pa, T, an ac ion (Continued)

(2) Rela ed pa, , an ac ion (Continued)

2) Purchase of goods

RMB

Related parties	Content of the related party transaction	Amo n fo, he ea,	Amount for last year
Anhui Flat Glass	Purchase of raw materials	**1,605,655,045.67**	1,302,244,515.30
Zhejiang Jiafu	Purchase of raw materials	**827,049,236.58**	189,148,626.71
Flat (Hong Kong)	Purchase of raw materials	**178,544.52**	6,395,752.57
Flat New Energy	Purchase of raw materials	**5,928,829.35**	6,185,026.98
Zhejiang Flat	Purchase of raw materials	**1,594,550.83**	1,311,840.70
Kaihong Flat (Note)	Accepting labor service	**34,074,047.01**	
Total		**2,474,480,253.96**	1,505,285,762.26

(3) Rela ed lea e

The Company as the lessor:

RMB

Lessee name	Type of leased asset	Amo n fo, he ea, Recogni ed , en al income	Amount for last year Recognized rental incomes
Zhejiang Flat	Houses	**6,035,622.85**	476,190.48

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Related Parties and Related Party Transactions (Continued)

(3) Related lease (Continued)

The Company as the lessee:

RMB

Lessor name	Type of leased asset	Amount for the year Recognized rental expenses	Amount for last year Recognized rental expenses
Jiaxing Yihe Investment Co., Ltd.	Houses	**7,817,581.90**	4,304,772.24

(4) Procurement of fixed assets and engineering materials

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
Zhejiang Jiafu	Procurement of fixed assets and engineering materials	**547,847.12**	1,616,045.88
Zhejiang Flat	Procurement of fixed assets and engineering materials	**1,004,581.54**	–
Anhui Flat Glass	Procurement of fixed assets and engineering materials	**2,800,168.14**	–
Total		**4,352,596.80**	1,616,045.88

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa ie and Rela ed Pa T an ac ion (Continued)

(5) Amo n de e o/f om . ela ed pa ie

RMB

I em	Related parties	Clo ing balance	Opening balance
Trade receivables	Zhejiang Flat	**21,777,960.01**	478,859.47
Trade receivables	Zhejiang Jiafu	**5,932,873.40**	5,661,096.37
Trade receivables	Anhui Flat Glass	**2,840,457.77**	–
Trade receivables	Flat (Hong Kong)		19,185,435.74
Trade receivables	Flat Import & Export		37,777,393.60
Trade receivables	Jiaxing Yihe Investment Co., Ltd.		1,453,110.99
Trade receivables	Flat (Vietnam)		277,360.60
Total		**30,551,291.18**	64,833,256.77
Advance payments	Flat (Hong Kong)	**2,126,567.34**	–
Other receivables	Flat Import & Export	**359,591,362.05**	Flat Import & Export

Expor

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Related Parties and Related Party Transaction (Continued)

(5) Amounts due from/to related parties (Continued)

RMB

Item	Related parties	Closing balance	Opening balance
Other current assets	Jiaxing Yihe Investment Co., Ltd.		4,609,365.80
Other non-current assets	Anhui Flat Glass	**2,044,025,000.00**	500,000,000.00
Other non-current assets	Flat New Energy	**2,597,573.69**	20,297,150.88
Total		**2,046,622,573.69**	520,297,150.88
Contract liabilities	Shanghai Flat		10,785,418.88
Other payables	Anhui Flat Glass	**1,101,103,489.19**	–
Other payables	Flat (Hong Kong)	**491,312,597.00**	311,264,855.43
Other payables	Zhejiang Jiafu	**8,237.38**	8,237.38
Total		**1,592,424,323.57**	311,273,092.81
Interest payable	Flat (Hong Kong)		1,395,871.73
Trade payables	Anhui Flat Glass	**6,074,008.83**	396,875,487.87
Trade payables	Zhejiang Jiafu	**23,153,264.26**	–
Trade payables	Zhejiang Flat	**28,324.30**	2,732.11
Trade payables	Kaihong Flat	**13,295,021.93**	
Total		**42,550,619.32**	396,878,219.98

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa, ie and Rela ed Pa, T, an ac ion (Continued)

(6) Bo, , o ing o , ela ed pa, ie

RMB

Rela ed pa, ie	Amount borrowed to	Repayment amount	Commencement date	Expiry date	Yea, end amo n	Particulars
D , ing he ea,						
Anhui Flat Material	14,380,000.00		Nil	Nil	**61,000,000.00**	Interest free with no fixed term of repayment
Anhui Flat Glass	100,000,000.00		2020-01-02	2025-01-16	**100,000,000.00**	Fixed rate at 4.75%
Anhui Flat Glass	-	-	2018-07-01	2022-6-30	**500,000,000.00**	Fixed rate at 4.75%
Anhui Flat Glass	1,444,025,000.00		Nil	Nil	**1,444,025,000.00**	Interest free with no fixed term of repayment
Flat New Energy		17,699,577.19	Nil	Nil	**2,597,573.69**	Interest free with no fixed term of repayment
Flat (Vietnam)		3,511,304.97	Nil	Nil	**158,695.03**	Interest free with no fixed term of repayment
Zhejiang Jiafu		135,098,615.16	Nil	Nil		Interest free with no fixed term of repayment
Flat Import & Export	191,185,981.99		Nil	Nil	**359,591,362.05**	Interest free with no fixed term of repayment
Flat (Hong Kong)	17,516,143.43		Nil	Nil	**17,516,143.43**	Interest free with no fixed term of repayment
Flat (Hong Kong)	78,298,800.00		2020-03-10	2021-03-09	**78,298,800.00**	Fixed rate at 2.5%
Flat (Hong Kong)	163,122,500.00		2020-04-14	2021-03-09	**163,122,500.00**	Fixed rate at 2.5%
D , ing la ea,						
Anhui Flat Material	1,600,000.00	-	Nil	Nil	**46,620,000.00**	Interest free with no fixed term of repayment
Anhui Flat Glass	-	141,398,286.99	Nil	Nil		Interest free with no fixed term of repayment
Anhui Flat Glass	-	-	2018-07-01	2022-6-30	**500,000,000.00**	Fixed rate at 4.75%
Flat New Energy	-	9,855,807.85	Nil	Nil	**20,297,150.88**	Interest free with no fixed term of repayment
Flat (Vietnam)	580,000.00	-	Nil	Nil	**3,670,000.00**	Interest free with no fixed term of repayment
Zhejiang Jiafu	68,318,464.30	-	Nil	Nil	**135,098,615.16**	Interest free with no fixed term of repayment
Flat Import & Export	168,405,380.06	-	Nil	Nil	**168,405,380.06**	Interest free with no fixed term of repayment

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Related Parties and Related Party Transaction (Continued)

(7) Borrowing from related parties

RMB

Related party	Amount borrowed	Repayment amount	Commencement date	Expiry date	Year end amount	Particulars
During the year						
Flat (Hong Kong)	–	41,857,200.00	2018-05-15	2020-05-14		Fixed rate at 2%
Flat (Hong Kong)	221,904,941.57	–	Nil	Nil	**491,312,597.00**	Interest free with no fixed term of repayment
Anhui Flat Glass	1,101,103,489.19		Nil	Nil	**1,101,103,489.19**	Interest free with no fixed term of repayment
During last year						
Flat (Hong Kong)	–	137,264,000.00	2018-03-15	2019-03-14		Fixed rate at 3%
Flat (Hong Kong)	–	68,632,000.00	2018-03-29	2019-12-18		Fixed rate at 3%
Flat (Hong Kong)	–	65,200,400.00	2017-12-07	2018-12-06		Fixed rate at 2%
Flat (Hong Kong)	–	40,501,200.00	2018-05-15	2020-05-14	**41,857,200.00**	Fixed rate at 2%
Flat (Hong Kong)	29,460,657.26	–	Nil	Nil	**269,407,655.43**	Interest free with no fixed term of repayment

(8) Interest income

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
Anhui Flat Glass	borrowing funds	**26,828,537.82**	22,405,660.46
Flat (Hong Kong)	borrowing funds	**4,367,957.25**	–
Total		**31,196,495.07**	22,405,660.46

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa, ie and Rela ed Pa, T, an ac ion (Continued)

(9) In e, e e pen e

RMB

Related party	Content of the related party transaction	Amo n fo, he ea,	Amount for last year
Flat (Hong Kong)	borrowing funds	**179,600.62**	3,937,103.47

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RMB

G a, an o, ( )	G a, an eed pa, ie	Amo n g a, an eed	Commencemen da e	E pi, da e	F lfilmen of he g a, an ee a a 31 Decembe, 2020
D , ing he ea,					
Zhejiang Jiafu	The Company	27,904,800.00	2019-08-07	2020-08-01	Yes
Zhejiang Jiafu	The Company	7,773,417.81	2019-09-09	2020-03-06	Yes
Zhejiang Jiafu	The Company	8,250,891.25	2019-10-16	2020-04-13	Yes
Zhejiang Jiafu	The Company	55,809,600.00	2019-10-24	2020-10-23	Yes
Zhejiang Jiafu	The Company	50,000,000.00	2019-01-31	2020-01-21	Yes
Zhejiang Jiafu	The Company	30,000,000.00	2019-08-20	2020-08-19	Yes
Zhejiang Jiafu	The Company	9,578,553.20	2020-02-19	2020-08-17	Yes
Zhejiang Jiafu	The Company	2,335,914.20	2020-02-19	2020-08-17	Yes
Anhui Flat Glass	The Company	39,149,400.00	2020-02-17	2021-02-10	No
Anhui Flat Glass	The Company	50,241,730.00	2020-02-27	2021-02-25	No
Zhejiang Jiafu	The Company	19,574,700.00	2020-03-31	2020-12-16	Yes
Zhejiang Jiafu	The Company	80,000,000.00	2020-12-28	2023-12-27	No
Zhejiang Jiafu	The Company	90,000,000.00	2020-11-16	2023-11-15	No

G a, an o, ( )	G a, an eed pa, ie	Amo n g a, an eed	Commencemen da e	E pi, da e	F lfilmen of he g a, an ee a a 31 Decembe, 2020

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa, ie and Rela ed Pa, T, an ac ion (Continued)

(11) P, o, iding g a, an ee o , ela ed pa, ie*

RMB

G* a, an o, ( )	G* a, an eed pa, ie	Amo* n g* a, an eed	Commencemen da e	E pi, da e	F* lfilmen of he g* a, an ee a a 31 Decembe, 2020
D* , ing he ea,					
The Company	Zhejiang Jiafu	29,500,000.00	2019-02-22	2020-02-21	Yes
The Company	Zhejiang Jiafu	30,000,000.00	2019-07-19	2020-07-18	Yes
The Company	Zhejiang Jiafu	50,000,000.00	2019-12-12	2020-08-01	Yes
The Company	Zhejiang Jiafu	45,348,055.00	2020-03-30	2020-10-10	Yes
The Company	Zhejiang Jiafu	31,810,500.00	2020-03-31	2020-05-28	Yes
The Company	Zhejiang Jiafu	79,500,000.00	2020-07-21	2021-07-21	No
The Company	Zhejiang Jiafu	5,000,000.00	2020-11-24	2021-10-29	No
The Company	Zhejiang Flat	22,510,905.00	2020-09-18	2021-03-17	Yes
The Company	Anhui Flat Glass	6,000,000.00	2019-01-24	2020-01-22	Yes
The Company	Anhui Flat Glass	40,000,000.00	2019-01-29	2020-01-28	Yes
The Company	Anhui Flat Glass	50,000,000.00	2019-03-27	2020-03-27	Yes
The Company	Anhui Flat Glass	29,000,000.00	2019-10-28	2020-04-27	Yes
The Company	Anhui Flat Glass	100,000,000.00	2019-11-20	2020-11-20	Yes
The Company	Anhui Flat Glass	4,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	9,756,056.00	2017-06-09	2022-12-25	No
The Company	Anhui Flat Glass	31,597,604.03	2017-07-14	2022-12-25	No
The Company	Anhui Flat Glass	9,461,900.00	2017-05-04	2021-12-25	No
The Company	Anhui Flat Glass	14,009,702.95	2017-09-18	2021-04-01	No
The Company	Anhui Flat Glass	14,413,700.00	2018-02-05	2022-04-01	No
The Company	Anhui Flat Glass	6,107,203.21	2018-02-26	2021-04-01	No
The Company	Anhui Flat Glass	7,523,628.00	2018-03-12	2021-12-25	No
The Company	Anhui Flat Glass	6,195,070.00	2018-03-21	2021-12-25	No

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa, ie and Rela ed Pa, T, an ac ion (Continued)

(11) P, o, iding g a, an ee o , ela ed pa, ie (Continued)

RMB

G a, an o, ( )	G a, an eed pa, ie	Amo n g a, an eed	Commencemen da e	E pi, da e	F lfilmen of he g a, an ee a a 31 Decembe, 2020
The Company	Anhui Flat Glass	1,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,060,214.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	7,443,700.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,106,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	6,910,195.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	17,470,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,999,288.64	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,985,810.47	2018-02-09	2022-12-25	No
The Company	Anhui Flat Glass	4,900,000.00	2018-08-30	2022-12-30	No
The Company	Anhui Flat Glass	21,302,338.00	2019-09-19	2022-12-09	No
The Company	Anhui Flat Glass	50,000,000.00	2019-03-27	2022-12-20	No
The Company	Anhui Flat Glass	50,000,000.00	2019-04-08	2022-06-20	No
The Company	Anhui Flat Glass	40,000,000.00	2020-01-09	2020-07-23	Yes
The Company	Anhui Flat Glass	100,000,000.00	2020-01-17	2020-12-16	Yes
The Company	Anhui Flat Glass	50,000,000.00	2020-01-20	2020-10-16	Yes
The Company	Anhui Flat Glass	50,000,000.00	2020-03-02	2020-11-27	Yes
The Company	Anhui Flat Glass	50,000,000.00	2020-04-02	2021-04-01	No
The Company	Anhui Flat Glass	80,000,000.00	2020-04-24	2021-01-18	No
The Company	Anhui Flat Glass	70,000,000.00	2020-07-24	2021-07-23	No
The Company	Anhui Flat Glass	70,000,000.00	2020-08-04	2021-08-03	No
The Company	Anhui Flat Glass	150,000,000.00	2020-12-21	2021-12-17	No
The Company	Flat (Hong Kong)	711,977,777.21	2017-10-23	2020-09-19	Yes
The Company	Flat (Hong Kong)	1,161,760,623.96	2020-05-06	2023-03-20	No

(XIV) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Rela ed Pa, ie and Rela ed Pa, T, an ac ion (Continued)

(11) P, o, iding g a, an ee o , ela ed pa, ie (Continued)*

RMB

G* a, an o, ( )	G* a, an eed pa, ie	Amo* n g* a, an eed	Commencemen da e	E pi, da e	F* lfilmen of he g* a, an ee a a 31 Decembe, 2020
D* , ing la ea,					
The Company	Zhejiang Jiafu	49,500,000.00	2018-06-22	2019-06-19	Yes
The Company	Zhejiang Jiafu	27,317,200.00	2018-08-08	2019-08-06	Yes
The Company	Zhejiang Jiafu	12,000,000.00	2018-09-13	2019-09-10	Yes
The Company	Zhejiang Jiafu	30,000,000.00	2019-01-02	2019-07-02	Yes
The Company	Zhejiang Jiafu	49,500,000.00	2019-04-23	2019-12-09	Yes
The Company	Zhejiang Jiafu	19,533,360.00	2019-06-21	2019-12-17	Yes
The Company	Zhejiang Jiafu	20,000,000.00	2019-11-20	2019-12-11	Yes
The Company	Zhejiang Jiafu	29,500,000.00	2019-02-22	2020-02-21	Yes
The Company	Zhejiang Jiafu	30,000,000.00	2019-07-19	2020-07-18	Yes
The Company	Zhejiang Jiafu	50,000,000.00	2019-12-12	2020-08-01	Yes
The Company	Anhui Flat Glass	6,000,000.00	2019-01-24	2020-01-22	Yes
The Company	Anhui Flat Glass	40,000,000.00	2019-01-29	2020-01-28	Yes
The Company	Anhui Flat Glass	50,000,000.00	2019-03-27	2020-03-27	Yes
The Company	Anhui Flat Glass	29,000,000.00	2019-10-28	2020-04-27	Yes
The Company	Anhui Flat Glass	100,000,000.00	2019-11-20	2020-11-20	Yes
The Company	Anhui Flat Glass	19,999,550.00	2019-04-02	2019-09-26	Yes
The Company	Anhui Flat Glass	4,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	9,756,056.00	2017-06-09	2022-12-25	No
The Company	Anhui Flat Glass	31,597,604.03	2017-07-14	2022-12-25	No
The Company	Anhui Flat Glass	9,461,900.00	2017-05-04	2021-12-25	No
The Company	Anhui Flat Glass	14,009,702.95	2017-09-18	2021-04-01	No

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For the year ended 31 December 2020

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G a, an o, ( )	pa, ie	

Supplementary Information

1. DETAILS OF EXTRA-ORDINARY PROFIT OR LOSS

The calculation form of the details of extra-ordinary profit or loss is prepared in accordance with the relevant provisions of Public Issuance of Securities Companies Information Disclosure and Compilation Rules Interpretative Announcement No. 1 – Extra-ordinary Profit or Loss (CSRC Announcement [2008] No. 43) issued by the China Securities Regulatory Commission.

RMB

Item	During the Year
Losses on disposal of non-current assets	**(18,018,346.26)**
Government grants recorded in current profit or loss (except for government grants closely associated with the business of the Company in fixed amount or fixed quantity according to national policies) (Note)	**26,414,754.69**
Apart from hedging instruments relating to the normal operations of the Company,	

2. RETURN ON EQUITY AND EARNINGS PER SHARE

The calculation form of the return on equity and earnings per share is prepared in accordance with the relevant provisions of Public Issuance of Securities Companies Information Disclosure and Compilation Rules No. 09 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised in 2010) (CSRC Announcement [2010] No. 2) issued by the China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share Basic earnings per share	Diluted earnings per share
During the year			
Net profit attributable to ordinary shareholders of the Company	29	0.83	0.81
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	29	0.83	0.80
During last year			
Net profit attributable to ordinary shareholders of the Company	17	0.37	0.37
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	16	0.36	0.36

3. THE GROUP'S SUMMARY OF PERFORMANCE, ASSETS AND LIABILITIES IN THE PAST FIVE ACCOUNTING YEARS

RMB

Item	2020	2019	2018	2017	2016
I. Total operating income	**6,260,417,792.26**	4,806,804,020.96	3,063,802,709.44	2,991,497,043.77	2,967,520,841.88
Less: Operating costs	**3,346,641,311.75**	3,289,735,511.36	2,232,762,168.05	2,127,998,095.84	1,842,360,309.46
Taxes and surcharges	**61,083,688.80**	35,026,838.85	28,635,983.23	35,302,715.51	34,696,184.55
Selling expenses	**301,854,852.77**	255,112,912.72	128,327,434.68	137,513,244.60	107,564,939.56
Administrative expenses	**172,349,032.43**	121,498,560.29	117,786,385.22	102,913,558.25	107,703,991.34
Research and development expenses	**284,717,812.81**	204,151,559.30	113,246,196.64	96,131,544.21	103,201,559.48
Finance expenses	**141,528,692.18**	53,129,460.34	1,611,581.32	28,490,124.09	4,418,415.20
Including: Interest expense	**80,273,151.69**	65,388,264.94	25,791,618.68	10,718,343.36	28,124,478.30
Interest income	**16,412,291.81**	17,902,429.34	18,599,358.49	9,233,927.69	6,072,449.32
Add: Other revenues	**25,471,233.82**	30,189,426.63	24,929,136.86	27,057,294.77	
Investment income (loss)	**5,675,836.26**	6,908,081.15	(16,191,214.96)	(306,840.71)	(1,984,653.85)
Including: Gains on investment in associates	**2,614,841.66**	–	–	–	–
Gains (losses) from changes in fair values	**1,245,626.59**	(5,234,350.32)	13,259,290.30	(7,072,909.14)	(751,990.86)
Credit impairment losses)	**(29,914,991.88)**	(12,816,559.04)	(7,363,612.81)		
Asset impairment losses (gains))	**(71,783,469.77)**	(14,697,934.51)	(2,589,390.06)	8,955,619.51	(69,529,094.56)
(Losses) gains on disposal of assets	**(18,018,346.26)**	(6,541,402.98)	5,040,070.63	(146,163.71)	(5,157,704.64)
II. Operating profit	**1,864,918,290.28**	845,956,439.03	458,517,240.26	491,634,761.99	690,151,998.38
Add: Non-operating income	**12,889,216.85**	16,897,963.68	7,757,924.37	4,777,548.10	43,732,103.14
Less: Non-operating expense	**3,899,465.44**	184,158.59	129,905.64	558,280.15	4,098,113.88
III. Total profit	**1,873,908,041.69**	862,670,244.12	466,145,258.99	495,854,029.94	729,785,987.64
Less: Income tax expenses	**245,124,254.06**	145,426,535.45	58,830,542.68	69,327,266.91	126,507,459.50
IV. Net profit	**1,628,783,787.63**	717,243,708.67	407,314,716.31	426,526,763.03	603,278,528.14
Net profit attributable to owners of the Company	**1,628,783,787.63**	717,243,708.67	407,314,716.31	426,526,763.03	603,278,528.14
Profit or loss attributable to minority interests		–	–	–	–
V. Other comprehensive income (net of tax)	**(32,274,518.98)**	10,620,833.40	11,271,623.87	(23,386,283.63)	7,429,469.19
Other comprehensive income (net of tax) attributable to owners of the parent company	**(32,274,518.98)**	10,620,833.40	11,271,623.87	(23,386,283.63)	7,429,469.19
(I) Other comprehensive income that will not be reclassified to profit or loss	**(3,217,914.84)**	–	–	–	–
– Changes in fair value of other equity instrument investments	**(3,217,914.84)**	–	–	–	–
(II) Other comprehensive income that will be reclassified to profit or loss	**(29,056,604.14)**	10,620,833.40	11,271,623.87	(23,386,283.63)	7,429,469.19
– Translation differences in foreign currency financial statements	**(23,092,036.70)**	10,620,833.40	11,271,623.87	(23,386,283.63)	7,429,469.19
– Changes in fair value of accounts receivable financing	**(5,964,567.44)**				
Other comprehensive income (net of tax) attributable to minority interests		–	–	–	
VI. Total comprehensive income	**1,596,509,268.65**	727,864,542.07	418,586,340.18	403,140,479.40	610,707,997.33
Total comprehensive income attributable to owners of the Company	**1,596,509,268.65**	727,864,542.07	418,586,340.18	403,140,479.40	610,707,997.33
Other comprehensive income attributable to minority interests		–	–	–	–
VII. Earnings per share:					
(I) Basic earnings per share	**0.83**	0.37	0.23	0.24	0.34
(II) Diluted earnings per share	**0.81**	N/A	N/A	N/A	N/A

Supplementary Information

3. THE GROUP'S SUMMARY OF PERFORMANCE, ASSETS AND LIABILITIES IN THE PAST FIVE ACCOUNTING YEARS (Continued)

RMB

Item	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Total Assets	**12,265,800,375.02**	9,392,280,569.91	6,953,549,102.12	5,955,543,059.66	4,466,626,823.26
Total Liabilities	**5,031,057,735.17**	4,879,392,181.91	3,284,895,438.09	2,705,169,687.06	1,508,977,928.04
Minority interests		–	–	–	–
Total shareholders' equity attributable to equity holders of the Company	**7,234,742,639.85**	4,512,888,388.00	3,668,653,664.03	3,250,373,372.60	2,957,648,895.22