福萊特玻璃集團股份有限公司
Flat Gla





Corporate Information

DIRECTORS

Executive directors

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

Independent non-executive directors

Ms. Xu Pan (appointed on 20 May 2021)
Ms. Hua Fulan
Ms. Ng Yau Kuen Carmen (appointed on 20 May 2021)
Mr. Cui Xiaozhong (resigned on 20 May 2021)
Mr. Ng Ki Hung (resigned on 20 May 2021)

SUPERVISORS

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

AUDIT COMMITTEE

Ms. Xu Pan *(Chairman)* (appointed on 20 May 2021)
Ms. Hua Fulan
Ms. Ng Yau Kuen Carmen (appointed on 20 May 2021)
Mr. Cui Xiaozhong (resigned on 20 May 2021)
Mr. Ng Ki Hung (resigned on 20 May 2021)

REMUNERATION COMMITTEE

Ms. Xu Pan *(Chairman)* (appointed on 20 May 2021)
Mr. Ruan Hongliang
Ms. Hua Fulan
Mr. Cui Xiaozhong (resigned on 20 May 2021)

NOMINATION COMMITTEE

Ms. Xu Pan *(Chairman)* (appointed on 20 May 2021)
Mr. Ruan Hongliang
Ms. Hua Fulan (appointed on 20 May 2021)
Mr. Cui Xiaozhong (resigned on 20 May 2021)
Mr. Ng Ki Hung (resigned on 20 May 2021)

STRATEGIC DEVELOPMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Wei Yezhong
Ms. Xu Pan (appointed on 20 May 2021)
Mr. Cui Xiaozhong (resigned on 20 May 2021)

RISK MANAGEMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Ms. Jiang Jinhua
Ms. Hua Fulan (appointed on 20 May 2021)
Mr. Cui Xiaozhong (resigned on 20 May 2021)

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

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 Limited, Fengyang Branch
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

Chairman's Statement

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 report of the Group for the year ended 31 December 2021 ("FY2021" or the "Reporting Period").

In FY2021, 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 FY2021 was approximately RMB8,713.23 million, representing an increase of 39.18% as compared to RMB6,260.42 million for FY2020. The net profit attributable to Shareholders of the parent company for FY2021 was RMB2,119.92 million, representing an increase of 30.15% as compared to RMB1,628.78 million for FY2020.

BOOMING DEVELOPMENT OF THE DOMESTIC PV INDUSTRY

2021 is the first year of the 14th Five-Year Plan, and it is also the beginning year of moving towards the goal of "China will step up its efforts in striving to reach carbon peak emissions by 2030 and achieve carbon neutrality by 2060" proposed by General Secretary Xi. In October 2021, the State Council of CCCPC issued the Opinions on Fully, Accurately and Comprehensively Implementing the New Development Concept to Achieve Carbon Peak and Carbon Neutrality (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and the Notice on Printing and Distribution of the Action Plan for Carbon Peak Before 2030 (《關於印發2030年前碳達峰行動方案的通知》), which clearly put forward the short-term goal that non-fossil energy sources account for 20% of energy consumption by 2025, the medium-term goal that non-fossil energy account for 25% of energy consumption by 2030, and the long-term goal that non-fossil energy account for 80% of energy consumption by 2060. The PV power generation industry will achieve high-quality leapfrog during the period of the 14th Five Year Plan.

2021 has witnessed a powerful growth momentum of PV industry. According to the statistics of the National Energy Administration, in FY2021, China's new installed capacity reached 54.88 gigawatts ("GW"), representing a year-on-year increase of 13.9%, including new installed capacity of distributed PV of approximately 29.28 GW, representing approximately 53.4% of China's new installed capacity and household installation capacity of approximately 21.6GW, representing approximately 39.4% of China's new installed capacity. China's new installed capacity has ranked first globally for consecutive 9 years. As of the end of 2021, China's accumulated installed capacity reached 306GW, representing a year-on-year increase of 20.9%, ranking first globally for consecutive 7 years. In FY2021, China's PV power generation reached 325.9 billion kwh, representing a year-on-year increase of 25.1% and it accounted for 3.9% of China's electricity consumption volume in FY2021, representing a year-on-year increase of 0.4 percentage point.

STRONG DEMAND IN THE OVERSEAS PV MARKET

Overseas demand has maintained boom since the beginning of 2021. According to China Photovoltaic Industry Association, the new installed capacity of global photovoltaic industry in 2021 was approximately 170GW, representing a year-on-year increase of 30.7%; In 2021, the total export of China's photovoltaic products was approximately US$28.43 billion, representing a year-on-year increase of 43.9%; The export of PV modules was approximately 98.5GW, representing a year-on-year increase of 25.1%; India experienced growth more than expected. In 2021, the new installed capacity of PV in India was approximately 11.89GW, representing a year-on-year increase of 218%. The United States continues to be the world's second largest installed market with the new installed capacity of approximately 26.8GW.

ACCELERATING THE EXPANSION OF PV GLASS PRODUCTION CAPACITY

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 present capacity will not be able to meet the demand of downstream customers for the Group's products. At present, the Group is constructing phase III and phase IV project in Anhui production base and intends to construct four PV glass furnaces with a daily melting capacity of 1,200 tons in Nantong, Jiangsu province, which is in the progress of approval. After approval, the Group will accelerate the construction progress.

Ruan Hongliang
Chairman

Jiaxing, Zhejiang Province, PRC
21 March 2022

Five-Year Financial Summary

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**8,713,228**	6,260,418	4,806,804	3,039,802	2,974,511
Net profit	**2,119,919**	1,628,784	717,244	410,926	429,511
Earnings per share					
– Basic (RMB)	**0.99**	0.83	0.37	0.23	0.24
– Diluted (RMB)	**0.99**	0.81	N/A	N/A	N/A

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**11,184,615**	6,696,524	4,939,536	3,896,692	3,055,430
Current assets	**8,898,302**	5,569,277	4,452,745	3,056,857	2,950,113
Total assets	**20,082,917**	12,265,800	9,392,281	6,953,549	5,955,543
– Current liabilities	**6,164,462**	3,330,801	4,454,089	2,250,047	1,968,537
– Non-current liabilities	**2,108,286**	1,700,256	425,303	1,034,848	736,633
Total liabilities	**8,272,748**	5,031,058	4,879,392	3,284,895	2,705,170
Net assets	**11,810,169**	7,234,743	4,512,888	3,668,654	3,250,373
Share capital	**536,723**	510,312	487,500	450,000	450,000
Total equity	**11,810,169**	7,234,743	4,512,888	3,668,654	3,250,373
Equity attributable to owners of the parent company	**11,810,169**	7,234,743	4,512,888	3,668,654	3,250,373

The financial summary for the year 2019, 2020 and 2021 were extracted from the consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, while the financial summary for the years 2017 and 2018 were extracted from the consolidated financial statements of the Group for the corresponding reporting period prepared in accordance with the IFRSs.

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, Vietnam, Singapore, Korea, India, Germany, Turkey, Mexico and the United States.

In FY2021, 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 FY2021 was approximately RMB8,713.23 million, representing an increase of 39.18% as compared to RMB6,260.42 million for the year ended 31 December 2020 ("FY2020"). The net profit attributable to shareholders of the parent company (the "Shareholders") for FY2021 was RMB2,119.92 million, representing an increase of 30.15% as compared to RMB1,628.78 million for FY2020.

Overview of the Group's business

1. Domestic expansion in China

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 present capacity will not be able to meet the demand of downstream customers for the Group's products. At present, the Group is constructing phase III and phase IV project in Anhui production base and intends to construct four PV glass furnaces with a daily melting capacity of 1,200 tons in Nantong, Jiangsu province, which is in the progress of approval. After approval, the Group will accelerate the construction progress.

2. Cold repair of existing PV glass furnaces

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 first quarter of 2022.

3. 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. It has been reported to the China Securities Regulatory Commission ("CSRC") on 25 March 2021 and it has been approved by CSRC in June 2021. As of the date of this annual report, the issuance of new H shares has not been completed.

4. Reserved Grant of the Restricted A Shares to Participants under the Restricted A Share Incentive Scheme

On 25 May 2021, the Company announced the reserved grant of 700,000 shares of restricted A shares to three participants at a grant price of RMB14.23 per share. On 5 July 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP examined the reserved grant of restricted A shares actually paid by the participants and issued the Capital Verification Report (Yan) Zi (21) No.00324. As at 25 June 2021, the Company received a total of RMB9,961,000 in cash from three participants for subscription of 700,000 shares of RMB Ordinary Shares (A Shares). The procedures for registration and custody at China Securities Depository and Clearing Corporation Limited Shanghai Branch of the additional restricted A Shares of the Company issued under the reserved grant of the restricted A share incentive scheme were completed on 20 July 2021.

5. Update on A Share Convertible Bonds issuance

On 16 June 2021, the Company announced the plan to issue A share convertible bonds in the PRC for a total amount of not more than RMB4,000 million ("A Share Convertible Bonds") which are convertible into new A shares of the Company ("A Shares"). The proposal in relation to the public issuance of A Share Convertible Bonds was approved at the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H shareholders class meeting of the Company. As of the date of this annual report, the issuance of A Share Convertible Bonds has not been completed.

6. A share option incentive scheme

On 17 August 2021, the Company announced the plan to implement an A share option incentive scheme ("Scheme"). The principal terms of the Scheme are as follows:

a. Purpose of the Scheme

As incentive or rewards to eligible participants for their contribution to the Company to further improve the corporate governance structure of the Company, establish and enhance the long-term incentive and constraint mechanism of the Company, attract and retain talents, fully mobilize the proactiveness and creativities of the senior and mid-level management and technical personnel of the Company, effectively promote the cohesiveness of the core team and the core competitiveness of the enterprise, effectively align the interests of shareholders, the Company and the core management team, enabling all parties to focus on the long-term development of the Company, and ensure the achievements of the development strategies and operation objectives of the Company.

b. *Eligible participants of the Scheme*

Participants of the Scheme are the senior and mid-level management and technical personnel of the Company as at the date of the announcement of the draft Scheme published on the website of the SSE. The Remuneration Committee prepared a list of eligible scope of the participants of the Scheme and the list was reviewed and confirmed by the Supervisory Committee. None of the participants of the Scheme is a Director or Supervisor of the Company.

c. *Total number of Shares available for issue under the Scheme and percentage to the issued share capital as at the date this report*

The number of share options proposed to be granted under the Scheme is 5,947,858, representing approximately 0.28% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of this report, among which, the first grant of share options consists of 5,353,072 shares, representing approximately 0.25% of the total issued share capital of 2,146,893,254 shares of the Company as at the date of this report and 90% of the total number of share options under the grant; the reserved share options consist of 594,786 shares, representing approximately 0.03% of the total issued share capital of 2,146,893,254 shares of the Company as at the date of this report and 10% of the total number of share options under the grant.

d. *Maximum entitlement of each participant under the Scheme*

The total number of shares of the Company to be granted under the Scheme to any one of the above participants during the Validity Period will not exceed 1.00% of the Company's total share capital. The total number of target shares involved in the Scheme during the validity period will not exceed 10.00% of the total share capital of the Company when the Scheme was submitted to the Shareholders' general meeting. The Reserved Share Options shall not exceed 20.00% of the total share options available under the Scheme. If the participants voluntarily waive the benefits granted due to personal reasons, the Board shall make corresponding adjustments to the number of shares options granted.

e. The period within which the shares must be taken up under an option

Upon the fulfillment of conditions of the exercise of the share options, the share options are exercisable in five tranches upon expiry of 12 months from 19 November 2021 ("Date of Grant"). The exercise arrangement for the First Grant of Share Options and the Reserved Share Options are as follows:

The exercise arrangement for the First Grant of Share Options:

Exercise Arrangement	Exercise Period	Proportion of exercisable Share Options to the total number of Share Options granted
First Exercise Period	Commencing from the first trading day after the expiry of the 12th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 24th month from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 36th month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading day after the expiry of the 48th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 60th month from the Date of Grant	20%
Fifth Exercise Period	Commencing from the first trading day after the expiry of the 60th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 72th month from the Date of Grant	20%

The exercise arrangement for the Reserved Share Options:

Exercise Arrangement	Exercise Period	Proportion of exercisable Share Options to the total number of Share Options granted
First Exercise Period	Commencing from the first trading day after the expiry of the 12th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 24th month from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 36th month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading day after the expiry of the 48th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 60th month from the Date of Grant	20%
Fifth Exercise Period	Commencing from the first trading day after the expiry of the 60th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 72th month from the Date of Grant	20%

f. The minimum period for which an option must be held before it can be exercised

Upon the fulfillment of conditions of the exercise of the Share Options, the Share Options are exercisable in five tranches upon expiry of 12 months from the Date of Grant.

g. The amount payable on application or acceptance of the option and the period within which payments must or may be made

There is no amount payable on application or acceptance of the option and there is no time requirement for which payments must or may be made.

h. The basis of determining the exercise price

The exercise price under the First Grant of Share Options shall not be less than the nominal value of the Shares and in principle the higher of:

(i) the average trading price of the A shares of the Company on the trading day immediately preceding the date of announcement of the Scheme (draft), being RMB44.02 per Share (as compared to 80% of the average trading price on such date as set out in the announcement, being RMB35.22 per Share); or

(ii) the average trading price of the A shares of the Company for the 120 trading days immediately preceding the date of announcement of the Scheme (draft), being RMB34.90 per Share (as compared to 80% of the average trading price for such period as set out in the announcement, being RMB27.92 per Share).

The Exercise Price of the Reserved Share Options shall be adjusted to be identical to the Exercise Price under the First Grant of Share Options, being RMB44.02 per Share (as compared to the Exercise price of RMB35.22 per Share as set out in the announcement).

i The remaining life of the Scheme

The Validity Period of the Scheme commenced from the Date of Grant of the Share Options, and shall end on the date on which all the share options granted to the participants under the Scheme have been exercised or cancelled, and shall not be longer than 72 months.

j. accounting policy adopted for the share options

The date of the grant is 19 November 2021. On each balance sheet date within the vesting period, the Company shall recognize the relevant assets costs or current expenses for the services acquired during such period and shall be recognized under "Capital Reserve − Other Capital Reserve" at the fair value of the share options on the Date of Grant based on the best estimate of the number of exercisable share options.

If the exercise conditions are met on the Exercise Date, the share options can be exercised and carried forward to the "Capital Reserve − Other Capital Reserve" recognized on each balance sheet date before the Exercise Date; if all or part of the share options become invalid or are abolished due to failure to exercise, it shall be treated in accordance with accounting standards and related regulations.

As for the accounting treatment after the exercise date, no adjustment shall be made to the confirmed costs and total owner's equity.

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (企業會計準則第11號 – 股份支付) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (企業會計準則第22號 – 金融工具確認和計量), the Company uses the Black-Scholes model (BS model) as the pricing model, and the Company uses this model to make an estimation on the fair value of the share options granted based on 17 August 2021 (official calculation will be conducted at the time of grant). The specific parameters are selected as follows:

(i) Price of target shares: RMB42.89 per share (closing price on 17 August 2021)

(ii) Validity Period: 1 year, 2 years, 3 years, 4 years and 5years, respectively (period commencing from Date of Grant and ending on the first date of exercise for each respective period)

(iii) Historic volatility: 14.73%, 17.44%, 18.71%, 17.92% and 16.55% (annualized volatility for the corresponding period of SSE Composite Index)

(iv) Risk-free interest rate: 1.50%, 2.10% and 2.75% (based on one-year, two-year, three-year, three-year and above RMB deposit benchmark interest rate, respectively, of financial institutes developed by the People's Bank of China)

On 26 November 2021, the Company announced the first grant of 5,341,072 shares of A share option incentive scheme to 288 participants at an exercise price of RMB44.02 per share. The details of the First Grant of the 2021 A Share Options are as follows:

a. *Date of grant*

19 November 2021

b. *Number of grant*

5,341,072

c. *Number of participants of grant*

288

d. *Connected person as participants*

Except for Mr. Zhu Yuping (祝宇平), son of Mr. Zhu Quanming (祝全明), a Supervisor of the Company thus a connected person of the Company, none of the participants is a connected person of the Company as defined under Chapter 14A of the Listing Rules. A total of 40,000 share options were granted to Mr. Zhu Yuping under the First Grant of Share Options to the participants.

e. *Exercise price and exercise period*

RMB44.02 per share. In the event of capitalization of capital reserves, bonus issue, dividend distribution, subdivision or consolidation of shares, rights issue, etc. of the Company during the period from the date of the announcement of the Scheme to the completion of share registration of share options by the participants, the exercise price and the total number of underlying shares involved would be adjusted in accordance with the Scheme.

For details of the exercise period of the First Grant of Share Options, please refer to the descriptions above.

f. *Closing price of the A shares on the date of immediately before the date of grant*

RMB46.55 per share

g. *Source of shares*

A shares of the Company to be directly issued to the participants by the Company

h. *Vesting period*

All share options granted to the participants are subject to different vesting periods, and each of them commences on the date on which the registration of the grant of share options is completed. The interval between the Date of Grant and the first exercise date shall not be less than 12 months.

The Participants of the Scheme may exercise share options upon the expiration of the vesting period. The exercise date must be a trading day within the validity period of the Scheme, and shall not fall within the period prohibited from exercising rights of share options by the listing rules of the stock exchange where the Company's Shares are listed.

The total outstanding share options as at 1 January 2021 and 31 December 2021 were nil and 5,341,072, respectively. For the date of grant, vesting period, exercise period and exercise price of the relevant outstanding options as at 31 December 2021, please refer to the above paragraphs. During the Reporting Period, there were no options exercised, or lapsed. Board meeting granted 5,341,072 share options to 288 Participants under the first grant. Before completion of registration of the share options on 13 January 2022, 5 Participants gave up where 95,600 share options were cancelled, resulting the adjusted number of participants as 283 with the adjusted first grant of share options as 5,245,472 share options. The fair value of the 5,245,472 share options granted during the Reporting Period amounted to RMB47.2396 million, measured as at the date of the grant. Such measurement is based on the Black-Scholes option pricing model and the following assumptions: Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest. The fair value of such share options granted is subjective and uncertain as they are subject to the assumptions described above and are limited to the model adopted. For the accounting policies of such share options, please refer to the previous paragraphs.

7. Acquisition of entire equity interest of Sanli Mining and Dahua Oriental Mining

The Company entered into an equity transfer agreement and a supplementary agreement to the equity transfer agreement with Anhui Fengsha Mining Company Limited ("Fengsha Mining") on 27 October 2021 and 13 February 2022 respectively. It is determined that the Company acquired the entire equity interest of Anhui Dahua Oriental Mining Company Limited ("Dahua Oriental Mining") and Anhui Sanli Mining Company Limited ("Sanli Mining") (together "Target Companies") for a total consideration of RMB3,343,947,600.

The Company has completed the corresponding industrial and commercial registration procedures for equity changes in 2022. Target Companies have become wholly-owned subsidiaries of the Company, which were directly held as to both 100% by the Company. The acquisition of the Target Companies were completed in 2022 therefore no impact to the financial statements for the Reporting Period of the Group was incurred.

The strategy of the acquisition is mostly based on the long-term benefits. With the increasing customers' orders, the Company's PV glass production capacity has expanded steadily, so the demand of the Company for quartz sand, the main raw material required for PV glass pro-duction, has raised significantly. At the same time, with the rapid growth of PV glass industry, high-quality quartz sand with limited origin distribution will become a scarce resource. The supply of high-quality and stable quartz sand is the guarantee for the development of PV glass enterprises.

Dahua Dongfang Mining is a company established under the laws of the PRC with limited liability on 27 May 2011, and is principally engaged in mining and sale of quartzite. As of the date of the Report, Dahua Dongfang Mining had one mining license (C3490002020037130149488) covering a total area of 0.2288 km^2. Sanli Mining is a company established under the laws of the PRC with limited liability on 6 January 2003, and is principally engaged in mining and sale of quartzite. As of the date of the Report, Sanli Mining had one mining license (C3400020101271401097 71) covering a total area of 0.2009 km^2. The main business of the Target Companies is the operation of the mining and sale of quartzite.

The fair value of the Target Companies amounts to RMB185,368,578.46, representing approximately 1.57% of the net assets of the Company as at 31 December 2021.

INDUSTRY OVERVIEW

PV industry moving forward in challenges

In respect of the whole PV industry, in 2021, due to the continuous rise of commodity prices, the periodical imbalance between supply and demand of some products in the industrial chain and the dual control of energy consumption affecting the production of enterprises, the prices of all sectors generally rose, which affected the development of the downstream market to a certain extent. In terms of the PV glass, due to the rising prices of raw materials and fuels, the cost continues to rise. At the same time, with the gradual release of new production capacity, the price of PV glass experienced a significant correction. The superposition of the two factors had a certain impact on the profitability of the Company's PV glass.

Despite many challenges facing the business environment, the global PV market maintained a strong development momentum in 2021.

Management Discussion and Analysis

According to the statistics of the National Energy Administration, in FY2021, China's new installed capacity reached 54.88 gigawatts ("GW"), representing a year-on-year increase of 13.9%, including new installed capacity of distributed PV of approximately 29.28 GW, representing approximately 53.4% of China's new installed capacity and household installation capacity of approximately 21.6GW, representing approximately 39.4% of China's new installed capacity. China's new installed capacity has ranked first globally for consecutive 9 years. As of the end of 2021, China's accumulated installed capacity reached 306GW, representing a year-on-year increase of 20.9%, ranking first globally for consecutive 7 years. In FY2021, China's PV power generation reached 325.9 billion kwh, representing a year-on-year increase of 25.1% and it accounted for 3.9% of China's electricity consumption volume in FY2021, representing a year-on-year increase of 0.4 percentage points.

In addition, due to the high power price, the overseas market has higher acceptance of the rising module price. Overseas demand has maintained boom since the beginning of 2021. According to China Photovoltaic Industry Association, the new installed capacity of global photovoltaic industry in 2021 was approximately 170GW, representing a year-on-year increase of 30.7%; In 2021, the total export of China's photovoltaic products was approximately US$28.43 billion,

The following table set forth the breakdown of our revenue for the years indicated:

	For the year ended 31 December	
	2021	2020
	(Audited)	(Audited)
	(RMB'000)	(RMB'000)
Categories of goods		
PV glass	**7,121,636.84**	5,225,674.40
Float glass	**393,531.13**	75,653.29
Household glass	**380,740.72**	326,537.45
Architectural glass	**711,402.30**	530,624.51
Mining business [(1)]	**66,349.05**	63,783.52
Other business [(2)]	**39,568.02**	38,144.64
By geographical regions		
PRC	**6,385,359.29**	4,451,797.46
Asia (excluding China)	**1,766,009.57**	1,342,878.08
Europe	**177,799.23**	188,748.99
North America	**365,509.71**	253,658.25
Others	**18,550.26**	23,335.01

Notes:

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

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

Operating costs

The operating costs of the Group for FY2021 was RMB5,620.39 million, representing an increase of RMB2,019.53 million or 56.08% as compared to the operating costs of RMB3,600.86 million for FY2020. The increase was mainly due to the increase in sales volume, the increase in freight price as well as the increase in costs of some raw materials and fuels.

Gross profit and gross profit margin

For FY2021, the gross profit of the Group increased by 16.29% from RMB2,659.55 million in FY2020 to RMB3,092.84 million, and the gross profit margin declined to 35.50% (FY2020: 42.48%). The increase in gross profit was mainly due to the increase in sales volume resulted from the release of new production capacity of PV glass. The decrease in gross profit margin was mainly due to the fact that the price of PV glass remained high in the first quarter of 2021 and then significantly decreased under the impact of supply and demand in the second quarter of the year, resulting in a decrease in the annual average price of PV glass as compared to that in FY2020, coupled with the increase in freight price as well as costs of raw materials and fuels.

	For the year ended 31 December			
	2021 (Audited)		2020 (Audited)	
	Gross profit (RMB'000)	**Gross profit margin (%)**	Gross profit (RMB'000)	Gross profit margin (%)
PV glass	**2,542,191.96**	**35.70**	2,346,961.52	44.91%
Float glass	**152,851.85**	**38.84**	24,067.60	31.81%
Household glass	**116,954.20**	**30.72**	79,215.51	24.26%
Architectural glass	**234,886.13**	**33.02**	141,521.12	26.67%
Mineral products	**38,020.39**	**57.30**	35,819.06	56.16%
Other business	**7,931.58**	**20.05**	31,968.89	83.81%
Total	**3,092,836.11**	**35.50**	2,659,553.70	42.48%

Sales expenses

The sales expenses of the Group for FY2021 amounted to RMB85.72 million, representing an increase of 79.97% as compared to RMB47.63 million for FY2020. The increase was mainly due to the increase in sales volume of principal products, which resulted in the increase in pallet expenses.

Administrative expenses

The administrative expenses of the Group for FY2021 amounted to RMB221.78 million, representing an increase of 28.68% as compared to RMB172.35 million for FY2020. The increase was mainly due to the increase in employee remuneration and benefits and equity-settled share-based payments of the Group.

Research and development costs

The research and development costs of the Group increased by 43.45%, from RMB284.72 million in FY2020 to RMB408.42 million for FY2021. The reason for the increase was mainly due to the increase in number of research and development projects, including technologies to improve light transmittance and self-developed equipment to optimise production processes for ultra-thin glass and maintaining market competitiveness.

Finance costs

For FY2021, financial costs of the Group amounted to RMB52.52 million, representing a decrease of 62.89% from RMB141.53 million in FY2020. The decrease was mainly due to the increase in interest income and exchange gain. 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 VDN, which expose the Group to foreign currency risk.

The interest rate of bank loans ranged from 0.79% to 4.90% in FY2021, as compared to the interest rate ranging from 1.25% to 4.9% in FY2020.

Income tax

For FY2021, the income tax of the Group amounted to RMB260.30 million, representing a decrease of 6.19% from RMB245.12 million in FY2020. In addition, the actual tax rate decreased from 13.08% in FY2020 to 10.94% in FY2021. Details of tax incentives of the Company and certain subsidiaries are set out in Note (VI) 54 to the financial information set out in this announcement.

Capital expenditures

During the Reporting Period, total capital expenditures of the Group amounted to approximately RMB3,768.70 million (FY2020: RMB1,950.13 million), involving the purchase of fixed assets, construction in progress and intangible assets, which mainly included the project of phase II, III of Anhui production base and phase II of Jiaxing production base.

Assets and equity

Total assets of the Group increased from RMB12,265.80 million as at 31 December 2020 to RMB20,082.92 million as at 31 December 2021. Shareholders' equity increased from RMB7,234.74 million as at 31 December 2020 to RMB11,810.17 million as at 31 December 2021.

Financial resources and liquidity

During the Reporting Period, the Group increased its bank borrowing by RMB3,541.80 million, received investments of RMB2,509.96 million and repaid debts of RMB1,375.24 million. For FY2021, the Group's financial liquidity and financial performance remained in a satisfactory condition. For FY2021, the Group's main sources of funding were proceeds from the non-public issuance of A shares, cash from operating activities and credit financing provided by banks.

EBITDA and net profit

For FY2021, EBITDA of the Group (earnings before interests, taxes, depreciation and amortization) increased by RMB655.72 million from RMB2,360.90 million for FY2020 to RMB3,016.62 million. For FY2021, the EBITDA margin of the Group was 34.62% and the EBITDA margin was 37.71% for the same period in 2020.

As a result of the foregoing, the net profit increased by RMB491.14 million, or 30.15%, from RMB1,628.78 million for FY2020 to RMB2,119.92 million for FY2021.

Gearing ratio

As at 31 December 2021, the gearing ratio (gearing ratio equals total debt divided by total assets as of the end of the year or period multiplied by 100%. Total debt includes all interest-bearing bank and other loans of the Group) was 41.19%, increased by 0.17 percentage point as compared to 41.02% as at 31 December 2020, remaining stable.

Bank loans

As at 31 December 2021, bank loans of the Group amounted to RMB4,137.91 million, which increased by RMB1,984.68 million, or 92.17% as compared to approximately RMB2,153.23 million as at 31 December 2020. The increase was mainly due to the increase in cash outflow from operating activities and the payment of intention money for the acquisition of Sanli Mining and Dahua Mining. As at 31 December 2021, 16.80% of the Company's bank loans were fixed-rate borrowings and 83.20% were variable-rate borrowings, and the interest rates ranged from 0.79% to 3.85% per annum.

As at 31 December 2021, the total carrying amount of fixed assets, investment properties, construction in progress and intangible assets of the Group amounted to RMB2,289.96 million, which were pledged to banks to obtain credit facilities. Notes receivables / receivables financing of the Group with the carrying amount of RMB373.48 million were pledged to banks to obtain credit facilities.

Given the acquisition of Sanli Mining and Dahua Mining, the Company's loans are expected to increase, and the extent of increase will be subject to the payment progress of the acquisition.

Financing and financial policies

The Group implements sound financing and financial policies with the objective of minimizing the Group's financial risks while maintaining a good financial performance and reasonable financial costs. The Group regularly reviews the financing needs to ensure that there are sufficient financial resources to support the Group's operations and future investment and expansion plans when necessary.

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 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 2021, the Group employed a total of 5,679 employees and most of them were based in the PRC, with a total employee remuneration amounted to RMB488.68 million, representing 5.61% 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.

For details of the A share option scheme adopted by the Group on 18 November 2021, please refer to the sub-section headed "Business Overview − Overview of the Group's business − A share option incentive scheme" under the section headed "Management Discussion and Analysis" in this annual report.

CAPITAL STRUCTURE

As at 31 December 2021, the total number of shares of the Group was 2,146,893,254 shares, of which 1,696,893,254 were A shares and 450,000,000 were H shares.

DIVIDEND

For the year ended 31 December 2021, considering the funding requirements of the Company, the Board does not recommend the declaration and payment of any final dividend.

TAXATION

Holders of A shares

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 Depository and Clearing Corporation Limited in accordance with duration of its holding period. Custodian of shares including securities companies will withhold the amount from individual accounts and transfer the tax to China Securities Depository and Clearing Corporation Limited. China Securities Depository and Clearing Corporation Limited shall transfer the tax to the listed companies within 5 working days of the next month, and the listed companies shall declare the tax to the competent tax authorities upon receiving the tax amount within the statutory reporting period in that month.

Resident enterprise shareholders of A shares shall report and pay for the enterprise income tax of dividends by themselves.

For the shareholders who are Qualified Foreign Institutional Investor (QFII), the listed companies shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice of the State Administration of Taxation Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) (《國家稅務總局關於中國居民企業向

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the

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) (Mr. Ruan), aged 60, is a founder of the Group and a de facto controller of the Company. Mr. Ruan is currently an executive director and the chairman of the Board and the general manager of the Company, mainly responsible for the development of overall corporate strategies, business management and operation of the Group. Mr. Ruan is a member of the remuneration committee and the nomination committee, and also the chairman of strategic development committee and risk management committee of the Company. Mr. Ruan graduated from Dongbei University of Finance and Economics* (東北財經大學) in January 2022 majoring in business administration.

Mr. Ruan has over 36 years' experience in glass industry. Mr. Ruan is currently a director of a majority of subsidiaries of the Company and also serves in various industry and business associations, including deputy head of PV Glass Professional 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 president of Zhejiang Provincial Glass Industry Association* (浙江省玻璃協會). Apart from the Group, Mr. Ruan has served as a director of Jiaxing Xiuzhou District Lianhui Venture Capital Co., Ltd.* (嘉興市秀洲區聯會創業投資有限公司) since June 2009, a director of Fengyang Petro China Kunlun Gas Co., Ltd.* (鳳陽中石油昆侖燃氣有限公司) since April 2020, a director of Eternity Sunny PTE. Ltd since January 2021, and an independent non-executive director of Jiaxing Gas Group Co., Ltd* (嘉興市燃氣集團股份有限公司) since June 2021.

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

Ms. Jiang Jinhua (姜瑾華女士) (Ms. Jiang), formerly known as Ms. Jiang Jin'e (姜瑾娥), aged 60, joined the Group in June 2000. Ms.Jiang is currently an executive director, the vice chairman of the Board, and a deputy general manager of the Company, mainly responsible for assisting Mr. Ruan to fulfill his duties as the general manager of the Company. Ms. Jiang is a member of the risk management committee of the Company. Ms. Jiang has served as a supervisor of Flat (Jiaxing) Import and Export Trade Limited* (福萊特（嘉興）進出口貿易有限公司) since June 2019, supervisor of Fengyang Flat New Energy Technology Co., Ltd.* (鳳陽福萊特新能源科技有限公司) since June 2021. Ms.Jiang has also served as the general manager of industries at the headquarters since January 2022. Ms. Jiang is de facto controller of the Company. Ms. Jiang graduated from Arizona State University in the United States in May 2013 with a master degree in business management.

Ms. Jiang has over 28 years' experience in glass industry. She also serves in various social organizations, including vice president of the Zhejiang Female Entrepreneur Association* (浙江省女企業家協會) and vice president of Jiaxing High-tech Enterprise Association* (嘉興市高新技術企業協會). Apart from the Group, Ms. Jiang has been the 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.

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

Biographies of Directors, Supervisors and Senior Management

Mr. Wei Yezhong (魏葉忠先生) (Mr. Wei), aged 50, is 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 the headquarters. Mr. Wei is a member of the strategic development committee of the Company. Mr. Wei held various positions of the Group from 1998 when he joined the Group to 2021. Mr. Wei has been a supervisor of Zhejiang Jiafu Glass Co., Ltd. since March 2014. Mr. Wei has also been a deputy general manager of industries of the headquarters of the Company since January 2022.

Mr. Wei has over 26 years' experience in glass industry. Mr. Wei has been an engineer recognized by Jiaxing Municipal Human Resources and Social Security Bureau * (嘉興市人力資源與社會保障局) since February 2013. Mr. Wei has also been an expert member of the Building Curtain Wall Risk Detection Technology 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. Prior to joining the Group, Mr. Wei was engaged in sales of glass.

Mr. Shen Qifu (沈其甫先生) (Mr. Shen), aged 55, 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 held various positions of the Group from 1998 when he joined the Group to 2021. He has been a deputy general manager of the industry park of the headquarters of the Company since January 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Xu Pan (徐攀女士) (Ms. Xu), aged 34, joined the Group in May 2021, is currently an independent non-executive director of the Company, chairman of the audit committee, remuneration committee and nomination committee, and also a member of the strategic development committee. Ms. Xu obtained a doctor's degree in accounting from Nanjing University in September 2019. She is now a teacher of the accounting department of the school of management of Zhejiang University of Technology* (浙江工業大學). Ms. Xu obtained the qualification of Certified Internal Auditor (CIA) in 2011. Ms. Xu obtained the qualification of non-practicing member of the Chinese Institute of Certified Public Accountants (CICPA) in 2015.

Apart from the Group, Ms. Xu has been an independent director of Star Power Semiconductor Ltd. * (嘉興斯達半導體股份有限公司) since October 2017, an independent director of Zhejiang Lante Optics Co., Ltd.* (浙江藍特光學股份有限公司) since December 2017, an independent director of Zhejiang Walt Technology Co., Ltd.* (華爾科技集團股份有限公司) since December 2017, and an independent director of Tanac Automation Co., Ltd.* (浙江田中精機股份有限公司) since April 2018.

Ms. Hua Fulan (華富蘭女士) (Ms. Hua), aged 59, joined the Group in November 2018 and is currently an independent non-executive director of the Company, and a member of the audit committee, remuneration committee, nomination committee and risk management committee. Ms. Hua graduated from Zhejiang Sci-Tech University with a master degree in engineering in July 2011.

Apart from the Group, Ms. Hua has been a director and deputy general manager of Zhejiang Torch Spark Technology Development Co., Ltd.* (浙江火炬星火科技發展有限公司) since 2013. She has been a supervisor of Zhejiang Torch Venture Capital Management Consulting Co., Ltd.* (浙江火炬創業投資管理諮詢有限公司) since 2015.

Ms. Ng Yau Kuen Carmen (吳幼娟女士) (Ms. Ng)

Mr. Zhu Quanming (祝全明先生) (Mr. Zhu), aged 68, a co-founder of the Group, is currently a supervisor of the Company. Mr. Zhu has over 22 years' experience in glass industry. Mr. Zhu held various positions of the Group from 1998 when he joined the Group to 2021. Mr. Zhu has been the consultant of equipment development department of the research and development center since January 2022.

Ms. Niu Liping (鈕麗萍女士) (Ms. Niu), aged 36, joined the Group in October 2003. Ms. Niu was appointed as a staff representative supervisor of the Company on 23 September 2019. Ms. Niu held various positions of the Group from 2006 when she joined the Group to 2021. She has been the head of treasury of the finance management department under the financial center of the Company since 2020. Ms. Niu has also been the chairman of the trade union of the Company since December 2009. Ms. Niu graduated from Northwestern Polytechnical University* (西北工業大學) majoring in accounting.

Ms. Zhang Huizhen (張惠珍女士) (Ms. Zhang), aged 47, joined the Group in February 2006. Ms. Zhang was appointed as the staff representative supervisor of the Company on 23 September 2019. Ms. Zhang held various positions of the Group from 2006 when she joined the Group to 2021. She has been the deputy general manager of energy-saving department of the industrial park of the headquarters since 2022. Ms. Zhang graduated from Northwestern Polytechnical University majoring in business administration.

SENIOR MANAGEMENT

Mr. Wei Zhiming (韋志明先生) (Mr. Wei), aged 53, 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, Zhejiang, the PRC, in July 1991 with a bachelor degree in chemistry. Mr. Wei has over 29 years' experience in glass industry. Mr. Wei held various positions of the Group from 2006 when he joined the Group to 2015. He has been the general manager of the development department of the Company since January 2016.

Mr. Zhao Xiaofei (趙曉非先生) (Mr. Zhao), aged 36, 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 one of the de facto controller of the Company. Mr. Zhao graduated from the University of Northern Virginia in the United States in December 2007 majoring in business administration. Mr. Zhao held various positions of the Group from 2011 when he joined the Group to 2015. He has been the general manager of the PV glass business department of the Company since January 2016.

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

Mr. Jiang Weijie (蔣緯界先生) (Mr. Jiang), aged 35, joined the Group in May 2017, is currently the financial officer of the Company. He holds a certificate for professional accountants. Mr. Jiang graduated from the University of Nottingham with a master degree in Supply Chain and Operations Management in 2011. Mr. Jiang has been holding various positions in the financial department since he joined the Group in 2017, and has been the financial officer of the Company since March 2019.

Ms. Ruan Zeyun (阮澤雲女士) (Ms. Ruan), formerly known as Ms. Ruan Xiao (阮曉), aged 35, joined the Group in October 2009, is currently a company secretary and deputy general manager of the Company, mainly responsible for the daily affairs of the Board and management and operation of overall corporate business of the Group. Ms. Yuan is one of the de facto controller of the Company. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management. Ms. Ruan also serves in various industry and business associations. She is a member of PV Glass Professional 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), executive vice president of Shanghai Zhejiang Young Entrepreneurs Association* (上海市浙江青年企業家協會), and vice president of Jiaxing Youth Federation * (嘉興市青年聯合會).

Ms. Ruan is the spouse of Mr. Zhao, a deputy general manager, and the daughter of Mr. Ruan, an executive director, and Ms. Jiang, an executive director.

COMPANY SECRETARY

Ms. Ruan Zeyun (阮澤雲女士) (Ms. Ruan), formerly known as Ms. Ruan Xiao (阮曉女士), aged 35, joined the Group in October 2009. Ms. Ruan was appointed as a joint company secretary on 1 April 2015 and became a sole company secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Please refer to "Senior Management" above for details of the biography of Ms. Ruan.

For details of the interest in the shares and underlying shares of the Company held by the directors, supervisors and senior management above, which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, please refer to the Corporate Governance Report section of this report.

Corporate Governance Report

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 2021 up to and including 31 December 2021 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 23 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 25 to 29 of this annual report.

The Directors during the year ended 31 December 2021 were:

Executive Directors

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

Independent Non-executive Directors

Ms. Xu Pan
Ms. Hua Fulan
Ms. Ng Yau Kuen Carmen

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 son-in-law of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Other than that, there is no relationship among members of the Board in respect of financial, business or other material relationship.

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 2021, 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.

Meetings and Directors Attendance Record

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 2021 have been set out as follows:

No. of attendance/No. of meetings

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Strategic Development Committee meetings	Risk Management Committee meetings	General meetings
Executive Directors							
Mr. Ruan Hongliang	22/22	N/A	4/4	1/1	1/1	1/1	10/10
Ms. Jiang Jinhua	22/22	N/A	N/A	N/A	N/A	1/1	10/10
Mr. Wei Yezhong	22/22	N/A	N/A	N/A	1/1	N/A	10/10
Mr. Shen Qifu	22/22	N/A	N/A	N/A	N/A	N/A	10/10
Independent Non-executive Directors							
Ms. Xu Pan (appointed on 20 May 2021)	13/13	3/3	3/3	0/0	0/0	N/A	6/6
Ms. Hua Fulan	22/22	6/6	4/4	0/0	N/A	0/0	10/10
Ms. Ng Yau Kuen Carmen (appointed on 20 May 2021)	13/13	3/3	N/A	N/A	N/A	N/A	6/6
Mr. Cui Xiaozhong (resigned on 20 May 2021)	9/9	3/3	1/1	1/1	1/1	1/1	4/4
Mr. Ng Ki Hung (resigned on 20 May 2021)	9/9	3/3	N/A	1/1	N/A	N/A	4/4

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 2021, 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 2021, 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 updates	Finance and accounting	Industry updates
Executive Directors				
Mr. Ruan Hongliang	✔	✔	✔	✔
Ms. Jiang Jinhua	✔	✔	✔	✔
Mr. Wei Yezhong		✔		✔
Mr. Shen Fuquan		✔		✔
Independent Non-Executive Directors				
Ms. Xu Pan	✔	✔	✔	
Ms. Hua Fulan		✔		✔
Ms. Ng Yau Kuen Carmen		✔	✔	✔

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, and a notice of at least 14 days shall be given for a regular Board meeting. Since 1 January 2021 up to and including 31 December 2021, 4 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

The term of the Directors has expired in 2021. all Directors had retired and been re-elected at the 2020 annual general meeting except Mr. Cui Xiaozhong and Mr. Ng Ki Hung, who had retired without offering himself for re-election. Ms. Xu Pan and Ms. Ng Yau Kuen Carmen had been elected as new independent non-executive directors of the Company.

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.

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 6th session of the supervisory committee of the Company. The other supervisors were elected by the shareholders in general meeting. 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.

Corporate Governance Report

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 Directors and supervisors. Directors and supervisors of the Company are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all Directors and supervisors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021 and up to the date of this annual report.

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 2021 to 20 May 2021, members of the Audit Committee comprised of Mr. Cui Xiaozhong, Ms. Hua Fulan and Mr. Ng Ki Hung, from 20 May 2021 to 31 December 2021, members of the Audit Committee comprised of Ms. Xu Pan, Ms. Hua Fulan and Ms. Ng Yau Kuen Carmen all of whom are independent non-executive Directors. Ms. Xu Pan, 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 FY2021, the Audit Committee held six meetings to review annual financial results and reports for the year ended 31 December 2020 and interim financial results and reports for the six months ended 30 June 2021. 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 31.

The Audit Committee is of the view that the preparation of the financial results of the Group for the year ended 31 December 2021 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 2021 to 20 May 2021, 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, from 20 May 2021 to 31 December 2021, members of the Remuneration Committee comprised of Ms. Xu Pan and Ms. Hua Fulan, independent non-executive Directors, and Mr. Ruan Hongliang, an executive Director and Ms. Xu Pan 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 FY2021, the Remuneration Committee met four 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 31.

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 2021 is set forth below:

In the band of	Number of Individuals
Below HK$500,000	1
HK$500,000 to HK$10,000,000,000	7

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes (IX) 7 to the financial statements.

Nomination Committee

The Nomination Committee was established on 16 October 2015. From 1 January 2021 to 20 May 2021, members of the Nomination Committee comprised of Mr. Ruan Hongliang, an executive Director, Mr. Cui Xiaozhong and Mr. Ng Ki Hung, independent non-executive Directors, from 20 May 2021 to 31 December 2021, members of the Nomination Committee comprised of Mr. Ruan Hongliang, an executive Director, Ms. Xu Pan and Ms. Hua Fulan, independent non-executive Directors. The chairman of the Nomination Committee is Ms. Xu Pan, an independent non-executive Director.

The primary duties of the Nomination Committee include to: (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the corporate strategy; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive Directors; and (iv) make recommendations to the Board on the appointment or reappointment of Directors and succession planning for directors, in particular the Chairman of the Company.

The Nomination Committee provides consultation to the Board of Directors with respect to the nomination of directors. It will first consider and determine the candidates for nomination, then make recommendations to the Board of Directors. The Board of Directors will decide whether to propose such candidate to the general meeting for election. The Nomination Committee and the Board of Directors will mainly refer to the cultural and educational background, and professional experience when selecting candidates.

The Company has adopted the board diversity policy (the "Board Diversity Policy"), the purpose of which is to set out the basic principles to be followed to ensure that the Board has 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. Under the Board Diversity Policy, the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to, gender, age, cultural background, educational background, and professional experience, which are the measurable objectives for implementing the Board Diversity Policy. The Nomination Committee is also responsible for reviewing the Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The review of the Board Diversity Policy and the measurable objectives shall be carried out at least annually to ensure the continued effectiveness of the Board.

Having reviewed the Board composition, the Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level. With four out of seven Directors as female Directors, the Board is of the view that gender diversity has been achieved. In consideration of relatively balanced Board diversity from the perspective of gender, the Company shall main the existing diversity among the Board members. Nomination Committee will continue to monitor, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The committee will also continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

The Nomination Committee also has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the Board Diversity Policy in selection of Board candidates. Board nomination and appointments will continue to be made on merit basis based on the Group's business needs from time to time with adequate consideration of diversity of Board members.

During FY2021, the Nomination Committee held one meeting. For the details of members' attendance of the Nomination Committee meeting, please refer to page 25. 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. From 1 January 2021 to 20 May 2021, 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, from 20 May 2021 to 31 December 2021, members of the Strategic Development Committee comprised of Mr. Ruan Hongliang and Mr. Wei Yezhong, executive Directors, and Ms. Xu Pan, 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 FY2021, 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 31.

Risk Management Committee

The Risk Management Committee was established on 16 October 2015. From 1 January 2021 to 20 May 2021, members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jinhua, executive Directors, and Mr. Cui Xiaozhong, an independent non-executive Director, from 20 May 2021 to 31 December 2021, members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jinhua, executive Directors, and Ms. Hua Fulan, 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 FY2021, 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 31.

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. During the Reporting Period, the Company amended the Articles of Association regarding change of the registered capital of the Company in March 2021 and August 2021.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company had prepared the consolidated financial statements for the year ended 31 December 2021, 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 60 and 63 of this annual report.

Corporate Governance Report

COMPANY SECRETARY

Ms. Ruan Zeyun is the company secretary of the Company during the year under review. During FY2021, 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 29 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 2021. The Audit Committee has been notified of the nature (namely, Report on Use of Previous Proceeds and Capital Verification Report etc.) and the service charges of non-audit services performed by Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) and considered that these non-audit services have no adverse effect on the independence of the auditor. The Audit Committee reviewed the external auditors' statutory audit scope and non-audit services and approved its fees.

For the year ended 31 December 2021, the total auditor's remuneration was approximately RMB3,450,000, 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 RMB569,013.57.

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 FY2021, 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 FY2021, and the Group's Systems are generally appropriate, effective and adequate.

SHAREHOLDERS' RIGHTS

(i) Participation at general meetings

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 meetings

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) Procedures for putting forward proposals 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).

Communications with shareholders and investors

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.

The Company shall maintain an on-going dialogue with shareholders and investors, and would regularly review the policy to ensure its effectiveness. Upon review, the Board is of the view that Company's shareholders' communication policy above was well implemented and maintained effective during the Reporting Period. Information shall be communicated to shareholders and investors mainly through the Company's financial reports (interim and annual reports), general meetings, as well as by making available all the disclosures submitted to Hong Kong Stock Exchange and its corporate communications and other corporate publications on the Company's website. Effective and timely dissemination of information to shareholders and investors shall be ensured at all times.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report for the Reporting Period has been published individually on 21 March 2022.

Report of the Board of Directors

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.

For the year ended 31 December 2021, considering the funding requirements of the Company, the Board does not recommend the declaration and payment of any final dividend.

CHARITABLE DONATIONS

Charitable donations made by the Group during FY2021 amounted to RMB1,497,149.47 (FY2020: RMB3,371,547.10).

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.

Risks pertaining to the PV glass industry

The Group derived a majority of its revenue from its sales of PV glass. During FY2021, the revenue generated from the sales of PV glass amount to RMB7,121.64 million, representing 81.73% of the total revenue of the Group. In recent years, due to the continuous price rise of bulk commodities, the increase of logistics costs and the mismatch of production capacity in the photovoltaic industry chain, the price of PV modules increased rapidly, which affected the market development of photovoltaic industry to a certain extent. 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.

Risks pertaining to compliance of laws and regulations, such as PRC environmental laws and regulations

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.

Past performance and forward-looking statements

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 POLICIES AND PERFORMANCE

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

Employees

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.

Suppliers

The main raw materials of the Group include, 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 raw material suppliers in order to ensure smooth production operation.

Aggregate purchases from the Group's largest and five largest suppliers accounted for 7.30% and 29.30%, respectively, of the Group's total purchases for FY2021.

Customers

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 FY2021, aggregate sales to the Group's largest and five largest customers accounted for 17.70% and 50.53%, 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 2021. A shares are listed on the Shanghai Stock Exchange. During FY2021 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.

BANK BORROWINGS

Details of bank borrowings of the Company and its subsidiaries as at 31 December 2021 are set out in note (VI) 20, 27 and 29 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2021 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 2021 to 31 December 2021 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

1. Issuance of New H Shares under Specific Mandate

In order to provide long-term capital at a relative low financing cost, promote the stable development and growth of the Company, expand the investor base of H shares and enhance the Company's access to international investor(s) of strategic value, as well as optimize the company's capital structure, on 5 February 2021, the Company announced to propose to issue up to 76,000,000 new H shares, which was approved by the Board. The capital raised by 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 was 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. It was reported to the China Securities Regulatory Commission ("CSRC") on 25 March 2021 and it was approved by CSRC in June 2021.As of the date of this report, the issuance of new H shares has not been completed.

The new H Shares to be issued are overseas-listed foreign shares which shall be listed on the Main Board of the Stock Exchange with a par value of RMB0.25 each. On 5 February2021, the announcement of Proposed Issuance of New H Shares under Specific Mandate was published on the website of HKEX and the closing price of the Company of H Share on that day was HK$32.48 per share. The target placees of the new H Shares will be qualified investors (excluding those in respect of which subscription has been or would be prohibited under relevant laws and regulations), who (together with their respective ultimate beneficial owners) are independent third parties and not connected persons (as defined under the Listing Rules) of the Company. As at the date of this report, the company has not yet completed the new H-share issuance where the issue price has not yet been determined, so the total amount of funds to be raised cannot be determined. The proceeds from the issuance of the new H shares, after deducting relevant expenses, will be applied as follows:

Use for	Percentage of net proceeds
Used to replenish the working capital of the Company	50%
Used for general corporate purposes, which primarily include investment in the research and development ("R&D") projects and investment in PV glass projects	35%
Used to repay certain interest-bearing debts of the Company	15%

As at the date of this report, the Directors confirm that the proceeds are proposed to be used according to the intentions previously disclosed. There is no specific timeline set for the use the proceeds above, as the timeline depends on the progress of above plans.

2. Issuance of A Share Convertible Bonds

To further expand the capacity and maintain the leading technology and scale advantage of the Company's core product PV glass, while enhancing the financial strength and meet the working capital requirements of the Company, the Company proposed to issue A share convertible corporate bonds in the PRC, with total proceeds of no more than RMB4 billion. The relevant resolution was approved at the Board meeting held on 16 June 2021, and was approved at the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H shareholders class meeting of the Company on 20 August 2021. The relevant materials shall be subject to the consideration and approval from the CSRC. As of the date of this annual report, the issuance of A share convertible corporate bonds has not been completed and there has been no conversion of A share convertible corporate bonds. As the Conversion price will be determined later, the total number of A share convertible bonds to be issued are not available as of the date of this report.

The type of securities to be issued by the Company are the A share convertible bonds. The A share convertible bonds and the A shares to be converted therefrom will be listed on the Shanghai Stock Exchange. The A share convertible bonds will be issued at par with a nominal value of RMB100 each. The target investors of the A share convertible bonds are natural persons, legal persons, securities investment funds and other investors who meet the requirements under the laws, and who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (except those prohibited by the state laws and regulations in the PRC). On 16 June 2021, the announcement of Proposed Issuance of A Share Convertible Bonds was published on the website of HKEX and the closing price of the Company of A Share on that day was RMB29.78 per share.

The term of the A Share Convertible Bonds is six years from the issuance date. The total amount of proceeds from the proposed issuance of A shares convertible corporate bonds will not exceed RMB4 billion, which will be used for the following projects after deducting the issuance expenses:

Unit: RMB10,000

Project	Total amount of investment	Amount of net proceeds to be used
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	239,312.70	194,500.00
Distributed PV power generation construction project	66,515.96	65,800.00
Annual production of 15 million square meters of solar PV ultra-white glass technical transformation project	20,697.75	19,700.00
Working capital	120,000.00	120,000.00
Total	446,526.41	400,000.00

The funds from the issuance of the A share convertible bonds is mainly to be used for purposes illustrated above, which will help enhance the productivity of the Group. As of the date of the Report, there has been no timeline set for the use the proceeds, which depends on the progress of projects.

As at the date of the report, the Directors confirm that the proceeds are proposed to be used according to the intentions previously disclosed.

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 2021 up to and including 31 December 2021.

PROCEEDS BROUGHT FORWARD FROM ISSUANCE OF EQUITY SECURITIES MADE IN PREVIOUS FINANCIAL YEAR

1. Issuance of A Share Convertible Bonds

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 amounted to RMB1.45 billion in terms of par value 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 were 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 2021. 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 2021, the use of such proceeds were as follows:

Use for	Percentage of net proceeds	Amount of net proceeds RMB'0,000	Amount utilized RMB'0,000	Amount unutilized RMB'0,000
Annual production of 750,000 tons of photovoltaic module cover glass project	100%	1,441.4	1,469.2	(27.8)

Note: The amount unutilized is excepted to be fully utilized by the company according to its use of proceeds plan for such proceeds by June 2022. As at the date of this report, the Directors confirm that the proceeds were used and are proposed to be used according to the intentions previously disclosed.

As at the date of this report, the Directors confirm that the proceeds were used and are proposed to be used according to the intentions previously disclosed.

2. Non-public Issuance of A Shares

In order to meet the development needs of the Company, enhance the Company's core competitiveness, enhance sustainable profitability, and safeguard the interests of minority shareholders of the Company, on 12 June 2020 and 15 July 2020, the Board approved the proposed non-public issuance of A shares and its revised version which was 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.

The shares to be issued under the non-public issuance are RMB denominated ordinary Shares (A Shares) with a nominal value of RMB0.25 each, which will be listed on the Shanghai Stock Exchange. On 18 January 2021, the Company completed the non-public issuance of A shares with the issuance of 84,545,147 A 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. On 12 June 2020, the announcement of Proposed Non-public Issuance of A Shares was published on the website of HKEX and the closing price of A Share on that day was RMB15.61 per share. The target subscribers including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the relevant requirements of the CSRC and other corporate bodies, individuals or other institutional investors which satisfy the relevant requirements of the relevant laws and regulations.

The total net proceeds the non-public issuance of A shares by the Company amounted to approximately RMB2,499,999,996.79. As at 31 December 2021, the use of such proceeds were as follows:

Use for	**Percentage of net proceeds**	**Amount of net proceeds** RMB'0,000	**Amount utilized** RMB'0,000	**Amount unutilized** RMB'0,000
Phase II of PV glass as covers with an annual production capacity of 750,000 tons project	56.38%	140,000.00	103,499.01	36,500.99
PV backplane glass with an annual production capacity of 42 millions quare meters project	13.41%	33,308.19	33,440.04	(131.85)
Working capital	30.21%	75,000.00	75,000.00	0.00

The amount unutilized is excepted to be fully utilized by the Company according to its use of proceeds plan for such proceeds by December 2022. As at the date of this report, the Directors confirm that the proceeds were used and are proposed to be used according to the intentions previously disclosed.

Report of the Board of Directors

DIRECTORS

For the year ended 31 December 2021 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

Ms. Xu Pan (appointed on 20 May 2021)
Ms. Hua Fulan
Ms. Ng Yau Kuen Carmen (appointed on 20 May 2021)
Mr. Cui Xiaozhong (resigned on 20 May 2021)
Mr. Ng Ki Hung (resigned on 20 May 2021)

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 25 to 29 of this annual report.

CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

No contracts of significance between the Company or any of its subsidiaries and its controlling shareholders or any of its subsidiaries, or for the provision of services to the Group or any of its subsidiaries by any of its controlling shareholders or any of its subsidiaries, subsisted at the end of the year or at any time during the Reporting Period.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company. All Directors retired and were re-elected at the 2020 AGM except Mr. Cui Xiaozhong and Mr. Ng Ki Hung (who retired) for a term of three years ending on the expiration of the term of the 6th session of the Board subject to retirement and re-election at annual general meeting in accordance with the articles of association. Each of Ms. Xu Pan and Ms. Ng Yau Kuen Carmen was elected as a new independent non-executive director of the Company at the 2020 AGM for a term of three years ending on the expiration of the term of the 6th 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 supervisors of the Company has entered into a service contract with the Company. All supervisors retired and were re-elected at the 2020 AGM for a term of three years ending on the expiration of the term of the 6th session of the Board subject to his or her retirement and re-election at annual general meeting in accordance with the articles of association.

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).

PERMITTED INDEMNITY PROVISION

Since 1 January 2021 up to and including 31 December 2021, the Company had taken out appropriate corporate liability insurance for the its Directors, supervisors and senior management. As of the date of this annual report, such corporate liability insurance remained effective.

REMUNERATION OF DIRECTORS AND SUPERVISORS

The remuneration of Directors are based on industry condition and business operation of the Company.

Details of the remuneration of the Directors and supervisors of the Company are set out as follows:

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus RMB'000	Total RMB'000
Executive directors:					
Mr. Ruan Hongliang	–	976	30	116	1,122
Ms. Jiang Jinhua	–	751	–	95	846
Mr. Wei Yezhong	–	578	30	67	675
Mr. Shen Qifu	–	566	31	65	662
Independent non-executive directors:					
Ms. Hua Fulan	100	–	–	–	100
Mr. Ng Ki Hung[(1)]	42	–	–	–	42
Mr. Cui Xiaozhong[(1)]	42	–	–	–	42
Ms. Xu Pan[(1)]	58	–	–	–	58
Ms. Ng Yau Kuen Carmen[(1)]	58	–	–	–	58
Supervisors:					
Mr. Zheng Wenrong	–	287	24	29	340
Mr. Shen Fuquan	–	218	–	22	240
Mr. Zhu Quanming	–	194	–	20	214
Ms. Niu Liping	–	143	9	15	167
Ms. Zhang Huizhen	–	229	15	21	265
Total	300	3,942	139	450	4,831

Note (1): Ms. Xu Pan was appointed as independent non-executive director at the 2020 annual general meeting ("AGM") dated at 20 May 2021, and Mr. Cui Xiaozhong retired at the same meeting; Ms.Ng Yau Kuen Carmen was appointed as independent non-executive director at the 2020 AGM dated at 20 May 2021, and Ms. Ng Ki Hung retired at the same meeting.

During the Reporting Period, neither were there any amounts paid or receivable by Directors or supervisors of the

Save as disclosed above, as at 31 December 2021, 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 2021, 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	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]
Ms. Ruan Zeyun[3]	1,118,772,000 (L)	A Shares	Beneficial owner and parties acting in concert	65.93%	52.11%
	1,569,000 (L)	H Shares		0.35%	0.07%
Mr. Zhao Xiaofei[3]	1,118,772,000 (L)	A Shares	Beneficial owner and parties acting in concert	65.93%	52.11%
	1,569,000 (L)	H Shares		0.35%	0.07%
JPMorgan Chase & Co.[4]	52,601,764 (L)	H Shares	Interest of controlled corporation, investment manager, security interest in shares and approved lending agent	11.69%	2.45%
	13,506,824 (S)			3.00%	0.63%
	15,267,941 (P)			3.39%	0.71%
The Capital Group Companies, Inc.[5]	45,190,000 (L)	H Shares	Interest of controlled corporation	10.04%	2.10%
BlackRock, Inc.[6]	37,084,601 (L)	H Shares	Interest of controlled corporation	8.24%	1.73%
	1,258,000 (S)			0.28%	0.06%
Bank of America Corporation[7]	35,336,934 (L)	H Shares	Interest of controlled corporation	7.85%	1.65%
	34,733,045 (S)			7.72%	1.62%

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]
Citigroup Inc.[8]	32,943,578 (L) 16,894,276 (S) 15,675,005 (P)	H Shares	Interest of controlled corporation and approved lending agent	7.32% 3.75% 3.48%	1.53% 0.79% 0.73%
Pacific Asset Management Co., Ltd.	31,525,000 (L)	H Shares	Investment manager	7.01%	1.47%
UBS Group AG[9]	29,116,545 (L) 23,462,499 (S)	H Shares	Interest of controlled corporation	6.47% 5.21%	1.36% 1.09%
Shanghai Greenwoods Asset Management Company Limited[10]	27,042,000 (L)	H Shares	Investment manager	6.01%	1.26%
Xizang Jingning Corporate Management Company Limited[10]	27,042,000 (L)	H Shares	Interest of controlled corporation	6.01%	1.26%
CICC Pucheng Investment Co., Ltd.	23,870,000 (L)	H Shares	Beneficial owner	5.30%	1.11%
China International Capital Corporation Limited[11]	22,573,000 (L)	H Shares	Interest of controlled corporation	5.02%	1.05%

Notes:

(1) The calculation is based on the total number of 1,696,893,254 A Shares or 450,000,000 H Shares, as the case may be, in issue as at 31 December 2021.

(2) The calculation is based on the total number of 1,696,893,254 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,146,893,254 Shares) in issue as at 31 December 2021.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2021, Mr. Ruan Hongliang owns 439,358,400 A Shares and 485,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares and 111,000 H 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 973,000 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 1,569,000 H Shares under the SFO.

(4) JPMorgan Chase & Co. held relevant interests and short positions through a series of its controlled corporations, including holding of certain listed derivatives (cash settlement: 25,600 shares (short positions) and unlisted derivatives (physical settlement: 414,400 shares (long positions) and 438,804 shares (short positions); cash settlement：5,671,000 shares (long positions) and 734,200 shares (short positions)).

(5) The Capital Group Companies, Inc. indirectly held relevant interests through a series of its controlled corporations.

(6) BlackRock, Inc. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 814,000 shares (short positions)).

(7) Bank of America Corporation indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 15,615,000 shares (long positions) and 4,671,000 shares (short positions)).

(8) Citigroup Inc. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 4,656,941 shares (long positions) and 18,000 shares (short positions)).

(9) UBS Group AG indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 4 shares (long positions) and 10,758 shares (short positions)) and unlisted derivatives (cash settlement: 2,161,335 shares (long positions) and 1,843,554 shares (short positions);

(10) Xizang Jingning Corporate Management Company Limited held 100% equity interest in Shanghai Greenwoods Asset Management Company Limited.

(11) China International Capital Corporation Limited indirectly held relevant interests through a series of its controlled corporations.

Save as disclosed above, as at 31 December 2021, 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 2021.

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

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, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

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. The related party transactions conducted during the year under review as disclosed in note (IX) to the financial statement of the Group were 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.

Connected persons

Jiaxing Yihe Investment Co., Limited ("嘉興市義和投資有限公司") ("Jiaxing Yihe") is controlled by Mr. Ruan Hongliang and Ms. Ruan Zeyun. Mr. Ruan Hongliang is a controlling shareholder of the Company and he is currently an executive Director and the chairman of Board and the general manager of the Company. Ms. Ruan Zeyun is the daughter of Mr. Ruan Hongliang 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.

Connected transaction

During the Reporting Period, there were no connected transaction or continuing connected transactions as defined in chapter 14A of the Listing Rules that are required to be disclosed in this report.

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

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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) 24 to the financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2021, 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

As of the date of this report, there is no significant subsequent event.

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 2021.

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 2021 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.

There was no change to the Group's auditor during the preceding three years.

On behalf of the Board of Directors

Ruan Hongliang
Chairman

Jiaxing, Zhejiang, the PRC
21 March 2022

Report of the Board of Supervisors

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 2021, 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 2021, the Board of Supervisors convened 19 meetings.

II. WORK OF THE BOARD OF SUPERVISORS

The work of the Supervisory Committee during the year ended 31 December 2021 mainly includes the following:

1. Monitoring implementation of resolutions of general meetings

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. Monitoring legal compliance of the Group's general operation

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. Monitoring daily operating activities of the Group

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 conditions

The Board of Supervisors has reviewed the Group's 2021 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 2021 consolidated financial statements truly and completely reflect the financial position and operating results of the Group.

Zheng Wenrong
Chairman of the Board of Supervisors

Jiaxing, Zhejiang, the PRC
21 March 2022

Independent Auditor's Report

(De Shi Bao (Shen) Zi (22) No. P01936

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

1. AUDIT OPINION

We have audited the 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 2021, 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 2021.

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 2021, and of its consolidated and parent company's operating results and consolidated and parent company's cash flow in 2021.

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 2021. 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 audit matters to be communicated in the audit report.

(1) Cut-off of revenue recognition

Item description

As stated in Note (VI) 40 to the financial statements, the sales revenue of Flat Group in 2021 was mainly from the sales of PV glass amounting to RMB7,121,636,842.98. The sales revenue of PV glass is recognised 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 recognised on receiving the goods; and for export sales, Flat Group recognises 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 recognised 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 products, and evaluate 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 sales 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 according to different trade patterns. For domestic sales, we sampled the receipt records of the goods;

(4) Perform cut-off tests on the revenue of the last transaction cycle after the balance sheet date, and sample 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.

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 for the current period 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.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese certified public accountant:
(engagement partner)

Chinese certified public accountant:

21 March 2022

Consolidated Balance Sheet

31 December 2021

RMB

Items	NOTE (VI)	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	1	**2,842,677,267.48**	1,589,967,013.69
Trading financial assets	2	**200,000,000.00**	400,000,000.00
Derivative financial assets	3	**62,739.00**	1,445,666.57
Bills receivable	4	**939,748,112.41**	546,772,640.17
Trade receivables	5	**1,105,759,571.75**	1,388,373,649.20
Financing receivables	6	**531,196,547.78**	684,530,748.37
Advance payment	7	**692,261,958.13**	363,154,384.40
Other receivables	8	**54,999,617.97**	24,267,677.88
Inventories	9	**2,276,469,528.29**	479,395,186.67
Other current assets	10	**255,127,082.80**	91,369,716.90
Total current assets		**8,898,302,425.61**	5,569,276,683.85
Non-current assets:			
Long-term equity investments	11	**71,530,334.22**	13,914,841.66
Other equity instrument investment	12	**–**	53,970,165.00
Investment properties	13	**18,802,231.03**	20,233,701.43
Fixed assets	14	**6,316,279,511.19**	3,333,698,217.15
Construction in progress	15	**3,067,207,867.50**	1,937,151,385.42
Right-of-use asset	16	**170,070,872.22**	173,805,026.26
Intangible assets	17	**662,708,796.08**	529,570,040.37
Long-term prepaid expenses		**6,948,461.94**	5,175,651.56
Deferred income tax assets	18	**4,162,665.30**	25,990,515.11
Other non-current assets	19	**866,903,935.41**	603,014,147.21
Total non-current assets		**11,184,614,674.89**	6,696,523,691.17
Total assets		**20,082,917,100.50**	12,265,800,375.02

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items	NOTE (VI)	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	20	**1,860,696,500.00**	617,402,035.00
Bills payables	21	**1,036,982,577.72**	713,571,260.89
Trade payables	22	**2,306,910,116.65**	1,294,643,492.26
Contract liabilities	23	**352,681,717.14**	91,178,042.21
Payroll payable	24	**67,519,702.61**	48,938,953.78
Tax payable	25	**48,629,486.85**	303,432,110.05
Other payables	26	**136,664,417.03**	100,815,515.00
Non-current liabilities due within one year	27	**310,100,070.52**	160,819,952.95
Other current liabilities	28	**44,277,908.91**	–
Total current liabilities		**6,164,462,497.43**	3,330,801,362.14
Non-current liabilities:			
Long-term borrowings	29	**1,967,748,428.04**	1,375,011,882.07
Bonds payables	30	**–**	236,681,991.63
Lease liabilities	31	**10,879,703.29**	11,508,090.39
Deferred income	32	**25,441,145.12**	33,039,484.74
Deferred tax liabilities	18	**104,216,253.83**	44,014,924.20
Total non-current liabilities		**2,108,285,530.28**	1,700,256,373.03
Total liabilities		**8,272,748,027.71**	5,031,057,735.17
Shareholders' equity:			
Share capital	33	**536,723,313.50**	510,312,197.00
Other equity instruments	34	**–**	49,401,670.49
Capital reserve	35	**4,832,768,261.83**	2,045,095,156.05
Less: Treasury stock	33	**32,096,200.00**	28,359,000.00
Other comprehensive income	36	**(7,613,180.72)**	(26,338,876.15)
Special reserve	37	**17,266,053.61**	14,369,931.38
Surplus reserve	38	**268,361,656.75**	220,705,199.31
Undistributed profit	39	**6,194,759,167.82**	4,449,556,361.77
Total equity attributable to shareholders of the parent company		**11,810,169,072.79**	7,234,742,639.85
Minority interests		**–**	–
Total shareholders' equity		**11,810,169,072.79**	7,234,742,639.85
Total liabilities and shareholders' equity		**20,082,917,100.50**	12,265,800,375.02

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet of the Parent Company

31 December 2021

RMB

Items	NOTE (XIV)	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	1	**593,095,104.71**	299,567,786.91
Bills receivable	2	**448,120,747.17**	488,505,596.47
Trade receivables	3	**347,593,588.48**	588,347,375.06
Financing receivables	4	**176,107,817.92**	633,026,500.88
Advance payment	5	**113,797,898.71**	39,787,487.32
Other receivables	6	**1,837,334,934.64**	682,247,356.05
Inventories	7	**319,598,489.09**	179,788,994.03
Other current assets	8	**20,480,374.08**	17,020.44
Total current assets		**3,856,128,954.80**	2,911,288,117.16
Non-current assets:			
Long-term equity investments	9	**1,350,059,171.12**	1,046,552,184.66
Fixed assets	10	**1,280,018,460.38**	1,016,732,435.83
Construction in progress	11	**1,309,136,814.51**	293,288,787.44
Intangible assets	12	**392,286,140.98**	237,077,496.41
Long-term prepaid expenses		**2,596,418.88**	11,649.38
Deferred income tax assets	13	**–**	22,181,477.91
Other non-current assets	14	**4,622,171,949.91**	2,161,507,235.87
Total non-current assets		**8,956,268,955.78**	4,777,351,267.50
Total assets		**12,812,397,910.58**	7,688,639,384.66

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items	NOTE (XIV)	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	15	**1,261,939,500.00**	140,391,130.00
Bills payables	16	**557,046,846.40**	–
Trade payables	17	**874,183,753.59**	604,274,221.67
Contract liabilities	18	**172,956,634.95**	58,126,632.90
Payroll payable	19	**28,878,501.78**	25,684,776.32
Tax payable	20	**17,775,591.40**	64,209,186.23
Other payables	21	**565,827,131.31**	1,647,392,704.28
Non-current liabilities due within one year		**3,200,000.00**	–
Other current liabilities		**22,438,022.78**	–
Total current liabilities		**3,504,245,982.21**	2,540,078,651.40
Non-current liabilities:			
Long-term borrowings	22	**786,800,000.00**	235,000,000.00
Bonds payables		**–**	236,681,991.63
Deferred income	23	**13,423,678.16**	23,487,048.57
Deferred income tax liabilities	13	**8,557,857.51**	–
Total non-current liabilities		**808,781,535.67**	495,169,040.20
Total liabilities		**4,313,027,517.88**	3,035,247,691.60
Shareholders' equity:			
Share capital		**536,723,313.50**	510,312,197.00
Other equity instruments		**–**	49,401,670.49
Capital reserve		**4,832,768,261.83**	2,045,095,156.05
Less: Treasury stock		**32,096,200.00**	28,359,000.00
Other comprehensive income	24	**(609,915.05)**	(5,964,567.44)
Surplus reserve		**268,361,656.75**	220,705,199.31
Undistributed profit	25	**2,894,223,275.67**	1,862,201,037.65
Total shareholders' equity		**8,499,370,392.70**	4,653,391,693.06
Total liabilities and shareholders' equity		**12,812,397,910.58**	7,688,639,384.66

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Income Statement

For the year ended 31 December 2021

RMB

Items		NOTE (VI)	Amount incurred in the current year	Amount incurred in the previous year
I.	**Operating revenue**	40	**8,713,228,065.59**	6,260,417,792.26
	Less: Operating costs	40	**5,620,391,966.94**	3,600,864,085.34
	Taxes and surcharges	41	**48,466,185.37**	61,083,688.80
	Selling expenses	42	**85,724,646.32**	47,632,079.18
	General and administrative expenses	43	**221,778,736.93**	172,349,032.43
	Research and development expenses	44	**408,417,461.35**	284,717,812.81
	Financial expenses	45	**52,518,443.24**	141,528,692.18
	Including: Interest expenses		**90,252,414.76**	80,273,151.69
	Interest income		**37,314,406.92**	16,412,291.81
	Add: Other income	46	**58,331,820.26**	25,471,233.82
	Investment income	47	**31,886,225.40**	5,675,836.26
	Including: Gains on investment in associates		**5,558,487.56**	2,614,841.66
	Gain (loss) from changes in fair value	48	**(1,382,927.57)**	1,245,626.59
	Gains (losses) on credit impairment	49	**23,554,616.85**	(29,914,991.88)
	Asset impairment loss	50	**(10,202,178.73)**	(71,783,469.77)
	Gains (losses) on disposal of assets	51	**3,599,005.34**	(18,018,346.26)
II.	**Operating profit**		**2,381,717,186.99**	1,864,918,290.28
	Add: Non-operating income	52	**2,674,782.95**	12,889,216.85
	Less: Non-operating expenses	53	**4,176,927.50**	3,899,465.44
III.	**Total profit**		**2,380,215,042.44**	1,873,908,041.69
	Less: Income tax expense	54	**260,295,716.01**	245,124,254.06
IV.	**Net profit**		**2,119,919,326.43**	1,628,783,787.63
	Net profit attributable to shareholders of the parent company		**2,119,919,326.43**	1,628,783,787.63
	Profit or loss attributable to minority interests		**–**	–
V.	**Other comprehensive income, net of tax**		**13,594,620.59**	(32,274,518.98)
	Other comprehensive income, net of tax attributable to the owners of the parent company		**13,594,620.59**	(32,274,518.98)
	(1) Other comprehensive income that cannot be reclassified to profit or loss		**(1,913,160.00)**	(3,217,914.84)
	− Changes in fair value of other equity instruments		**(1,913,160.00)**	(3,217,914.84)
	(2) Other comprehensive income that will be reclassified to profit or loss		**15,507,780.59**	(29,056,604.14)
	− Exchange differences on foreign currency financial statements translation		**12,470,952.05**	(23,092,036.70)
	− Changes in fair value of financing receivables		**3,036,828.54**	(5,964,567.44)
	Other comprehensive income, net of tax attributable to minority interests		**–**	–
VI.	**Total comprehensive income**		**2,133,513,947.02**	1,596,509,268.65
	Attributable to shareholders of the parent company		**2,133,513,947.02**	1,596,509,268.65
	Attributable to the minority interests		**–**	–
VII.	**Earnings per share:**			
	(1) Basic earnings per share	55	**0.99**	0.83
	(2) Diluted earnings per share	55	**0.99**	0.81

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Income Statement of the Parent Company

For the year ended 31 December 2021

RMB

Items		NOTE (XIV)	Amount incurred in the current year	Amount incurred in the previous year
I.	**Operating revenue**	26	**4,240,815,109.00**	4,553,484,065.43
	Less: Operating costs	26	**3,243,247,134.09**	3,782,289,387.62
	Taxes and surcharges	27	**9,793,483.01**	22,889,998.05
	Selling expenses	28	**21,974,383.56**	12,329,110.69
	General and administrative expenses	29	**137,560,070.42**	109,487,312.67
	Research and development expenses	30	**162,189,552.61**	145,433,731.51
	Financial expenses	31	**24,219,360.35**	79,213,541.67
	Including: Interest expenses		**44,142,410.74**	58,260,295.56
	Interest income		**16,825,294.54**	5,119,750.54
	Add: Other income	32	**22,642,494.29**	15,040,420.63
	Investment income (loss)	33	**804,952,405.23**	(4,288,623.74)
	Including: Gains on investment in associates		**3,506,986.46**	2,614,841.66
	Loss from changes in fair value	34	**–**	(379,492.22)
	Gains (losses) on credit impairment	35	**23,816,457.19**	(17,377,891.48)
	Asset impairment loss	36	**(9,739,396.44)**	(68,495,338.01)
	Losses (gains) on disposal of assets	37	**4,838,620.24**	(16,774,163.09)
II.	**Operating profit**		**1,488,341,705.47**	309,565,895.31
	Add: Non-operating income	38	**516,476.14**	6,832,392.47
	Less: Non-operating expenses	39	**2,921,500.29**	2,511,423.80
III.	**Total profit**		**1,485,936,681.32**	313,886,863.98
	Less: Income tax expenses	40	**84,328,997.76**	42,388,427.86
IV.	**Net profit**		**1,401,607,683.56**	271,498,436.12
V.	**Other comprehensive income, net of tax**		**5,354,652.39**	(5,964,567.44)
	I. Other comprehensive income that cannot be classified into profit or loss		**–**	–
	II. Other comprehensive income that will be classified into profit or loss		**5,354,652.39**	(5,964,567.44)
	− Changes in fair value of receivables financing		**5,354,652.39**	(5,964,567.44)
VI.	**Total comprehensive income**		**1,406,962,335.95**	265,533,868.68

Consolidated Statement of Cash Flow

For the year ended 31 December 2021

RMB

		NOTE (VI)	Amount incurred in the current year	Amount incurred in the previous year
I.	**Cash flow from operating activities:**			
	Cash received from sale of goods or rendering of services		**6,537,348,276.08**	4,260,896,686.12
	Cash received from refunds of taxes		**342,619,295.00**	150,547,543.63
	Cash received relating to other operating activities	56 (1)	**91,022,670.51**	42,603,582.52
	Subtotal of cash inflows		**6,970,990,241.59**	4,454,047,812.27
	Cash paid for goods and services		**4,871,746,794.88**	1,667,088,694.33
	Cash paid to and on behalf of employee		**470,096,109.60**	316,786,736.20
	Cash paid for payments of taxes and surcharges		**559,917,652.96**	248,246,780.53
	Cash paid relating to other operating activities	56 (2)	**489,500,831.78**	520,758,281.51
	Subtotal of cash outflows		**6,391,261,389.22**	2,752,880,492.57
	Net cash flow from operating activities	57 (1)	**579,728,852.37**	1,701,167,319.70
II.	**Cash flow from investing activities:**			
	Cash received from disposal of investments		**2,250,000,000.00**	–
	Cash received from returns on investments		**26,327,737.84**	25,655,598.20
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**8,928,538.57**	11,614,469.66
	Cash received relating to other investing activities	56 (3)	**79,910,754.58**	125,909,899.04
	Subtotal of cash inflows		**2,365,167,030.99**	163,179,966.90
	Cash paid to purchase fixed assets, intangible assets and other long-term assets		**3,768,701,734.64**	1,950,128,106.90
	Cash paid for investments		**2,124,350,906.30**	468,488,079.84
	Cash paid relating to other investing activities	56 (4)	**34,674,633.39**	118,724,788.85
	Subtotal of cash outflows		**5,927,727,274.33**	2,537,340,975.59
	Net cash flow from investing activities		**(3,562,560,243.34)**	(2,374,161,008.69)
III.	**Cash flow from financing activities:**			
	Cash received from capital contribution		**2,509,960,996.79**	28,658,000.00
	Cash received from bonds issuing		**–**	1,444,025,000.00
	Cash received from borrowings		**3,541,798,869.71**	2,772,983,295.88
	Cash received relating to other financing activities	56 (5)	**319,363,076.09**	255,660,791.32
	Subtotal of cash inflows		**6,371,122,942.59**	4,501,327,087.20
	Cash paid for payment of borrowings		**1,375,236,336.06**	2,330,256,654.52
	Cash paid for distribution of dividends, and profits or payment of interest		**413,877,420.11**	244,567,836.56
	Cash paid relating to other financing activities	56 (6)	**627,807,055.77**	557,330,065.30
	Subtotal of cash outflows		**2,416,920,811.94**	3,132,154,556.38
	Net cash flow from financing activities		**3,954,202,130.65**	1,369,172,530.82
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		**(15,811,990.35)**	(29,075,003.29)
V.	**Net increase in cash and cash equivalents**		**955,558,749.33**	667,103,838.54
	Add: Cash and cash equivalents at the beginning of the year	57 (2)	**1,146,171,930.13**	479,068,091.59
VI.	**Cash and cash equivalents at the end of the year**	57 (2)	**2,101,730,679.46**	1,146,171,930.13

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Cash Flow of the Parent Company

For the year ended 31 December 2021

RMB

		NOTE (XIV)	Amount incurred in the current year	Amount incurred in the previous year
I.	**Cash flow from operating activities:**			
	Cash received from sale of goods or rendering of services		**3,432,057,551.27**	2,930,691,103.16
	Cash received from refunds of taxes		**14,957,610.82**	19,189,989.89
	Cash received relating to other operating activities	41 (1)	**30,470,047.46**	15,936,272.92
	Subtotal of cash inflows		**3,477,485,209.55**	2,965,817,365.97
	Cash paid for goods and services		**1,885,775,659.34**	2,805,718,498.72
	Cash paid to and on behalf of employee		**192,145,789.57**	156,730,320.57
	Cash paid for payments of taxes and surcharges		**132,990,917.72**	92,327,401.58
	Cash paid relating to other operating activities	41 (2)	**184,791,705.57**	189,974,122.64
	Subtotal of cash outflows		**2,395,704,072.20**	3,244,750,343.51
	Net cash flow from operating activities	42 (1)	**1,081,781,137.35**	(278,932,977.54)
II.	**Cash flow from investing activities:**			
	Cash received from disposal of investments		**300,000,000.00**	–
	Cash received from returns on investments		**1,445,418.77**	–
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**9,408,471.16**	11,397,687.32
	Cash received relating to other investing activities	41 (3)	**343,610,274.28**	258,179,396.36
	Subtotal of cash inflows		**654,464,164.21**	269,577,083.68
	Cash paid to purchase fixed assets, intangible assets and other long-term assets		**792,779,466.15**	287,276,684.06
	Cash paid for investments		**(300,000,000.00)**	800,000.00
	Cash paid relating to other investing activities	41 (4)	**3,194,456,828.46**	2,126,958,214.27
	Subtotal of cash outflows		**4,287,236,294.61**	2,415,034,898.33
	Net cash flow from investing activities		**(3,632,772,130.40)**	(2,145,457,814.65)
III.	**Cash flow from financing activities:**			
	Cash received from capital contribution		**2,509,960,996.79**	28,658,000.00
	Cash received from bonds issuing		**–**	1,444,025,000.00
	Cash received from borrowings		**2,474,530,801.75**	669,967,570.88
	Cash received relating to other financing activities	41 (5)	**198,072,651.19**	1,369,267,749.36
	Subtotal of cash inflows		**5,182,564,449.73**	3,511,918,320.24
	Cash paid for payment of borrowings		**677,938,960.00**	764,468,760.28
	Cash paid for distribution of dividends, and profits or payment of interest		**366,054,219.60**	163,436,592.51
	Cash paid relating to other financing activities	41 (6)	**1,326,530,943.23**	126,294,817.74
	Subtotal of cash outflows		**2,370,524,122.83**	1,054,200,170.53
	Net cash flow from financing activities		**2,812,040,326.90**	2,457,718,149.71
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		**(4,504,508.71)**	(3,696,195.31)
V.	**Net increase in cash and cash equivalents**		**256,544,825.14**	29,631,162.21
	Add: Cash and cash equivalents at the beginning of the year	42 (2)	**188,559,197.40**	158,928,035.19
VI.	**Cash and cash equivalents at the end of the year**	42 (2)	**445,104,022.54**	188,559,197.40

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

RMB

Items	The current year									
	Equity attributable to the owners of the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Opening balance of the current year	510,312,197.00	49,401,670.49	2,045,095,156.05	28,359,000.00	(26,338,876.15)	14,369,931.38	220,705,199.31	4,449,556,361.77	-	7,234,742,639.85
II. Increase/decrease for the current year										
(I) Total comprehensive income	-	-	-	-	13,594,620.59	-	-	2,119,919,326.43	-	2,133,513,947.02
(II) Contribution of shareholders	26,411,116.50	(49,401,670.49)	2,787,673,105.78	4,427,200.00	-	-	-	-	-	2,760,255,351.79
1.Common shares contributed by owners	21,311,286.75	-	2,471,731,656.94	4,427,200.00	-	-	-	-	-	2,488,615,743.69
2.Contribution of capital by other equity instrument owners	5,099,829.75	(49,401,670.49)	278,934,138.94	-	-	-	-	-	-	234,632,298.20
3.Amount of share-based payment included in owners' equity	-	-	37,007,309.90	-	-	-	-	-	-	37,007,309.90
(III) Profit distribution	-	-	-	(690,000.00)	-	-	47,656,457.44	(369,585,445.54)	-	(321,238,988.10)
1.Appropriation to surplus reserve	-	-	-	-	-	-	47,656,457.44	(47,656,457.44)	-	-
2.Appropriation to shareholders	-	-	-	(690,000.00)	-	-	-	(321,928,988.10)	-	(321,238,988.10)
(IV) Internal transfers of other owners' equity	-	-	-	-	5,131,074.84	-	-	(5,131,074.84)	-	-
1.Other comprehensive income transferred to retained earnings	-	-	-	-	5,131,074.84	-	-	(5,131,074.84)	-	-
(V) Special reserve	-	-	-	-	-	2,896,122.23	-	-	-	2,896,122.23
1.Provision of special reserves	-	-	-	-	-	2,998,977.20	-	-	-	2,998,977.20
2.Utilisation of special reserves	-	-	-	-	-	(102,854.97)	-	-	-	(102,854.97)
III. Closing balance of the current year	536,723,313.50	-	4,832,768,261.83	32,096,200.00	(7,613,180.72)	17,266,053.61	268,361,656.75	6,194,759,167.82	-	11,810,169,072.79

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items	The last year									
	Equity attributable to the owners of the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Opening 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
II. Increase/decrease for the current year										
(I) Total comprehensive income	-	-	-	-	(32,274,518.98)	-	-	1,628,783,787.63	-	1,596,509,268.65
(II) Contribution of shareholders	22,812,197.00	49,401,670.49	1,205,980,042.64	28,658,000.00	-	-	-	-	-	1,249,535,910.13
1.Common shares contributed by owners	1,150,000.00	-	27,508,000.00	28,658,000.00	-	-	-	-	-	-
2.Contribution of capital by other equity instrument owners	21,662,197.00	49,401,670.49	1,162,828,718.24	-	-	-	-	-	-	1,233,892,585.73
3.Amount of share-based payment included in owners' equity	-	-	15,643,324.40	-	-	-	-	-	-	15,643,324.40
(III) Profit distribution	-	-	-	(299,000.00)	-	-	27,149,843.61	(154,198,843.61)	-	(126,750,000.00)
1.Appropriation to surplus reserve	-	-	-	-	-	-	27,149,843.61	(27,149,843.61)	-	-
2.Appropriation to shareholders	-	-	-	(299,000.00)	-	-	-	(127,049,000.00)	-	(126,750,000.00)
(IV) Special reserve	-	-	-	-	-	2,559,073.07	-	-	-	2,559,073.07
1.Provision of special reserves	-	-	-	-	-	2,559,073.07	-	-	-	2,559,073.07
III. Closing balance of the last year	510,312,197.00	49,401,670.49	2,045,095,156.05	28,359,000.00	(26,338,876.15)	14,369,931.38	220,705,199.31	4,449,556,361.77	-	7,234,742,639.85

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 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 2021

RMB

Items	The current year							
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Opening balance of the current year	510,312,197.00	49,401,670.49	2,045,095,156.05	28,359,000.00	(5,964,567.44)	220,705,199.31	1,862,201,037.65	4,653,391,693.06
II. Increase/decrease for the current year								
(I) Total comprehensive income	-	-	-	-	5,354,652.39	-	1,401,607,683.56	1,406,962,335.95
(II) Contribution and withdrawal of capital by shareholders	26,411,116.50	(49,401,670.49)	2,787,673,105.78	4,427,200.00	-	-	-	2,760,255,351.79
1.Common shares contributed by owners	21,311,286.75	-	2,471,731,656.94	4,427,200.00	-	-	-	2,488,615,743.69
2.Contribution of capital by other equity instrument owners	5,099,829.75	(49,401,670.49)	278,934,138.94	-	-	-	-	234,632,298.20
3.Amount of share-based payment included in owners' equity	-	-	37,007,309.90	-	-	-	-	37,007,309.90
(III) Profit distribution	-	-	-	(690,000.00)	-	47,656,457.44	(369,585,445.54)	(321,238,988.10)
1.Appropriation to surplus reserve	-	-	-	-	-	47,656,457.44	(47,656,457.44)	-
2.Appropriation to shareholders	-	-	-	(690,000.00)	-	-	(321,928,988.10)	(321,238,988.10)
III. Closing balance of the current year	536,723,313.50	-	4,832,768,261.83	32,096,200.00	(609,915.05)	268,361,656.75	2,894,223,275.67	8,499,370,392.70

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items	The last year							
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Opening 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
II. Increase/decrease for the current year								
(I) Total comprehensive income	–	–	–	–	(5,964,567.44)	–	271,498,436.12	265,533,868.68
(II) Contribution and withdrawal of capital by shareholders	22,812,197.00	49,401,670.49	1,205,980,042.64	28,658,000.00	–	–	–	1,249,535,910.13
1.Common shares contributed by owners	1,150,000.00	–	27,508,000.00	28,658,000.00	–	–	–	–
2.Contribution of capital by other equity instrument owners	21,662,197.00	49,401,670.49	1,162,828,718.24	–	–	–	–	1,233,892,585.73
3.Amount of share-based payment included in owners' equity	–	–	15,643,324.40	–	–	–	–	15,643,324.40
(III) Profit distribution	–	–	–	(299,000.00)	–	27,149,843.61	(154,198,843.61)	(126,750,000.00)
1.Appropriation to surplus reserve	–	–	–	–	–	27,149,843.61	(27,149,843.61)	–
2.Appropriation to shareholders	–	–	–	(299,000.00)	–	–	(127,049,000.00)	(126,750,000.00)
III. Closing balance of the last year	510,312,197.00	49,401,670.49	2,045,095,156.05	28,359,000.00	(5,964,567.44)	220,705,199.31	1,862,201,037.65	4,653,391,693.06

The notes are an integral part of the financial statements.

The financial statements on pages 64 to 75 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

(I) CORPORATE INFORMATION

1. Company Overview

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.

* *for identification purpose only*

(I) CORPORATE INFORMATION (Continued)

1. Company Overview (Continued)

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, capitalisation 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. On 28 January 2021, the Company adjusted the conversion price to RMB14.15 per share due to the non-public issuance of RMB ordinary shares (A shares). During the period from 3 December 2020 to 27 January 2021, the convertible bonds of the Company amounting to RMB1,358,240,000.00 were converted into 100,754,542 RMB ordinary shares (A shares) at a conversion price of RMB13.48 per share. During the period from 28 January 2021 to 29 January 2021, the convertible bonds of the Company amounting to RMB89,057,000.00 were converted into 6,293,565 RMB ordinary shares (A shares) at a conversion price of RMB14.15 per share. During the period from 3 December 2020 to 23 December 2020, the closing prices of shares of the Company for at least 15 trading days out of any 30 consecutive trading days during the conversion period were no less than 130% (130% inclusive) of the prevailing conversion price, triggering the conditional redemption terms of convertible bonds. On 23 December 2020, the Resolution on Early Redemption of Flat Convertible Bonds by the Company was considered and approved at the 28th meeting of the fifth session of the Board, under which the Company decided to exercise the early redemption right of Flat Convertible Bonds, and redeemed all the Flat Convertible Bonds registered on the redemption registration date with the redemption registration date of 29 January 2021. As of 29 January 2021, the convertible bonds in an amount of RMB1,447,297,000.00 have been converted into RMB ordinary shares (A shares), and the cumulative number of converted shares amounted to 107,048,107 shares (including: conversion of 86,648,788.00 shares in 2020, which expanded the registered capital by RMB21,662,197.00 and capital reserve by RMB1,162,828,718.24; and conversion of 20,399,319.00 shares, which expanded the registered capital by RMB5,099,829.75 and capital reserve by RMB278,934,138.94), and the non-converted convertible bonds of RMB2,703,000.00 have been redeemed by the Company. Due to the conversion of convertible bonds, the registered capital of the Company increased by RMB26,762,026.75, the number of shares increased by 107,048,107 shares and the capital reserve increased by RMB1,441,762,857.18.

As considered and approved 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. As of 7 January 2021, the Company has completed the non-public issuance of 84,545,147 RMB ordinary shares (A shares) at a par value of RMB0.25 per share at an issue price of RMB29.57 per share with the total amount of funds raised of RMB2,499,999,996.79. The net proceeds were RMB2,483,081,943.69 after deducting the issue cost of RMB16,918,053.10, of which the amount of RMB21,136,286.75 and RMB2,461,945,656.94 was included in total share capital and capital reserve, respectively. All payments of subscription amounts were made by cash in Renminbi. Due to the non-public issuance of A shares, the registered capital of the Company increased by RMB21,136,286.75, the number of shares increased by 84,545,147 shares and the capital reserve increased by RMB2,461,945,656.94.

(I) CORPORATE INFORMATION (Continued)

1. Company Overview (Continued)

On 25 May 2021, the Company held the second meeting of the sixth session of the Board, at which the Resolution in relation to the Reserved Grant of the Restricted A Shares to Participants was considered and approved to grant restricted shares to three participants. The participants actually subscribed for 700,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. Upon the completion of the above grant of restricted shares, the registered capital of the Company became RMB536,723,313.50.

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

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

Basis of accounting and principle of measurement (Continued)

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.

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 amortisation 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

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

4. Functional Currency

Renminbi ("RMB") is the currency in the primary economic environment in which the Company and its subsidiaries other than the Vietnam subsidiary operate, The Company and its subsidiaries other than the Vietnam subsidiary use RMB as their functional currency. The Company's Vietnam 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.

5. Business Combinations

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

5.1 Business combinations 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 combinations 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.

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

5. Business Combinations (Continued)

5.2 Business combinations not involving enterprises under common control and goodwill (Continued)

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.

6. Preparation of Consolidated Financial Statements

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 earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined in accordance with the Company's unified accounting policies and accounting periods.

All significant accounts and transactions between the Company and its subsidiaries and among the subsidiaries are eliminated on consolidation.

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

6. Preparation of Consolidated Financial Statements (Continued)

The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" under shareholders' equity in the consolidated balance sheet. The portion of a subsidiary's net profit or loss for the period attributable to minority interests is presented as "profit or loss attributable to minority interests" under net profit in the consolidated income statement.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion in the opening balance of owners' equity of the subsidiary, the balance is still allocated against minority interests.

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. Recognition Criteria of Cash and Cash Equivalents

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.

8. Translation of Foreign Currency Business and Financial Statements Denominated in Foreign Currency

8.1 Foreign currency business

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 capitalisation shall be capitalised into the cost of the related assets during the capitalisation 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. Translation of Foreign Currency Business and Financial Statements Denominated in Foreign Currency (Continued)

8.2 Translation of foreign currency financial statements

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 Instruments

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 recognises 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.

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.

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

9. Financial Instruments (Continued)

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 amortisation 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 Classification, recognition and measurement of financial assets

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 Instruments (Continued)

9.1 Classification, recognition and measurement of financial assets (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 amortisation 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 Instruments (Continued)

9.1 Classification, recognition and measurement of financial assets *(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 Impairment of financial instruments

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.

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

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. The Group recognises credit loss provision for financial assets at FVTOCI in other comprehensive income and recognises loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

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 Instruments (Continued)

9.2 Impairment of financial instruments *(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 reorganisation;

(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 Instruments (Continued)

9.2 Impairment of financial instruments (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.

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.

9.3 Transfer of financial assets

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.

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

9. Financial Instruments (Continued)

9.4 Classification and measurement of financial liabilities and equity instruments

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 portfoliry0csatgy0cr.1cloilitielnciauments or its compo

(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)

9.4.1.1 Financial liabilities at FVTPL (Continued)

For financial liabilities designated at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are recognised in other comprehensive income and changes in other fair values are recognised in profit or loss in the current period. On de-recognition of the financial liability, the cumulative change in fair value attributable to changes in own credit risk previously recognised in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in profit or loss for the period. If the treatment of the effects of changes in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognises the entire gain or loss on such financial liabilities (including the amount of the effect of changes in own credit risk) in profit or loss for the period.

9.4.1.2 Other financial liabilities

Other financial liabilities other than financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or continuing involvement in the transferred financial assets and financial guarantee contracts are classified as financial liabilities at amortised cost and subsequently measured at amortised cost, with gains or losses arising from derecognition or amortisation recognised in profit or loss for the period.

When the Group and a counterparty modify or renegotiate a contract that does not result in derecognition of a financial liability subsequently measured at amortised cost but result in changes in contractual cash flows, the Group recalculates the carrying amount of the financial liability and recognises any related gains or losses in profit or loss for the period. In recalculating the financial liability, the Group determines the carrying amount of the renegotiated or modified contractual cash flows at the present value discounted at the original effective interest rate of the financial liability. For all costs or expenses incurred in connection with the modification or renegotiation of a contract, the Group adjusts the modified carrying amount of the financial liability and amortises it over the remaining period of the modified financial liability.

(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 recognised less cumulative amortisation 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 Instruments (Continued)

9.5 Derivative instruments

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.

9.6 Offsetting financial assets and financial liabilities

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.

9.7 Reclassification of financial instruments

When the Group changes the business model to manage the financial assets, all of the financial assets affected will be reclassified and no financial liabilities will be reclassified.

The financial assets are reclassified by the Group and are accounted for prospectively since the date of reclassification (i.e. the first date of the first reporting period after the business model of which the financial assets are reclassified by the enterprise is changed).

Where a financial asset at FVTOCI is reclassified as a financial asset at amortised cost by the Group, the accumulated gains or losses previously recognised in other comprehensive income are transferred out and the fair value is adjusted as the fair value at the date of reclassification. The adjusted fair value is recognised as the new carrying amount, as if the financial asset had been measured at amortised cost. The reclassification of the financial asset does not affect the measurement of its effective interest rate and expected credit loss.

9.8 Convertible bonds

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.

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

9. Financial Instruments (Continued)

9.8 Convertible bonds (Continued)

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 amortised over the term of the convertible bonds using the effective interest rate method.

10. Financing receivables

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.

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.

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

11. Inventories (Continued)

11.4 Inventory system

The inventory system is a perpetual inventory system.

11.5 Amortisation of low-value consumables

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

12. Assets Held for 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 amortisation 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.

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

13. Long-term Equity Investments

13.1 Basis of determination of joint control and significant influence

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.

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. Other comprehensive income recognised for the previously held equity investments by accounting treatment of equity method or investments in non-trading equity instruments designated as at FVTOCI is not subject to accounting treatment temporarily.

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. If the equity investment previously held was classified as investments in non-trading equity instruments designated as at FVTOCI, the difference between the fair value and carrying amount, together with the accumulated fair value previously included in other comprehensive income are transferred to retained earnings.

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.

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

13. Long-term Equity Investments (Continued)

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.

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.

(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 (Continued)

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 investments

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.

14. Investment Properties

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

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

15. Fixed Assets

15.1 Conditions of recognition

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.

15.2 Depreciation methods

Fixed assets are depreciated using the straight-line method over their estimated useful lives from the next month when they are available for intended use. The estimated useful lives, residual values and annual depreciation rates of each class of fixed assets are as follows:

Class	Depreciation period (Years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20 years	5	4.75
Machinery and equipment	4–10 years	5	9.50–23.75
Transportation equipment	4–5 years	5	19.00–23.75
Other equipment	3–5 years	5	19.00–31.67

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

15.3 Other description

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and any change is accounted for as a change in accounting estimate.

16. Construction in Progress

Construction in progress is measured at actual cost, which includes various construction expenditures incurred during the construction period, capitalised borrowing costs before the construction is ready for its intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to fixed asset while it is ready for its intended use.

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

17. Borrowing Costs

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 capitalisation rate of the general borrowings used. The capitalisation 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. Intangible Assets

18.1 Intangible assets

Intangible assets include software, pollutant discharge rights, mining rights, land use rights and energy consumption 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 amortisation method, useful life and estimated net residual value rate of each class of intangible assets are as follows:

Class	Amortisation method	Useful life (Years)	Residual value rate (%)
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	–
Energy consumption rights	Intangible assets with an indefinite useful life are not amortised		

At the end of the year, the useful life and amortisation 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 expenditures

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 recognised 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 capitalisation 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 capitalisation conditions are met for the same intangible asset in the development process will not be adjusted.

19. Impairment of Long-term Assets

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.

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

20. Long-term Deferred Expenses

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. Contract Liabilities

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. Employee Compensation

22.1 Accounting for short-term employee compensation

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 nonmonetary 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.

22.2 Accounting for post-employment benefits

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 benefits

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.

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

23. Provisions

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 Payments

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.

24.1 Equity settled share-based payments

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. Such amount is recognised as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest./When the grant is vested immediately, the amount of the fair value is included in the related costs or expenses on the grant date, with a corresponding increase in capital reserve.

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 Accounting treatment in relation to implementation, modification and termination of share-based payment 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.

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

24. Share-based Payments (Continued)

***24.2 Accounting treatment in relation to implementation, modification and termination of share-based payment plan** (Continued)*

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.

25. Revenue

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. Government Grants

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.

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

26. Government Grants (Continued)

26.1 Judgement basis and accounting treatment of government grants related to assets

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.

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

Please refer to Note (VI) 60 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 or 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. Safety Production Expenses

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. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

28.1 Current income tax

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 Deferred income tax assets and deferred income tax liabilities

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 income 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 income tax asset or liability is recognised.

For deductible losses and tax credits in subsequent years that can be carried forward, deferred income 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.

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.

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

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

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

The carrying amount of a deferred income tax asset is reviewed at each balance sheet date and is reduced to the extent that it is probable that sufficient taxable profits will not be available to offset the benefits of deferred income tax assets. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

28.3 Offsetting of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred income tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be reversed, deferred income tax assets and deferred tax liabilities are offset and presented on a net basis.

29. Lease

Lease is defined as a contract that the lessor transfers the right-of-use of assets to the lessee within a certain period of time in exchange for consideration.

For a contract entered into or changed after the date of initial adoption, the Group assesses whether the contract is or contains lease on the commencement or changing date of the contract. The Group does not reassess unless the terms and conditions of the contract are changed.

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.

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

29. Lease (Continued)

29.1 The Group as lessee (Continued)

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 Group 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.

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 leases

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:

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

31. Significant Changes in Accounting Policy

Interpretation of Accounting Standards for Business Enterprises No.14

On 2 February 2021, the Ministry of Finance issued and implemented the Interpretation of Accounting Standards for Business Enterprises No. 14 ("Interpretation No. 14"), which regulates the accounting treatment of changes in the basis for determining the relevant contractual cash flows caused by the reform of benchmark interest rates.

Accounting Treatment of Changes in the Basis For Determining the Relevant Contractual Cash Flows Caused by the Reform of Benchmark Interest Rates

For the case where the basis for determining the relevant contractual cash flows is changed due to the interest rate benchmark reform, if the basis for determining the contractual cash flows of financial assets or financial liabilities, for which the interest income or expense is determined by the effective interest rate method, is changed only as a direct consequence of interest rate benchmark reform, and when such determining basis before and after the change is economically equivalent, the Group shall refer to the treatment method for changes in floating interest rates, recalculate the actual interest rate based on the future cash flow after the change only due to the interest rate benchmark reform, and conduct subsequent measurement on this basis.

In addition to the above changes, if there are other changes in the financial assets or financial liabilities, for which interest income or expense is determined by the effective interest rate method, the Group shall account for the changes caused by the interest rate benchmark reform in accordance with the above regulations, and then in accordance with the "Accounting Standards for Business Enterprises No. 22 − Recognition and Measurement of Financial Instruments" to assess whether other changes will result in derecognition of the financial asset or financial liability.

According to Interpretation No. 14, the Group handled the new benchmark interest rate reform related businesses from 1 January 2021 to the implementation date of Interpretation No. 14 in accordance with the provisions of Interpretation No. 14.

Q&A on the Implementation of the Fifth Batch of Accounting Standards for Business Enterprises in 2021

According to the Q&A on the Implementation of the Fifth Batch of Accounting Standards for Business Enterprises in 2021 issued by the Accounting Department of the Ministry of Finance on 1 November 2021, the Group's management of goods or services before the transfer of control over the goods or services to the customer does not constitute a single item for the performance of the customer contract. The transportation cost arising from the transportation service of the performance obligation is regarded as the contract performance cost, and is amortized and included in the current profit and loss on the same basis as the recognition of revenue from goods or services, and is listed in the "operating cost" of the income statement. In 2021, the above changes in accounting policies resulted in an increase in operating costs and a decrease in selling expenses of the Group of RMB329,959,493.47, and an increase in operating costs and a decrease in selling expenses of the Company of RMB40,049,782.23; In 2020, the Group's operating costs increased and selling expenses decreased by RMB254,222,773.59, and the Company's operating costs increased and selling expenses decreased by RMB61,307,718.11.

(IV) TAXATION

(IV) TAXATION (Continued)

2. Tax Preferences

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.

On 17 August 2020, Anhui Flat Solar Glass Co., Ltd. obtained the "High Technology Enterprise Certificate" (No. GR202034000476) jointly approved by the Science and Technology Department of Anhui Province, Anhui Provincial Department of Finance, the State Taxation Bureau of Anhui Province and the Local Taxation Bureau of Anhui Province, for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2020 to 2022.

Jiaxing Flat New Energy Technology Co., Ltd.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Preferential Enterprise Income Tax Policies for Public Infrastructure and Environmental Protection, Energy and Water Saving Projects (Caishui [2012] No. 10), the PV power generation project of Jiaxing Flat New Energy Technology Co., Ltd. is exempted from EIT for the first year to the third year from the tax year in which the first operation income is obtained, and the EIT is reduced by 50% in the fourth to sixth years.

Flat (Vietnam) Company Limited

Pursuant to the Project Investment License approved by the Vietnam Haiphong Economic Zone Authority on 30 June 2016, Flat (Vietnam) Company Limited is exempted from EIT for four years commencing from the first profit-making year, followed by a 50% reduction in EIT for the next nine years. Flat (Vietnam) Company Limited has started to make profits since 2021.

(V) INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The composition of the corporate group

Level	Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2021 (%) Direct	Indirect	Acquisition method
1	Zhejiang Flat Glass Co., Ltd. ("Zhejiang Flat")	Zhejiang, China	Zhejiang, China	Engaged in the manufacture and sale of architectural or household glass products	100.00	–	Establishment
2	Zhejiang Jiafu Glass Co., Ltd. ("Zhejiang Jiafu")	Zhejiang, China	Zhejiang, China	Manufacture and sale of photovoltaic glass	100.00	–	Establishment
2.1	Flat (Hong Kong) Investment Limited ("Flat Investment") (Note 9)	Hong Kong, China	Hong Kong, China	Investments	–	100.00	
2.1.1	FLAT (AUSTRALIA) PTY LTD ("Australia Flat")	Australia	Australia	Mine operations and sale of quartz ore	–	100.00	Establishment
3	Shanghai Flat Glass Co., Ltd. ("Shanghai Flat") (Note 3)	Shanghai, China	Shanghai, China	Architectural glass processing	100.00	–	Establishment
4	Anhui Flat Solar Glass Co., Ltd. ("Anhui Flat Glass")	Anhui, China	Anhui, China	Anhui Flat Solar Glass Co., Ltd.	100.00	–	Establishment
4.1	Fengyang Flat Natural Gas Pipeline Co., Ltd.* (鳳陽福萊特天然氣管道有限公司) ("Flat Natural Gas")	Anhui, China	Anhui, China	Development of natural gas utilisation technology, installation and sales of natural gas pipelines	–	100.00	Establishment
4.2	Fengyang Flat New Energy Technology Co., Ltd.* (鳳陽福萊特新能源科技有限公司) ("Fengyang Flat New Energy")	Anhui, China	Anhui, China	Investment, construction, operation and maintenance of new energy power plants	–	100.00	Establishment
4.3	Anhui Flat Supply Chain Management Co., Ltd.* (安徽福萊特供應鏈管理有限公司) ("Flat Supply Chain")	Anhui, China	Anhui, China	Supply chain management services	–	100.00	Establishment
5	Anhui Flat Solar Material Co., Ltd. ("Anhui Flat Material")	Anhui, China	Anhui, China	Mine operations and sale of quartz ore	100.00	–	Establishment
6	Flat (Hong Kong) Limited ("Flat (Hong Kong)")	Zhejiang, China	Hong Kong, China	Glass export	100.00	–	Establishment
6.1	Flat (Vietnam) Company Limited ("Flat (Vietnam)")	Vietnam	Vietnam	Manufacture and sale of photovoltaic glass	–	100.00	Establishment
7	Jiaxing Flat New Energy Technology Co., Ltd. ("Flat New Energy")	Zhejiang, China	Zhejiang, China	Investment, construction, operation and maintenance of new energy power plants	100.00	–	Establishment
8	Flat (Jiaxing) Import and Export Trade Limited ("Flat Import and Export Trade") (Note 10)	Zhejiang, China	Zhejiang, China	Import and export trade	100.00	–	Establishment
9	Flat (Nantong) Solar Glass Co., Ltd.* (福萊特(南通)光伏玻璃有限公司) ("Nantong Flat")	Jiangsu, China	Jiangsu, China	Manufacture and sale of photovoltaic glass	100.00	–	Establishment
10	Flat (Suqian) Solar Glass Co., Ltd.* (福萊特(宿遷)光伏玻璃有限公司) ("Suqian Flat")	Jiangsu, China	Jiangsu, China	Manufacture and sale of photovoltaic glass	100.00	–	Establishment

* *for identification purpose only*

(V) INTERESTS IN OTHER ENTITIES (Continued)

2. Interest in associates

Name of associate	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2021 (%)	Accounting treatment method for investment in associates
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
JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) ("JiaXing Gas")	Zhejiang	Zhejiang	Installation, sales and operation of natural gas pipelines	4.53 (note)	Equity method

Basis for holding less than 20% of voting rights but having significant influence:

At the general meeting held in June 2021, Jiaxing Gas, on the basis of voting, approved that Mr. Ruan Hongliang, one of the actual controllers of the Group, became one of its non-executive directors and he is entitled to participate in its operation and financial decision-making. As the Group can exert significant influence on the operation and finance of Jiaxing Gas, it changed the equity accounting treatment method to the equity method for long-term equity investment.

(1) Financial information summary of insignificant associate

Unit: RMB

Items	Amount incurred in the current year
Associates:	
Total invested book value	71,530,334.22
Listed total number calculated by shareholding percentage	
− Net profit	5,558,487.56
− Other comprehensive income	–
− Total comprehensive income	5,558,487.56

(2) Material restrictions on the ability of associates to transfer capital to the Group

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

(3) Contingent liabilities relating to investment of associates

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

* *for identification purpose only*

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Items	Closing balance		
	Foreign currency amount	Conversion rate	RMB amount
Cash on hand:			
RMB	–	–	**37,595.74**
Cash at bank:			
RMB	–	–	**1,447,408,518.38**
US dollars	**95,389,077.41**	**6.3757**	**608,172,140.87**
Euro	**4,037,722.48**	**7.2197**	**29,151,145.00**
Yen	**95,279,882.00**	**0.0554**	**5,279,934.67**
Australian dollars	**291,665.98**	**4.6220**	**1,348,080.16**
Hong Kong dollars	**2,662,333.04**	**0.8176**	**2,176,723.49**
Pound	**3,954.74**	**8.6064**	**34,036.08**
Vietnamese Dong	**28,874,723,914.00**	**0.0003**	**8,122,505.07**
Other cash at bank and on hand:			
RMB	–	–	**740,946,587.30**
US dollars	**0.01**	**6.3757**	**0.06**
Yen	**12.00**	**0.0554**	**0.66**
Total			**2,842,677,267.48**
Including: total amount deposited abroad			**238,902,274.63**

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

1. Cash at Bank and on Hand (Continued)

RMB

Items	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

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 RMB740,946,588.02 (at the end of the previous year: RMB443,795,083.56), including bill margin of RMB628,018,672.77 (at the end of the previous year: RMB440,879,255.36), pledged fixed deposits of RMB100,000,000.00 (at the end of previous year: nil) wealth management and forward foreign exchange contracts margin of RMB11,766,158.10 (at the end of the previous year: RMB1,683,743.42), mining margin of RMB1,129,011.75 (at the end of the previous year: RMB1,211,839.75) and other margin of RMB32,745.40 (at the end of the previous year: RMB20,245.03).

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

2. Trading Financial Assets

RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss:		
Bank wealth management products	**200,000,000.00**	400,000,000.00
Total	**200,000,000.00**	400,000,000.00

3. Derivative Financial Assets

RMB

Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	**62,739.00**	1,445,666.57
Including: Forward foreign exchange contract (Note)	**62,739.00**	1,445,666.57
Total	**62,739.00**	1,445,666.57

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.

4. Bills Receivable

(1) Bills receivable by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	**834,875,954.38**	545,166,435.99
Commercial acceptance bills	**107,583,256.08**	1,606,204.18
Less: bad debt provision	**2,711,098.05**	–
Total	**939,748,112.41**	546,772,640.17

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

RMB

Items	Pledged amount at the end of the year
Bank acceptance bills	13,540,000.00
Total	13,540,000.00

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

4. Bills Receivable (Continued)

(3) Bills receivable that have been endorsed or discounted by the Group at the end of the year but not yet due at the balance sheet date

RMB

Items	**Amounts not derecognised at the end of the year**	Amounts not derecognised at the beginning of the year
Endorsed bank acceptance bills	**662,916,166.12**	395,214,640.80
Discounted bank acceptance bills	**6,790,000.00**	1,000,000.00
Total	**669,706,166.12**	396,214,640.80

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

(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) Disclosed by classification of bad debt provision method

RMB

	Closing balance				
	Book balance		Bad debt provision		
Classification	Amount	Percentage (%)	Amount	Percentage (%)	Book value
Bad debt provision by portfolio					
Including:					
Bank acceptance bills	834,875,954.38	88.58	–	–	834,875,954.38
Commercial acceptance bills	107,583,256.08	11.42	2,711,098.05	2.52	104,872,158.03
Total	942,459,210.46	100.00	2,711,098.05	0.29	939,748,112.41

4. Bills Receivable (Continued)

(5) Disclosed by classification of bad debt provision method (Continued)

	Opening balance				
	Book balance		Bad debt provision		
Classification	Amount	Percentage (%)	Amount	Percentage (%)	Book value
Bad debt 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

Bills receivable with bad debt provision by portfolio

RMB

	Closing balance			Opening balance		
Name of portfolio	Book balance	Bad debt provision	Accrual Percentage (%)	Book balance	Bad debt provision	Accrual Percentage (%)
Low risk	**834,875,954.38**	**–**	**–**	545,166,435.99	–	–
Normal	**107,583,256.08**	**2,711,098.05**	**2.52**	1,606,204.18	–	–
Total	**942,459,210.46**	**2,711,098.05**	**0.29**	546,772,640.17	–	–

The Group considers that the bank acceptance bills it holds have low credit risk arising from bank default rating, no impairment allowance for credit loss is made.

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

4. Bills Receivable (Continued)

(6) Bad debt provision

RMB

Classification	Opening balance	Changes in amount for the year			Closing balance
		Provided	Transferred	Written off	
Normal	–	2,711,098.05	–	–	**2,711,098.05**
Total	–	2,711,098.05	–	–	**2,711,098.05**

5. Trade Receivables

(1) Disclosed by ageing:

Based on the revenue recognition date, the aging analysis of trade receivables is as follows:

RMB

Ageing	Closing balance			Opening balance		
	Trade receivables	Bad debt provision	Accrual percentage (%)	Trade receivables	Bad debt provision	Accrual percentage (%)
Within 1 year	**1,140,110,906.82**	**35,238,787.64**	**3.09**	1,431,590,651.45	48,055,237.42	3.36
1–2 years	**11,805,748.65**	**10,918,296.08**	**92.48**	30,065,427.35	25,227,192.18	83.91
2–3 years	**1,370,132.36**	**1,370,132.36**	**100.00**	795,125.49	795,125.49	100.00
Over 3 years	**6,272,689.99**	**6,272,689.99**	**100.00**	7,175,879.10	7,175,879.10	100.00
Total	**1,159,559,477.82**	**53,799,906.07**	**4.64**	1,469,627,083.39	81,253,434.19	5.53

5. **Trade Receivables** (Continued)

(2) Disclosed by classification of bad debt provision method:

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 credit risk portfolio is divided into low risk, normal, concerned and loss. 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.

RMB

	Closing balance				
Credit risk rating	Within 1 year	1–2 years	2–3 years	Over 3 years	Total
Normal					
ECL rate	2.52%	2.52%	2.52%	2.52%	
Trade receivables	1,096,931,797.73	–	–	–	1,096,931,797.73
ECL	27,642,681.27	–	–	–	27,642,681.27
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	41,724,909.40	5,515,553.55	887,467.47	–	48,127,930.42
ECL	6,141,906.68	4,628,100.98	887,467.47	–	11,657,475.13
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	1,454,199.69	6,290,195.10	482,664.89	6,272,689.99	14,499,749.67
ECL	1,454,199.69	6,290,195.10	482,664.89	6,272,689.99	14,499,749.67
Total					
Book balance of trade receivables	1,140,110,906.82	11,805,748.65	1,370,132.36	6,272,689.99	1,159,559,477.82
ECL	35,238,787.64	10,918,296.08	1,370,132.36	6,272,689.99	53,799,906.07
Carrying amount of trade receivables	1,104,872,119.18	887,452.57	–	–	1,105,759,571.75

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

5. Trade Receivables (Continued)

(2) Disclosed by classification of bad debt provision method: (Continued)

RMB

Credit risk rating	Opening balance				
	Within 1 year	1–2 years	2–3 years	Over 3 years	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					
Book balance of 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
Carrying amount of trade receivables	1,383,535,414.03	4,838,235.17	–	–	1,388,373,649.20

5. **Trade Receivables** (Continued)

(3) Changes in credit loss provision of trade receivables

RMB

Credit loss provision	Lifetime ECL
Balance at 1 January 2021	**81,253,434.19**
Changes of the opening balance in the year:	
Provision for the year (transferred)	**(26,215,714.90)**
Transfers out due to derecognised financial assets (including direct write-down)	**(1,237,813.22)**
Balance at 31 December 2021	**53,799,906.07**

(4) Receivables actually written off for the year

RMB

Items	Amount written off
Receivables actually written off	1,237,813.22

(5) Details of top five trade receivables with the closing balances 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 RMB581,839,100.82 (as at the end of the previous year: RMB1,097,833,934.72), accounting for 50.18% (as at the end of the previous year: 74.70%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB14,662,345.34 (as at the end of the previous year: RMB30,739,350.17).

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

6. Financing receivables

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	**531,196,547.78**	684,530,748.37

The Group 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 2021, 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, as the probability of significant loss due to bank default is low.

(1) Changes in fair value

RMB

Items	Closing balance	Opening balance
Cost	**534,124,286.68**	691,547,886.53
Fair value	**531,196,547.78**	684,530,748.37
Accumulated changes in fair value included in other comprehensive income	**(2,927,738.90)**	(7,017,138.16)

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

RMB

Items	Pledged amount at the end of the year
Bank acceptance bills	**359,938,671.63**

6. **Financing receivables** (Continued)

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

RMB

Items	**Amounts not derecognised at the end of the year**	Amounts not derecognised at the beginning of the year
Endorsed bank acceptance bills	**1,493,899,701.86**	706,981,322.62
Discounted bank acceptance bills	**154,836,626.87**	408,650,239.78
Total	**1,648,736,328.73**	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 derecognised.

7. **Advance Payments**

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

RMB

	Closing balance		Opening balance	
Ageing	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Within 1 year	**686,003,745.08**	**99.097**	358,810,968.32	98.80
1–2 years	**4,219,015.49**	**0.61**	3,653,939.76	1.01
2–3 years	**2,016,474.00**	**0.29**	49,194.67	0.01
Over 3 years	**22,723.56**	**0.003**	640,281.65	0.18
Total	**692,261,958.13**	**100.00**	363,154,384.40	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 balances classified by the payees:

As at 31 December 2021 and 31 December 2020, the balances of top five advance payments were RMB562,487,063.28 and RMB319,471,728.26, respectively, representing 81.25% and 87.97% of the total balances of advance payments.

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

8. Other Receivables

RMB

Items	Closing balance	Opening balance
Other receivables	**54,999,617.97**	24,267,677.88
Total	**54,999,617.97**	24,267,677.88

(1) Disclosed by ageing

RMB

	Closing balance			Opening balance		
Ageing	Trade receivables	Bad debt provision	Accrual Percentage (%)	Trade receivables	Bad debt provision	Accrual Percentage (%)
Within 1 year	**34,416,921.65**	–	–	23,482,716.06	–	–
1–2 years	**20,102,120.79**	–	–	323,404.02	–	–
2–3 years	**97,625.28**	–	–	70,795.90	–	–
Over 3 years	**382,950.25**	–	–	440,761.90	50,000.00	11.34
Total	**54,999,617.97**	–	–	24,317,677.88	50,000.00	0.21

(2) Other receivables listed by classification by nature

RMB

Nature	Closing book balance	Opening book balance
Deposit	**293,731.73**	242,731.73
Margin	**52,633,813.76**	22,370,161.90
Reserve fund	**211,827.29**	404,598.62
Others	**1,860,245.19**	1,250,185.63
Total	**54,999,617.97**	24,267,677.88

8. **Other Receivables** (Continued)

(3) Impairment of other receivables

The Group calculates its ECL based on the comparison table of credit risk rating and default loss rate. The credit risk portfolio is divided into low risk, normal, concerned and loss.

RMB

		Closing balance	
Credit risk rating	**Default loss rate**	**Other receivables**	**Credit loss provision**
Low risk	**0.00%**	**54,999,617.97**	**–**
Total		**54,999,617.97**	**–**

RMB

		Opening balance	
Credit risk rating	Default loss rate	Other receivables	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

Based on the nature of other receivables and after evaluation, the Group believes that other receivables have no significant risk of ECL.

(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 months ECL	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2021	–	–	**50,000.00**	**50,000.00**
Changes of the opening balance in the year:				
Reversed for the year	–	–	**(50,000.00)**	**(50,000.00)**
Balance at 31 December 2021	–	–	–	–

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

RMB

Name	Nature	Year end amount	Ageing	Percentage of the other receivables (%)	Closing balance of credit loss provision
First	Deposit	40,000,000.00	1–2 years	72.73	–
Second	Deposit	5,000,000.00	Within 1 year	9.09	–
Third	Deposit	4,755,186.91	Within 1 year	8.65	–
Fourth	Deposit	914,551.46	Within 1 year	1.66	–
Fifth	Deposit	786,333.20	Within 1 year	1.43	–
Total		51,456,071.57		93.56	–

9. Inventories

(1) *Inventories category*

RMB

Items	Closing balance Book balance	Impairment provision	Book value
Raw materials	**1,189,179,166.17**	**–**	**1,189,179,166.17**
Low-valued consumables	**183,128,642.36**	**5,175,543.77**	**177,953,098.59**
Work in progress	**60,856,490.19**	**–**	**60,856,490.19**
Finished goods	**855,214,953.98**	**6,734,180.64**	**848,480,773.34**
Total	**2,288,379,252.70**	**11,909,724.41**	**2,276,469,528.29**

Items	Opening 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

(2) *Inventory impairment provision*

RMB

Items	Opening balance	Increased amount for the year	Decreased amount for the year: Reversed	Decreased amount for the year: Write off	Closing balance
Finished goods	**905,589.77**	**6,215,882.68**	**–**	**387,291.81**	**6,734,180.64**
Low-valued consumables	**4,093,734.58**	**3,986,296.05**	**–**	**2,904,486.86**	**5,175,543.77**
Total	**4,999,324.35**	**10,202,178.73**	**–**	**3,291,778.67**	**11,909,724.41**

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

10. Other Current Assets

RMB

Items	Closing balance	Opening balance
Value-added tax recoverable	**232,222,691.43**	73,386,905.13
Export tax rebate	**14,355,212.88**	17,552,947.29
Prepaid income tax	**6,809,376.77**	–
Prepaid rent	**412,844.04**	412,844.04
Others	**1,326,957.68**	17,020.44
Total	**255,127,082.80**	91,369,716.90

11. Long-term Equity Investments

RMB

Invested unit	Accounting method	Opening balance	Movement for the year: Investment gains recognised under the equity method	Movement for the year: Others (note)	Closing balance
Associate:					
Kaihong Flat	**Equity method**	**3,414,841.66**	**3,506,986.46**	**–**	**6,921,828.12**
Kunlun Gas	**Equity method**	**10,500,000.00**	**–**	**–**	**10,500,000.00**
JiaXing Gas (note)	**Equity method**	**–**	**2,051,501.10**	**52,057,005.00**	**54,108,506.10**
Total		**13,914,841.66**	**5,558,487.56**	**52,057,005.00**	**71,530,334.22**

Note: The equity interests held by Group in the restricted outstanding shares of H-share listed company JiaXing Gas were initially recognized as non-trading equity instrument investments and were designated as financial assets measured at fair value through other comprehensive income. At the general meeting held in June 2021, Jiaxing Gas, on the basis of voting, approved that Mr. Ruan Hongliang, one of the actual controllers of the Group, became one of its non-executive directors and he is entitled to participate in its operation and financial decision-making. As the Group can exert significant influence on the operation and finance of Jiaxing Gas, it changed the equity accounting treatment method to the equity method for long-term equity investment.

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

12. Other Equity Instrument Investments

(1) Status of other equity instrument investments

RMB

Item	Closing balance	Opening balance
Listed equity instrument investment- JiaXing Gas (note (VI) 11)	–	53,970,165.00
Total	–	53,970,165.00

(2) Status of non-trading equity instrument investments

RMB

Items	Dividend income recognised during the year	Accumulated loss from changes in fair value	Amount transferred from other comprehensive income to retained earnings during the year	Reasons for being designated to be measured at fair value through other comprehensive profit or loss	Reason for transfer from other comprehensive income to retained earnings during the period
Listed companies					
JiaXing Gas (note (VI) 11)	2,081,250.00	(5,131,074.84)	5,131,074.84	Non-trading equity instrument investments	significant influence could be exerted as it changed the equity accounting treatment to the equity method for long-term equity investment
Total	2,081,250.00	(5,131,074.84)	5,131,074.84		

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

13. Investment Properties

Investment properties with cost measurement model

RMB

Items	House and buildings	Land use rights	Total
I. Book value			
1. Opening and closing balance	27,486,623.54	7,525,892.36	35,012,515.90
II. Accumulated amortisation			
1. Opening balance	13,142,751.27	1,636,063.20	14,778,814.47
2. Amount increased in the current year	1,267,864.08	163,606.32	1,431,470.40
(1) Provided or amortised	1,267,864.08	163,606.32	1,431,470.40
3. Closing balance	14,410,615.35	1,799,669.52	16,210,284.87
III. Book value			
1. Closing book value	13,076,008.19	5,726,222.84	18,802,231.03
2. Opening book value	14,343,872.27	5,889,829.16	20,233,701.43

The ownership of houses and buildings and land use rights with a net value of RMB18,802,231.03 at the end of the current year (at the end of previous year: RMB20,233,701.43) was pledged for borrowings.

The investment properties held by the Group is listed in the balance sheet at the amount of the book value less accumulated amortisation 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 RMB61,950,000.00 (at the end of previous year: RMB66,974,400.00).

Fair value is recognised according to market method. Under the same market conditions, the market method compares the real estate to be evaluated with similar real estate transaction examples that have been traded in the recent period according to the principle of substitution, and adjusts the evaluation value of the real estate to be evaluated according to the known price of the latter and referring to the differences of the real estate transaction situation, transaction date, regional factors and individual factors.

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

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	1,295,252,919.67	3,474,993,261.25	66,665,814.28	45,410,931.98	4,882,322,927.18
2. Amount increased in the current year	974,762,414.86	2,489,307,703.12	39,812,991.71	8,287,806.98	3,512,170,916.67
(1) Purchase	1,540,330.51	42,978,763.70	30,903,313.67	5,651,442.65	81,073,850.53
(2) Transferred from construction in progress	973,222,084.35	2,446,328,939.42	8,909,678.04	2,636,364.33	3,431,097,066.14
3. Amount decreased in the current year	(13,307,809.91)	(177,535,564.96)	(1,060,568.59)	(1,070,462.44)	(192,974,405.90)
(1) Disposal or scrap	(449,467.00)	(48,002,104.17)	(1,060,568.59)	(1,070,462.44)	(50,582,602.20)

(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

Items	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 some equipment of certain subsidiaries of the Company, namely Zhejiang Jiafu and Zhejiang Flat. The Group has made full provision for impairment of related assets in accordance with the lower of the book value and the recoverable amount.

(3) At the beginning and the end of the year, no fixed asset was held under finance lease.

(4) At the beginning and the end of the year, no fixed asset was leased to others under operating leases.

(5) At the end of year, the Group had no fixed asset without property right certificate.

RMB

Item	Book value	Reasons for failing to complete the title certificate
Insulating glass workshop (north)	13,145,187.02	The title certificate is still in process
110KV transformer substation	7,535,215.02	The title certificate is still in process
Total	20,680,402.04	

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

15. Construction in progress

(1) Listed by category

RMB

Items	Closing balance	Opening balance
Construction in progress	**2,867,765,142.38**	1,914,760,672.93
Engineering materials	**199,442,725.12**	22,390,712.49
Total	**3,067,207,867.50**	1,937,151,385.42

At the end of the current year, the construction in progress with the net value of RMB149,449,877.89 (at the end of the last year: nil) was pledged for borrowings.

(2) Construction in progress

a. Construction in progress

RMB

Items	Closing balance		
	Book balance	Impairment provision	Net book amount
Annual output of 750,000 tons of PV cover glass project-phase II	**1,129,878,953.18**	–	**1,129,878,953.18**
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	**823,934,022.33**	–	**823,934,022.33**
Annual production of 1,200,000 tons of photovoltaic module cover glass project	**270,384,014.38**	–	**270,384,014.38**
Annual production of 750,000 tons of photovoltaic module cover glass project-phase III	**156,279,422.21**	–	**156,279,422.21**
PV phase II cold repair project	**142,197,037.81**	–	**142,197,037.81**
Annual production of 42 million square meters of PV backplane project	**75,478,773.23**	–	**75,478,773.23**
Nature gas direct supply project	**66,950,958.67**	–	**66,950,958.67**
110KV circuit and transformer substation construction project	**33,965,185.47**	–	**33,965,185.47**
Vietnam Flat PV glass production line	**33,569,328.04**	–	**33,569,328.04**
Vietnam Flat pier building project	**30,815,218.24**	–	**30,815,218.24**
PV phase I cold repair project	**30,544,592.60**	–	**30,544,592.60**
PV backplane glass with an annual production capacity of 28 million square meters project	**11,467,536.25**	–	**11,467,536.25**
Machinery and equipment to be installed and others	**62,300,099.97**	–	**62,300,099.97**
Total	**2,867,765,142.38**	–	**2,867,765,142.38**

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

15. Construction in progress (Continued)

(2) *Construction in progress (Continued)*

a. *Construction in progress (Continued)*

RMB

Items	Book balance	Opening balance Impairment provision	Net book amount
Vietnam Flat PV glass production line	1,332,893,350.87	–	1,332,893,350.87
Annual output of 750,000 tons of PV cover glass project	340,005,791.57	–	340,005,791.57
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
Float glass process phase II cold repair project	13,219,535.07	–	13,219,535.07
Cold repair of Jiafu (phase I) project	972,276.22	–	972,276.22
Machinery and equipment to be installed and others	38,789,438.38	–	38,789,438.38
Total	1,914,760,672.93	–	1,914,760,672.93

(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 year

RMB

Project name	Budget	Opening amount	Amount increased in the year	Transfer amount from fixed assets in the year	Transfer Amount into 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	Accumulated amount of interest capitalisation	Including: the amount of interest capitalisation in the year	Capitalisation rate of interest in the year (%)	Sources of funds
Annual output of 750,000 tons of PV cover glass project-phase II	1,405,235,500.00	-	1,383,642,219.95	-	253,763,266.77	-	1,129,878,953.18	98%	98%	-	-	-	Non-publicly raised funds
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	1,985,837,800.00	-	815,694,573.65	8,239,448.68	-	-	823,934,022.33	41%	41%	-	-	-	Self-funds/ convertible bonds
1,200,000 tons of photovoltaic module cover glass project	2,244,595,500.00	-	270,384,014.38	-	-	-	270,384,014.38	12%	12%	-	-	-	Self-funds
Annual production of 750,000 tons of photovoltaic module cover glass project-phase III	1,466,011,800.00	-	156,279,422.21	-	-	-	156,279,422.21	11%	11%	-	-	-	Self-funds
PV phase II cold repair project	191,000,000.00	715,596.34	130,642,959.68	10,838,481.79	-	-	142,197,037.81	74%	74%	-	-	-	Self-funds
Annual production of 42 million square meters of PV backplane project	470,427,500.00	35,997,355.15	131,486,103.15	-	91,651,608.09	353,076.98	75,478,773.23	36%	36%	-	-	-	Non-publicly raised funds
Shimenshan to Banqiao natural gas pipeline direct supply construction project of Anhui Flat	91,000,000.00	-	66,950,958.67	-	-	-	66,950,958.67	74%	74%	-	-	-	Self-funds
110KV circuit and transformer substation construction project	76,000,000.00	69,902.91	33,895,282.56	-	-	-	33,965,185.47	45%	45%	-	-	-	Self-funds
Vietnam Flat PV glass production line	1,500,000,000.00	1,332,893,350.87	63,794,210.95	-	1,363,118,233.78	-	33,569,328.04	93%	93%	106,199,446.37	11,441,807.59	2.69%	Self-funds/ Special borrowings
Vietnam Flat pier building project	280,742,415.00	-	144,622,297.90	-	113,807,079.66	-	30,815,218.24	52%	52%	-	-	-	Self-funds
PV phase I cold repair project	260,000,000.00	110,494,434.62	112,145,189.05	-	192,095,031.07	-	30,544,592.60	86%	86%	-	-	-	Self-funds
PV backplane glass with an annual production capacity of 28 million square meters project	120,000,000.00	16,633,740.64	88,006,929.68	-	93,173,134.07	-	11,467,536.25	87%	87%	-	-	-	Self-funds
Annual output of 750,000 tons of PV cover glass project	1,459,459,500.00	340,005,791.57	832,082,475.39	-	1,171,041,168.26	1,047,098.70	-	80%	80%	29,813,592.05	-	-	Convertible bonds

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.

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

15. Construction in progress (Continued)

(3) Engineering materials

RMB

Items	Closing balance	Opening balance
Specialised equipment	**93,343,324.42**	–
Refractory materials	**78,024,378.03**	–
Electric wire and cable	**6,730,582.58**	–
Steel and wire rod	**2,105,446.45**	–
Others	**19,238,993.64**	22,390,712.49
Total	**199,442,725.12**	22,390,712.49

16. Right-of-use Assets

RMB

Items	Land
I. Book value	
1. Opening balance	190,271,628.31
2. Amount increased in the current year	2,414,999.02
(1) Increased	2,414,999.02
3. Exchange differences on foreign currency financial statements translation	(1,584,558.31)
4. Closing balance	191,102,069.02
II. Accumulated depreciation	
1. Opening balance	16,466,602.05
2. Amount increased in the current period	4,727,421.43
(1) Provision	4,727,421.43
3. Exchange differences on foreign currency financial statements translation	(162,826.68)
4. Closing balance	21,031,196.80
III. Book value	
1. Closing balance of book value	170,070,872.22
2. Opening balance of book value	173,805,026.26

16. Right-of-use Assets (Continued)

Other notes:

The Group leased several lands 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 RMB14,561,324.81 (in the previous year: RMB10,620,628.36).

The total cash outflow related to leases for the year was RMB15,125,705.65 (in the previous year: RMB6,673,072.19)

17. Intangible Assets

RMB

Items	Land use right	Emission rights (Note 1)	Mining rights (Note 2)	Energy use rights (Note 3)	Software	Total
I. Book value						
1. Opening balance	469,457,768.42	30,427,822.04	232,964,000.00	–	7,595,886.72	740,445,477.18
2. Amount increased in the current year	–	21,030,984.00	–	144,731,091.46	–	165,762,075.46
3. Closing balance	469,457,768.42	51,458,806.04	232,964,000.00	144,731,091.46	7,595,886.72	906,207,552.64
II. Accumulated amortisation						
1. Opening balance	56,584,545.13	25,741,188.04	125,582,563.79	–	2,967,139.85	210,875,436.81
2. Amount increased in the current year	9,407,264.27	3,156,926.06	19,407,047.89	–	652,081.53	32,623,319.75
(1) Provision	9,407,264.27	3,156,926.06	19,407,047.89	–	652,081.53	32,623,319.75
3. Closing balance	65,991,809.40	28,898,114.10	144,989,611.68	–	3,619,221.38	243,498,756.56
III. Book value						
1. Closing balance of book value	403,465,959.02	22,560,691.94	87,974,388.32	144,731,091.46	3,976,665.34	662,708,796.08
2. Opening balance of book	412,873,223.29	4,686,634.00	107,381,436.21	–	4,628,746.87	529,570,040.37

At the end of the current year, the land use right with the net value of RMB324,758,897.07 (at the end of the last year: RMB175,597,445.12) was pledged for borrowings.

Note 1: Emission rights refer to payments made to Jiaxing Emissions Trading Center, for the right to emit exhausted gas and wastewater. The relevant emission rights costs are calculated based on the emissions obtained by the Group. The emission rights are amortised over the useful lives of the straight-line method.

Note 2: Mining exploitation rights refer to the right of the Group to mine a quartz ore mine located in Fengyang County, Anhui Province, China. Mining rights are amortised on a production basis.

Note 3: Energy use rights refer to the right of the Group to purchase the tradable energy consumption as a result of the increased energy demand of the project construction. As an intangible asset with an indefinite useful life, energy use rights are not amortised during the period of use.

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

18. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred income tax assets before offsetting

RMB

Items	Opening balance Deductible temporary difference	Opening balance Deferred income tax assets	Opening balance Deductible temporary difference	Opening balance Deferred income tax assets
Provision for asset impairment	**32,144,952.12**	**4,837,086.14**	64,161,454.49	9,640,751.87
Provision of credit impairment	**54,975,356.64**	**8,999,635.21**	81,303,434.19	13,376,610.46
Deferred revenue	**25,441,145.12**	**4,331,055.32**	33,039,484.74	5,295,812.37
Depreciation difference for fixed assets	**33,101,192.39**	**4,965,178.86**	29,585,538.31	4,437,830.75
Share payment	**16,200,234.30**	**2,430,035.15**	15,643,324.40	2,346,498.66
Changes in fair values of financing receivables	–	–	7,017,138.16	1,052,570.72
Sub-total	**161,862,880.57**	**25,562,990.68**	230,750,374.29	36,150,074.83

(2) Deferred tax liabilities before offsetting

RMB

Items	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	**12,518,486.60**	**1,877,772.99**	13,717,191.97	2,057,578.80
Accelerated depreciation of fixed assets	**765,840,684.05**	**114,876,102.61**	278,401,586.08	41,760,237.91
Trial production cost	**59,015,677.77**	**8,852,351.67**	66,635,003.81	9,995,250.57
Changes in fair values of derivative financial asset	**62,739.00**	**10,351.95**	1,445,666.57	361,416.64
Sub-total	**837,437,587.41**	**125,616,579.21**	360,199,448.43	54,174,483.92

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

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

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

RMB

	Closing balance		Opening balance	
Items	**Offset amount of deferred income tax assets and liabilities at the end of the period**	**Deferred income tax assets or liabilities after offsetting**	Offset amount of deferred income tax assets and liabilities at the end of the period	Deferred income tax assets or liabilities after offsetting
Deferred income tax assets	**21,400,325.38**	**4,162,665.30**	10,159,559.72	25,990,515.11
Deferred tax liabilities	**21,400,325.38**	**104,216,253.83**	10,159,559.72	44,014,924.20

(4) Deductible losses and other temporary difference of unrecognised deferred income tax asset Items:

RMB

Items	**Closing balance**	Opening balance
Deductible losses	**30,690,640.30**	78,222,599.22
Others	**2,616,384.57**	1,080,737.08
Total	**33,307,024.87**	79,303,336.30

Note: Due to the uncertainty of whether sufficient taxable income can be obtained in the future, the Group has not recognised it as a deferred income tax asset.

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

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

(5) The deductible losses of unrecognised deferred income tax assets will expire in the following years:

RMB

	Closing balance	Opening balance
2021	–	5,383,141.31
2022	–	2,253,828.56
2023	–	5,267,794.80
2024	–	11,498,471.76
2025	**19,674,875.82**	53,819,362.79
2026	**11,015,764.48**	–
Total	**30,690,640.30**	78,222,599.22

19. Other Non-current Assets

RMB

	Closing balance	Opening balance
Construction prepayment	**789,953,029.11**	603,014,147.21
Prepaid investment	**74,350,906.30**	–
Deposit for acquisition of land	**2,600,000.00**	–
Total	**866,903,935.41**	603,014,147.21

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

20. Short-term Borrowings

RMB

	Closing balance	Opening balance
Mortgaged borrowings (Note)	**1,513,906,500.00**	429,391,130.00
Bill discounting borrowings	**6,790,000.00**	1,000,000.00
Credit borrowings	**340,000,000.00**	187,010,905.00
Total	**1,860,696,500.00**	617,402,035.00

Note: For the types and amount of the asset of the mortgaged borrowings, please refer to the Notes (VI), 13, 14, 15 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 0.79% to 3.85% (last year: from 1.25% to 4.35%).

21. Bills Payables

RMB

	Closing balance	Opening balance
Bank acceptance bills	**1,036,982,577.72**	713,571,260.89
Total	**1,036,982,577.72**	713,571,260.89

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

22. Trade Payables

(1) *Listing of trade payables:*

RMB

	Closing balance	Opening balance
Trade payables	**1,322,155,502.11**	725,162,337.22
Construction costs payable	**984,754,614.54**	569,481,155.04
Total	**2,306,910,116.65**	1,294,643,492.26

(2) *Ageing analysis of trade payables according to the posting date:*

RMB

Items	Closing balance	Opening balance
Within 1 year	**2,246,793,540.75**	1,242,930,837.07
1–2 years	**45,993,642.28**	40,910,901.01
2–3 years	**6,354,473.19**	5,481,412.12
Over 3 years	**7,768,460.43**	5,320,342.06
Total	**2,306,910,116.65**	1,294,643,492.26

(3) *Significant trade payables with ageing over 1 year*

RMB

	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	**46,865,201.73**	Project retention has not yet expired and been repaid
Trade payables	**13,251,374.17**	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	**60,116,575.90**	

23. Contract Liabilities

Listing of contract liabilities:

RMB

	Closing balance	Opening balance
Advance payment from customers for goods	**352,681,717.14**	91,178,042.21

(1) The Group accounts for the advance payment from customers for goods based on goods sales contracts as contract liabilities, and the related contract liabilities are recognised as sales revenue when the control of the goods is transferred to the customer. The advance payment from customers for goods at the beginning of the year have all been recognised as revenue in the current year, and the contract liabilities at the end of the year are expected to be recognised as revenue in 2022.

24. Payroll Payable

(1) Listing of payroll payable

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	**Closing balance**
1. Short-term remuneration	48,121,004.94	457,073,254.86	438,903,606.75	**66,290,653.05**
2. Post-employment welfare − Defined contribution plan	817,948.84	31,603,603.57	31,192,502.85	**1,229,049.56**
Total	48,938,953.78	488,676,858.43	470,096,109.60	**67,519,702.61**

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

24. Payroll Payable (Continued)

(2) Listing of short-term remuneration

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	**Closing balance**
I. Wages or salaries, bonuses, allowances and subsidies	45,969,852.59	395,940,347.04	379,943,201.12	**61,966,998.51**
II. Staff welfare	–	24,541,903.65	24,587,443.65	**(45,540.00)**
III. Social insurance	772,267.18	17,696,455.65	17,704,258.97	**764,463.86**
Including: Medical insurance	657,200.81	15,928,823.14	15,733,370.06	**852,653.89**
Work-related injury insurance	76,407.50	1,269,525.01	1,470,762.36	**(124,829.85)**
Maternity insurance	38,658.87	498,107.50	500,126.55	**36,639.82**
IV. Housing funds	611,019.00	10,599,602.00	10,536,585.00	**674,036.00**
V. Labor education & union	767,866.17	8,294,946.52	6,132,118.01	**2,930,694.68**
Total	48,121,004.94	457,073,254.86	438,903,606.75	**66,290,653.05**

(3) Defined contribution plan

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	**Closing balance**
1. Basic pension insurance	789,608.54	30,418,326.30	30,013,420.75	**1,194,514.09**
2. Unemployment insurance	28,340.30	1,185,277.27	1,179,082.10	**34,535.47**
Total	817,948.84	31,603,603.57	31,192,502.85	**1,229,049.56**

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

26. Other Payables

Listing of items:

RMB

Item	Closing balance	Opening balance
Interest payable	**4,225,184.38**	2,856,171.00
Dividends payables	**791,200.00**	299,000.00
Other payables	**131,648,032.65**	97,660,344.00
Total	**136,664,417.03**	100,815,515.00

(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	**2,297,774.10**	1,547,587.53
Interest payable for short-term borrowings	**1,927,410.28**	647,870.68
Interest payable on convertible bonds	**–**	660,712.79
Total	**4,225,184.38**	2,856,171.00

(2) Dividends payables

RMB

Item	Closing balance	Opening balance
Dividends on ordinary shares	**791,200.00**	299,000.00
Total	**791,200.00**	299,000.00

26. Other Payables (Continued)

(3) Other payables

RMB

Classification	Closing balance	Opening balance
Warranty	**77,755,114.87**	42,285,711.92
Transportation premium	**15,828,272.51**	21,651,934.27
Restricted share incentive schemes (Note)	**32,096,200.00**	28,359,000.00
Others	**5,968,445.27**	5,363,697.81
Total	**131,648,032.65**	97,660,344.00

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 recognised 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.

27. Non-Current Liabilities Due Within One Year

RMB

	Closing balance	Opening balance
Long-term borrowings due within 1 year (Note (VI) 29)	**309,464,555.59**	160,819,952.95
Lease liabilities due within 1 year (Note (VI) 31)	**635,514.93**	–
Total	**310,100,070.52**	160,819,952.95

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

28. Other Current Liabilities

RMB

	Closing balance	Opening balance
Output-VAT pending for recognition	**44,277,908.91**	–
Total	**44,277,908.91**	–

29. Long-Term Borrowings

(1) Categories of long-term borrowings

RMB

	Closing balance	Opening balance
Pledged borrowings (Note 1)	**998,412,983.63**	1,161,760,623.96
Secured borrowings (Note 2)	**1,278,800,000.00**	374,071,211.06
Less: Pledged borrowings due within 1 year	**303,864,555.59**	146,810,250.00
Less: Secured borrowings due within 1 year	**5,600,000.00**	14,009,702.95
Total	**1,967,748,428.04**	1,375,011,882.07

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, 15 and 17.

29. Long-Term Borrowings (Continued)

(2) Profile of maturity dates of long-term borrowings:

RMB

Item	Closing balance	Opening balance
1 to 2 years	**870,148,428.04**	418,682,008.11
2 to 5 years	**1,097,600,000.00**	956,329,873.96
Total	**1,967,748,428.04**	1,375,011,882.07

(3) Other descriptions

The interest rate of the above borrowings was between 2.69% and 4.90% (previous year: between 2.69% and 4.90%).

30. Bonds Payables

(1) Bonds Payables

RMB

	Closing balance	Opening balance
Bonds Payables	–	236,681,991.63
Total	–	236,681,991.63

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

30. Bonds Payables (Continued)

(2) Changes in bonds payable

RMB

Name of bond	Issuing date	Term of the bond	Issue amount	Opening balance	Accrued interests at par value	Amortisation of premium/ discount	Conversion for the current year	Redemption for the current year	Closing balance
Flat convertible bond	2020-05-27	6 years	1,450,000,000.00	236,681,991.63	-	653,306.57	(235,105,956.20)	(2,229,342.00)	-

The above convertible corporate bonds issued have been split into the liability and equity components as follows:

RMB

Item	Liability component	Equity component
compo.841 85.039 -13 re388.346 5talQB		

30. Bonds Payables (Continued)

(3) Descriptions of issue, conversion term 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 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.

See "1. Company Overview" of "(I) Corporate Information" for details of descriptions of issue, conversion term and time of convertible corporate bonds.

31. Lease Liabilities

RMB

Classification	Closing balance	Opening balance
Lease liabilities	**11,515,218.22**	11,508,090.39
Less: Lease liabilities included in non-current liabilities due within one year (Note (VI) 27)	**635,514.93**	–
Net	**10,879,703.29**	11,508,090.39

32. Deferred Revenue

RMB

Classification	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grants	33,039,484.74	3,877,900.00	11,476,239.62	**25,441,145.12**
Total	33,039,484.74	3,877,900.00	11,476,239.62	**25,441,145.12**

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

32. Deferred Revenue (Continued)

Items involving government grants:

RMB

Item	Opening balance	Increased amount for the year	Decreased amount for the year	**Closing balance**	Asset-related/ revenue-related
Jiaxing City 2011 supported major investment item – TCO ultra-white conductive film project grant 1#Float Kiln	2,500,000.00	–	2,500,000.00	–	Asset-related
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	166,666.69	–	166,666.69	–	Asset-related
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	166,666.69	–	166,666.69	–	Asset-related
Jiaxing City 2009 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	1,666,666.63	–	1,666,666.63	–	Asset-related
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	333,333.10	–	200,000.04	**133,333.06**	Asset-related
Jiaxing City 2012 provincial energy-saving financial grant – 2 production lines of furnace flue gas waste heat Utilisation Phase II project with supporting construction of waste heat boilers and steam turbine generator sets	290,291.51	–	99,999.96	**190,291.55**	Asset-related
Annual production of 15 million square meters of solar photovoltaic ultra-white glass expansion project	924,778.46	–	500,000.04	**424,778.42**	Asset-related
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	183,495.38	–	99,999.96	**83,495.42**	Asset-related
TCO ultra-white conductive film project grant	2,010,862.91	–	1,407,079.68	**603,783.23**	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	1,450,494.81	–	500,000.04	**950,494.77**	Asset-related

32. Deferred Revenue (Continued)

RMB

Item	Opening balance	Increased amount for the year	Decreased amount for the year	**Closing balance**	Asset-related/ revenue-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	3,720,000.00	–	930,000.00	**2,790,000.00**	Asset-related
Glass melting furnace flue gas denitrification technology project grant	5,852,777.21	–	1,173,333.48	**4,679,443.73**	Asset-related
Jiaxing Finance Bureau 2011 glass melting furnace flue gas waste heat power generation project grant	1,109,999.80	–	369,999.96	**739,999.84**	Asset-related
The first phase of distributed PV related project construction grant	4,349,280.00	–	334,560.00	**4,014,720.00**	Asset-related
The second phase of distributed PV related project construction grant	1,227,330.63	–	93,215.04	**1,134,115.59**	Asset-related
Annual production of 5.8 million square meters LOW-E glass deep processing project	5,054,348.00	–	819,624.00	**4,234,724.00**	Asset-related
Annual production of 12 million square meters of high transparent photovoltaic glass project	2,032,492.92	–	348,427.44	**1,684,065.48**	Asset-related
Grant for backplane processing workshop with annual output of 28 million square meters	–	2,877,900.00	–	**2,877,900.00**	Asset-related
Subsidies for supporting the development of robot industry	–	1,000,000.00	99,999.97	**900,000.03**	Asset-related
Total	33,039,484.74	3,877,900.00	11,476,239.62	**25,441,145.12**	

33. Share Capital and Treasury Stock

Share capital

RMB

	Opening balance	Increase or decrease for the year		**Closing balance**
		New shares Issued (Note 1)	Conversion of convertible bonds (Note 2)	
Total share capital	510,312,197.00	21,311,286.75	5,099,829.75	**536,723,313.50**

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

33. Share Capital and Treasury Stock (Continued)

Treasury stock

RMB

Item	Opening balance	Increase for the year (Note 1)	Decrease for the year (Note 3)	**Closing balance**
Share-based payment	28,359,000.00	9,961,000.00	6,223,800.00	**32,096,200.00**
Total	28,359,000.00	9,961,000.00	6,223,800.00	**32,096,200.00**

Note 1： As 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. As of 7 January 2021, the Company has completed the non-public issuance of 84,545,147 A shares with par value of RMB0.25 at an issue price of RMB29.57 per share with the total amount of funds raised of RMB2,499,999,996.79. After issue cost of RMB16,918,053.10 (exclusive of VAT) was deducted from the total proceeds, the net proceeds were RMB2,483,081,943.69. After the completion of the above transaction, the share capital of the Company increased by RMB21,136,286.75, RMB2,461,945,656.94 was included in the capital reserve.

Pursuant to the Resolution in relation to the Reserved Grant of the Reserved Restricted A Shares to Participants on 25 May 2021, the Company granted 700,000 restricted A shares, with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. After the completion of the above transaction, the share capital increased by RMB175,000.00, the treasury stock increased by RMB9,961,000.00 and capital reserve increased by RMB9,786,000.00. For further details, please see (X) Share-based Payment.

Note 2: For details of conversion of convertible bonds, please see (I) Corporate Information 1. Company Overview.

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	2,819,180.00	49,401,670.49	–	–	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 (VI) 30, (VI) 33)	2,029,451,831.65	2,750,665,795.88	–	**4,780,117,627.53**
Other capital reserve (Note (X))	15,643,324.40	37,007,309.90	–	**52,650,634.30**
Total	2,045,095,156.05	2,787,673,105.78	–	**4,832,768,261.83**

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

36. Other Comprehensive Income

RMB

Item	Opening balance	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	Carry-forward to retained earnings	**Closing balance**
I. Other comprehensive income that will not be reclassified into profit or loss afterwards	(3,217,914.84)	(1,913,160.00)	–	(1,913,160.00)	–	5,131,074.84	**–**
– Changes in fair value of other equity instrument investments	(3,217,914.84)	(1,913,160.00)	–	(1,913,160.00)	–	5,131,074.84	**–**
II. Other comprehensive income that will be reclassified into profit or loss afterwards	(23,120,961.31)	15,507,780.59	–	15,507,780.59	–	–	**(7,613,180.72)**
– Exchange differences on foreign currency financial statements translation							

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

38. Surplus Reserve

RMB

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserve	220,705,199.31	47,656,457.44	–	**268,361,656.75**
Total	220,705,199.31	47,656,457.44	–	**268,361,656.75**

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. In accordance with Articles of Association of the Company, the statutory surplus reserve is withdrawn at 10% of the net profit, and it will not be withdrawn when the accumulated statutory surplus reserve of the Group reaches 50% of the registered capital.

39. Undistributed Profit

RMB

Item	Amount for the current year	Amount for the last year
Opening balance of the undistributed profit	**4,449,556,361.77**	2,974,971,417.75
Add: Net profit attributable to shareholders of the parent company in the current year	**2,119,919,326.43**	1,628,783,787.63
Less: Accrual of statutory surplus reserves	**47,656,457.44**	27,149,843.61
Ordinary dividends payable (Note 1)	**321,928,988.10**	127,049,000.00
Other comprehensive income carried forward to retained earnings	**(5,131,074.84)**	–
Closing balance of the undistributed profit (Note 2)	**6,194,759,167.82**	4,449,556,361.77

Note 1: As considered by the Company at the 37th Meeting of the 5th session of the Board held on 29 March 2021 and the 2020 annual meeting of the Board, and approved by the resolution of the 2020 Annual General Meeting held on 20 May 2021, the Company distributed cash dividend of RMB1.50 (tax included) to all shareholders of the Company for every 10 shares based on the total shares of 2,146,193,25 of the Company as at 28 February 2021. Based on these, a total of RMB321,928,988.10 of cash dividend (tax inclusive) were proposed to be distributed.

Note 2: The undistributed profit at the end of the year included the legal surplus reserve of RMB329,647,535.05 (31 December 2020: RMB235,479,088.29) accrued by the subsidiaries of the Company.

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

40. 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	**8,673,660,042.78**	**5,588,755,523.66**	6,222,273,153.93	3,598,050,291.29
Other business	**39,568,022.81**	**31,636,443.28**	38,144,638.33	2,813,794.05
Total	**8,713,228,065.59**	**5,620,391,966.94**	6,260,417,792.26	3,600,864,085.34

The Group recognised operating revenue at a point in time.

40. Operating Revenue and Operating Cost (Continued)

(2) Breakdowns of operating revenue

Breakdowns of operating revenue − By source of revenue:

RMB

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

40. Operating Revenue and Operating Cost (Continued)

(2) Breakdowns of operating revenue *(Continued)*

Breakdowns of operating revenue − By selling manner:

RMB

	Amount for the year				
Item	PV glass	Household glass	Architectural glass	Float glass	Mining product

41. Taxes and Surcharges

RMB

Item	Amount for the year	Amount for last year
Land use tax	**11,353,621.79**	17,128,580.99
Property tax	**9,266,792.11**	10,293,250.16
Urban construction tax	**5,952,549.14**	12,622,468.96
Education surcharge and local educational surcharges	**5,640,558.47**	10,654,543.54
Resource tax	**4,644,433.66**	4,464,846.05
Stamp duty	**4,442,864.71**	2,245,219.00
Environmental protection tax	**3,459,342.00**	1,656,773.40
Special fund for water conservancy construction	**2,701,160.34**	1,757,930.61
Others	**1,004,863.15**	260,076.09
Total	**48,466,185.37**	61,083,688.80

42. Selling Expenses

RMB

Item	Amount for the year	Amount for last year
Assembling frame charges	**59,489,953.06**	26,833,227.50
Employee compensation and welfare	**11,649,817.51**	10,563,544.00
Marketing expenses	**9,774,360.93**	6,021,170.99
Depreciation and amortisation	**11,213.68**	22,691.75
Others	**4,799,301.14**	4,191,444.94
Total	**85,724,646.32**	47,632,079.18

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

43. Administrative Expenses

RMB

Item	Amount for the year	Amount for last year
Employee remuneration and benefits	**91,090,302.97**	69,771,843.00
Equity settled share-based payment	**37,007,309.90**	15,643,324.40
Depreciation and amortisation	**22,579,512.85**	22,035,717.88
Intermediary agency service fee	**7,920,089.75**	8,881,925.13
Trademark registration fee	**7,384,671.46**	–
Green and environmental protection expenses	**6,959,694.27**	6,765,192.91
Labor costs	**5,774,476.94**	3,351,866.39
Rent expenses	**5,729,388.06**	3,384,980.10
Property insurance expense	**4,373,929.74**	808,980.81
Audit expense	**3,450,000.00**	3,000,000.00
Entertainment expenses	**3,557,332.01**	1,350,902.74
Decoration cost	**2,747,682.60**	12,187,614.24
Transportation expenses	**2,722,439.72**	2,479,975.45
Office expenses	**2,542,231.76**	4,656,885.24
Travelling expenses	**1,634,421.98**	3,657,963.25
Repair and maintenance fee	**378,353.58**	193,781.02
Others	**15,926,899.34**	14,178,079.87
Total	**221,778,736.93**	172,349,032.43

44. Research and Development Expenses

RMB

Item	Amount for the year	Amount for last year
Direct material costs	**283,584,997.75**	191,584,338.99
Employee remuneration and benefits	**81,098,407.27**	58,966,609.13
Depreciation and amortisation	**22,932,479.97**	21,574,545.93
Others	**20,801,576.36**	12,592,318.76
Total	**408,417,461.35**	284,717,812.81

45. Finance Expenses

RMB

Item	Amount for the year	Amount for last year
Interest expenses	**89,688,426.43**	79,709,512.46
Interest expense for lease liabilities	**563,988.33**	563,639.23
Less: Interest income	**37,314,406.92**	16,412,291.81
Handling fee	**3,151,737.26**	2,317,334.00
Exchange loss (gains)	**(3,571,301.86)**	75,350,498.30
Total	**52,518,443.24**	141,528,692.18

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

46. Other Revenues

RMB

Sources of other revenues	**Amount for the year**	Amount for last year
Funds of the Finance Bureau to support key projects	**20,000,000.00**	–
Deferred income amortisation (Note (VI) 32)	**11,476,239.62**	12,369,159.96
Distributed PV power generation project grant	**6,441,861.22**	7,815,127.04
Industry development grant	**5,184,800.00**	–
Special grant funds of Xiuzhou District of Jiaxing for industrial development	**4,470,500.00**	–
Government grants of Jiaxing Bureau of Science and Technology for construction of innovative enterprise and research institute	**4,000,000.00**	–
Funds from the treasury of Fengyang county for redemption of enterprise benefit policy	**1,794,200.00**	–
Funds for development of innovative province from the Department of Science and Technology of Anhui Province	**600,000.00**	–
Grant funds for technology-based enterprises to respond to the epidemic and promote high-quality development	**500,000.00**	–
The third batch of special municipal industrial and information development funds	**500,000.00**	–
Income from personal tax fee refunds	**336,666.23**	302,137.25
City-level business fund award and grant of Jiaxing	**300,000.00**	–
The second batch of special provincial funds for science and technology development	**200,000.00**	–
The first batch of grants for technology projects in Xiuzhou District, Jiaxing City	**200,000.00**	–
Foreign trade grants	**216,000.00**	–
Social insurance grants	**164,690.25**	4,981,662.84
Others	**1,946,862.94**	3,146.73
Total	**58,331,820.26**	25,471,233.82

47. Investment Income

RMB

Sources of investment income	Amount for the year	Amount for last year
1. Derivative tools without the specified hedging relationship	**12,355,831.70**	3,060,994.60
− Forward foreign exchange contract investment income	**12,355,831.70**	10,203,260.00
− Foreign exchange option contract investment losses	**–**	(238,800.00)
− Interest rate swap contract investment losses	**–**	(6,903,465.40)
2. Long term equity investment income measured at equity method	**5,558,487.56**	2,614,841.66
3. Investment income from financial assets held for trading during the holding period	**11,890,656.14**	–
4. Dividend income from investments in other equity instrument during the holding period	**2,081,250.00**	–
Total	**31,886,225.40**	5,675,836.26

48. Gains (Losses) from Changes in Fair Value

RMB

Sources of gains (losses) from changes in fair value	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship	**(1,382,927.57)**	1,245,626.59
− Losses arising from changes in fair value of interest rate swap contract	**–**	(379,492.22)
− Gains (losses) from changes in fair value of forward foreign exchange contracts	**(1,382,927.57)**	779,202.70
− Gains (losses) from changes in fair value of foreign exchange option contracts	**–**	845,916.11
Total	**(1,382,927.57)**	1,245,626.59

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

49. Credit Impairment Gains (Losses)

RMB

Item	Amount for the year	Amount for last year
Credit impairment gains (losses) on bills receivable	**(2,711,098.05)**	2,033,728.07
Credit impairment gains (losses) on trade receivables	**26,215,714.90**	(31,998,719.95)
Credit impairment gains on other receivables	**50,000.00**	50,000.00
Total	**23,554,616.85**	(29,914,991.88)

50. Asset Impairment Losses

RMB

Item	Amount for the year	Amount for last year
Inventory impairment losses	**(10,202,178.73)**	(3,118,136.33)
Impairment losses fixed assets	**–**	(68,665,333.44)
Total	**(10,202,178.73)**	(71,783,469.77)

51. Gains (Losses) on Disposal of Asset

RMB

Item	Amount for the year	Amount for last year
Gains (losses) on disposal of fixed assets	**3,599,005.34**	(18,018,346.26)

52. Non-Operating Income

RMB

Item	Amount for the year	Amount for last year
Government grants (Note (VI) 61)	**1,856,448.86**	9,060,785.16
Others	**818,334.09**	3,828,431.69
Total	**2,674,782.95**	12,889,216.85

53. Non-Operating Expenses

RMB

Item	Amount for the year	Amount for last year
Public welfare donations	**1,497,149.47**	3,371,547.10
Others	**2,679,778.03**	527,918.34
Total	**4,176,927.50**	3,899,465.44

54. Income Tax Expense

RMB

Item	Amount for the year	Amount for last year
Current period income tax expenses	**209,719,589.44**	294,112,587.56
Income taxes repaid (refunded) for the last year	**(30,400,482.15)**	451,854.67
Deferred income tax expenses	**80,976,608.72**	(49,440,188.17)
Total	**260,295,716.01**	245,124,254.06

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

54. Income Tax Expense (Continued)

Reconciliation between income tax expense and accounting profit is as follows:

RMB

	Amount for the year	Amount for last year
Total profits	**2,380,215,042.44**	1,873,908,041.69
Income tax expense calculated at tax rate of 15% (2020: 15%)	**357,032,256.35**	281,086,206.24
Effect of subsidiaries to adapt different tax rates	**14,861,900.00**	7,669,245.65
Effect of non-deductible costs, expenses and losses	**1,626,830.58**	4,646,051.43
Effects of non-taxable income	**(526,047.97)**	(392,226.25)
Repayment (refund) of the income tax for last period	**(50,40[illegible]**	[illegible]

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

55. Calculation of Basic Earnings Per Share and Diluted Earnings 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:

Unit: Share

	Amount for the year	Amount for last year
Number of ordinary shares outstanding at the beginning of the year	**2,041,248,788**	1,950,000,000
Add: Weighted number of ordinary shares of the year	**99,564,523**	7,220,732
Weighted number of outstanding ordinary shares at the end of the year	**2,140,813,311**	1,957,220,732

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 earning per share	**2,119,367,326.43**	1,628,484,787.63
Add: cash dividends distributed in the current year to the holders of restricted shares expected to be unlocked in the future	**552,000.00**	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	**2,119,919,326.43**	1,628,783,787.63

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

55. Calculation of Basic Earnings Per Share and Diluted Earnings Per Share (Continued)

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	**2,140,813,311**	1,957,220,732
Add: the impact on the weight number of the employee share incentive schemes of the Group	**2,237,749**	607,685
Add: the impact on the weight number of the convertible corporate bonds of the Group	**1,699,943**	55,526,548
Weighted number of ordinary shares outstanding as at the end of the year	**2,144,751,003**	2,013,354,965

56. 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
Government grant	**52,589,929.50**	22,162,859.02
Interest income	**37,314,406.92**	16,412,291.81
Operating margin	**300,000.00**	200,000.00
Others	**818,334.09**	3,828,431.69
Total	**91,022,670.51**	42,603,582.52

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

56. Notes to Items in the Cash Flow Statement (Continued)

(2) Other cash paid and related to operating activities

RMB

Item	Amount for the year	Amount for last year
Paid fees	**451,390,226.93**	493,990,965.42
Operating margin	**30,364,651.86**	20,063,749.14
Charitable donation expenses	**1,497,149.47**	3,371,547.10
Handling charge	**3,151,737.26**	2,317,334.00
Others	**3,097,066.26**	1,014,685.85
Total	**489,500,831.78**	520,758,281.51

(3) Other cash received and related to investment activities

RMB

Item	Amount for the year	Amount for last year
Recovery of restricted monetary funds such as bill deposit	**35,120,339.71**	100,233,187.12
Project margin	**44,790,414.87**	25,676,711.92
Total	**79,910,754.58**	125,909,899.04

(4) Other cash paid and related to investment activities

RMB

Item	Amount for the year	Amount for last year
Recovery of restricted monetary funds such as bill deposit	**25,153,621.47**	111,220,723.45
Cash paid for investment losses	**–**	7,198,465.40
Project margin	**9,521,011.92**	305,600.00
Total	**34,674,633.39**	118,724,788.85

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

56. Notes to Items in the Cash Flow Statement (Continued)

(5) Other cash received and related to fundraising activities

RMB

Item	**Amount for the year**	Amount for last year
Recovery of restricted monetary funds such as wealth management margin	**319,363,076.09**	255,660,791.32
Total	**319,363,076.09**	255,660,791.32

(6) Other cash paid and related to fundraising activities

RMB

Item	**Amount for the year**	Amount for last year
Payment of restricted monetary funds such as wealth management margin	**626,481,298.79**	554,536,065.30
Issuance fees of convertible corporate bonds	**1,325,756.98**	2,794,000.00
Total	**627,807,055.77**	557,330,065.30

57. Supplementary Information for Cash Flow Statement

(1) Supplementary information for 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	**2,119,919,326.43**	1,628,783,787.63
Add: Asset impairment provision	**10,202,178.73**	71,783,469.77
Credit impairment losses (gains)	**(23,554,616.85)**	29,914,991.88
Investment property amortisation	**1,431,470.40**	1,431,470.40
Depreciation of fixed assets	**505,130,872.45**	366,362,853.15
Depreciation of right-of-use assets	**4,727,421.43**	4,857,170.49
Amortisation of intangible assets	**32,623,319.75**	31,912,498.21
Amortisation of long-term fees	**2,242,629.01**	2,155,302.19
Losses (gains) for disposal of fixed assets, intangible assets other long-term assets	**(3,599,005.34)**	18,018,346.26
(Gains) losses on fair value change	**1,382,927.57**	(1,245,626.59)
Financial expenses	**82,581,084.39**	80,273,151.69
Investment gains	**(31,886,225.40)**	(5,675,836.26)
Decrease (increase) in deferred income tax assets	**20,775,279.09**	(6,479,355.16)
Increase (decrease) in deferred income tax liabilities	**60,201,329.63**	(42,960,833.01)
Increase (decrease) in inventory	**(1,807,276,520.35)**	1,106,324.17
Increase in operating receivables	**(1,306,723,760.35)**	(1,529,059,046.61)
Increase in operating payables	**883,021,094.30**	1,044,155,413.98
Deferred income amortisation	**(11,476,239.62)**	(12,369,159.96)
Increase in special reserve	**2,998,977.20**	2,559,073.07
Equity settled share-based payment	**37,007,309.90**	15,643,324.40
Net cash flow from operating activities	**579,728,852.37**	1,701,167,319.70
(2) Net changes in cash and cash equivalents		
Closing balance of cash	**2,101,730,679.46**	1,146,171,930.13
Less: Opening balance of cash	**1,146,171,930.13**	479,068,091.59
Net decrease in cash and cash equivalents	**955,558,749.33**	667,103,838.54

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

57. Supplementary Information for Cash Flow Statement (Continued)

(2) Component of cash and cash equivalents

RMB

Item	Closing balance	Opening balance
1. Cash	**2,101,730,679.46**	1,146,171,930.13
Including: Cash on hand	**37,595.74**	17,673.90
Blank deposit available for payment	**2,101,693,083.72**	1,146,154,256.23
Other monetary funds available for payment	**–**	–
2. Cash equivalents	**–**	–
Cash and cash equivalents at the end of the year	**2,101,730,679.46**	1,146,171,930.13

58. Assets with Restricted Ownership or Use Rights

RMB

Item	Book value at the end of the year	Reasons for restriction
Monetary funds	740,946,588.02	Bills deposits, etc.
Bills receivable	13,540,000.00	Pledged to bank to obtain credit facilities
Financing receivables	359,938,671.63	Pledged to bank to obtain credit facilities
Investment property	18,802,231.03	Pledged to bank to obtain credit facilities
Fixed assets	1,796,949,877.60	Pledged to bank to obtain credit facilities
Construction in progress	149,449,877.89	Pledged to bank to obtain credit facilities
Intangible assets	324,758,897.07	Pledged to bank to obtain credit facilities
Total	3,404,386,143.24	

59. Foreign Currency Monetary Items

Item	Closing balance		
	Foreign currency amounts	Translation exchange rate	RMB amounts
Cash at bank and on hand			
Including: USD	95,389,077.42	6.3757	608,172,140.93
EUR	4,037,722.48	7.2197	29,151,145.00
JPY	95,279,894.00	0.0554	5,279,935.33
AUD	291,665.98	4.6220	1,348,080.16
HKD	2,662,333.04	0.8176	2,176,723.49
GBP	3,954.74	8.6064	34,036.08
Total			646,162,060.99
Trade receivables			
Including: USD	40,969,623.56	6.3757	261,210,318.49
EUR	383,824.40	7.2197	2,771,097.02
AUD	79,053.30	4.6220	365,384.35
Total			264,346,799.86
Other receivables			
Including: HKD	3,970.00	0.8176	3,245.87
Total			3,245.87
Trade payables			
Including: USD	6,737,669.92	6.3757	42,957,362.10
EUR	190,480.13	7.2197	1,375,209.38
Total			44,332,571.48
Other payables			
Including: USD	94,510.49	6.3757	602,570.50
Total			602,570.50
Borrowings			
Including: USD	201,596,606.43	6.3757	1,285,319,483.63
Total			1,285,319,483.63

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

60. Government Grants

RMB

Item	Asset-related/ revenue-related	Listed items	Amount for the year
Funds of the Finance Bureau to support key projects	Revenue	Other revenues	20,000,000.00
Distributed PV power generation project grant	Revenue	Other revenues	6,441,861.22
Industry development grant	Revenue	Other revenues	5,184,800.00
Special grant funds of Xiuzhou District of Jiaxing for industrial development	Revenue	Other revenues	4,470,500.00
Government grants of Jiaxing Bureau of Science and Technology for construction of innovative enterprise and research institute	Revenue	Other revenues	4,000,000.00
Funds from the treasury of Fengyang county for redemption of enterprise benefit policy	Revenue	Other revenues	1,794,200.00
Funds for development of innovative province from the Department of Science and Technology of Anhui Province	Revenue	Other revenues	600,000.00
Grant funds for technology-based enterprises to respond to the epidemic and promote high-quality development	Revenue	Other revenues	500,000.00
The third batch of special municipal industrial and information development funds	Revenue	Other revenues	500,000.00
City-level business fund award and grant of Jiaxing	Revenue	Other revenues	300,000.00
The second batch of special provincial funds for science and technology development	Revenue	Other revenues	200,000.00
The first batch of grants for technology projects in Xiuzhou District, Jiaxing City	Revenue	Other revenues	200,000.00
Social insurance grant	Revenue	Other revenues	336,666.23
Income from personal tax fee refunds	Revenue	Other revenues	164,690.25
Foreign trade development funds	Revenue	Other revenues	216,000.00
Grant for backplane processing workshop with annual output of 28 million square meters	Asset	Deferred revenue	2,877,900.00
Subsidies for supporting the development of robot industry	Asset	Deferred revenue	1,000,000.00
Others	Revenue	Other revenues/ non-operating revenue	3,803,311.80
Total			52,589,929.50
Including: Government grants included into current period profit or loss			48,712,029.50

61. Operating Lease Arrangement

Revenue from operating leases for the year amounted to RMB7,164,439.12 (last year: RMB7,046,989.32). 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	**7,399,338.77**	7,164,439.12
2 years after the balance sheet date	**7,522,661.08**	7,399,338.77
3 years after the balance sheet date	**7,769,305.70**	7,522,661.08
4 years after the balance sheet date	**3,237,210.71**	7,769,305.70
5 years after the balance sheet date	**–**	3,237,210.71
Total	**25,928,516.26**	33,092,955.38

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(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 maximise 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 exposure to 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 principal activities of the Company and its domestic subsidiaries are denominated and settled in RMB. Subsidiaries of the Group within Vietnam mainly use VND for settlement and denomination. 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 2021, 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), 59) may impact the Group's operating results.

RMB

Item	Closing balance	Opening balance
Cash and cash equivalents	**646,162,060.99**	502,188,814.35
Trade receivables	**264,346,799.86**	367,959,079.17
Other receivables	**3,245.87**	3,341.31
Trade payables	**44,332,571.48**	46,575,584.58
Other payables	**602,570.50**	–
Borrowings	**1,285,319,483.63**	1,273,662,658.96

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 2021, the Group entered into contracts in relation to foreign currency assets equivalent to RMB2,869,065.00 (equivalent to USD450,000.00). For details, please refer to Notes (VI), 3.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives 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	Changes in the exchange rates	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	**(26,494,637.16)**	**(26,494,637.16)**	(32,343,331.71)	(32,343,331.71)
USD	Depreciation of 5% against RMB	**26,494,637.16**	**26,494,637.16**	32,343,331.71	32,343,331.71
EUR	Appreciation of 5% against RMB	**1,487,108.98**	**1,487,108.98**	1,100,985.94	1,100,985.94
EUR	Depreciation of 5% against RMB	**(1,487,108.98)**	**(1,487,108.98)**	(1,100,985.94)	(1,100,985.94)
JPY	Appreciation of 5% against RMB	**263,996.77**	**263,996.77**	308,733.61	308,733.61
JPY	Depreciation of 5% against RMB	**(263,996.77)**	**(263,996.77)**	(308,733.61)	(308,733.61)
HKD	Appreciation of 5% against RMB	**108,998.47**	**108,998.47**	7,219.38	7,219.38
HKD	Depreciation of 5% against RMB	**(108,998.47)**	**(108,998.47)**	(7,219.38)	(7,219.38)
GBP	Appreciation of 5% against RMB	**1,701.80**	**1,701.80**	1,775.90	1,775.90
GBP	Depreciation of 5% against RMB	**(1,701.80)**	**(1,701.80)**	(1,775.90)	(1,775.90)
AUD	Appreciation of 5% against RMB	**85,673.23**	**85,673.23**	95,153.87	95,153.87
AUD	Depreciation of 5% against RMB	**(85,673.23)**	**(85,673.23)**	(95,153.87)	(95,153.87)
Entities using VND as functional currency					
USD	Appreciation of 5% against VND	**3,519,789.32**	**3,519,789.32**	8,325,112.04	8,325,112.04
USD	Depreciation of 5% against VND	**(3,519,789.32)**	**(3,519,789.32)**	(8,325,112.04)	(8,325,112.04)
EUR	Appreciation of 5% against VND	**40,242.65**	**40,242.65**	–	–
EUR	Depreciation of 5% against VND	**(40,242.65)**	**(40,242.65)**	–	–

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.1 Market risk (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 2021, the Group's floating borrowings amounted to RMB3,442,726,983.63 (31 December 2020: RMB1,987,233,870.02) (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. When reporting interest rate risk to the management,

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.2 Credit risk

As at 31 December 2021, 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 held-for-trading financial assets (Note (VI), 2) and derivative financial assets that are not included in the scope of impairment assessment (Note (VI), 3), etc. As 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 2021, the Group's accounts receivable balance with the top five customers was RMB581,839,100.82 (31 December 2020: RMB1,097,833,934.72), accounting for 50.18% of the Group's account receivable balance (31 December 2020: 74.70%). In addition, the Group has no other significant credit risk exposure concentrated on a single financial asset or financial assets group with similar characteristics.

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.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.3 Liquidity risk (Continued)

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

Closing balance	Within three months	Three months to one year	One to two years	Two to five years	Over five years
Short-term borrowings	331,056,849.85	1,566,455,724.32	–	–	–
Bills payable	536,702,314.67	500,280,263.05	–	–	–
Trade payables	2,306,910,116.65	–	–	–	–
Other payables	136,664,417.03	–	–	–	–
Long-term borrowings	162,491,150.90	198,521,478.79	945,539,265.93	1,131,188,141.39	–
Lease liabilities	167,060.99	501,182.96	668,243.95	2,004,731.85	21,380,589.19
Total	3,473,991,910.09	2,265,758,649.12	946,207,509.88	1,133,192,873.24	21,380,589.19

2. Transfer of Financial Assets

At the end of the year, the Group endorsed bills receivable classified as financing receivables of RMB1,493,899,701.86 (At the end of last year: RMB706,981,322.62) to its suppliers to pay the accounts payable; discounted bills receivable of RMB154,836,626.87 (At the end of last year: RMB408,650,239.78) 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 derecognised 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 RMB662,916,166.12 (At the end of last year: RMB395,214,640.80) to its suppliers to pay the accounts payable, and discounted bills receivable of RMB6,790,000.00 (At the end of last year: RMB1,000,000.00) 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 recognise 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. Capital Management

The Group manages capital by optimising the structure of liabilities and shareholders' equity to ensure that entities within the Group maintain operations while maximising 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 maintain or adjust the capital structure, the Group may adjust dividends to shareholders or obtain additional capital from shareholders. The Group has not made any adjustments to the objectives, policies and processes of capital management.

(VIII) DISCLOSURE OF FAIR VALUE

1. Fair Value of the Closure Balance of Assets and Liabilities Measured at Fair Value

RMB

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Fair value as at 31 December 2021				
I. Continuous fair value				
(I) Trading financial assets				
(1) Bank wealth management products	–	–	200,000,000.00	200,000,000.00
(2) Derivative financial assets	–	62,739.00	–	62,739.00
(II) Financing receivables	–	–	531,196,547.78	531,196,547.78
(III) Other equity instruments	–	–	–	–
Total assets that continue to be measured at fair value	–	62,739.00	731,196,547.78	731,259,286.78
Fair value as at 31 December 2020				
I. Continuous fair value				
(I) Trading financial assets				
(1) Bank wealth management products	–	–	400,000,000.00	400,000,000.00
(2) Derivative financial assets	–	1,445,666.57	–	1,445,666.57
(II) Financing receivables	–	–	684,530,748.37	684,530,748.37
(III) Other equity instruments	53,970,165.00	–	–	53,970,165.00
Total assets that continue to be measured at fair value	53,970,165.00	1,445,666.57	1,084,530,748.37	1,139,946,579.94

(VIII) DISCLOSURE OF FAIR VALUE (Continued)

(VIII) DISCLOSURE OF FAIR VALUE (Continued)

4. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Third Level of Fair Value Measurement Items (Continued)

Continuous level-3 fair value measurement items, the reconciliation information between the book values at the beginning and the end of the period and the sensitivity analysis of unobservable parameters

				Total gains or losses for current year		Purchase, issuance, sales and settlement					Assets held at the end of the reporting period are included in profit or loss for the change of unrealized gains or losses for current year
Item	1 January 2021	Transferred into Level 3	Transferred out of Level 3	Included in profit or loss	Included in other comprehensive income	Purchase/ increase	Issuance	Sales	Settlement/ decrease	31 December 2021	
Trading financial assets – bank wealth management products	400,000,000.00	–	–	11,890,656.14	–	2,050,000,000.00	–	–	2,250,000,000.00	**200,000,000.00**	–
Financing receivables	684,530,748.37	–	–	–	4,089,399.26	4,590,077,775.73	–	–	4,747,501,375.58	**531,196,547.78**	–

5. 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 controlling 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 g(]sidiaries)]TJ/CS0 cs 1 1 Tf2.268 -2.6 Td(Please-2.6f0.025 Tc -0.025 Tw 8.5 0 0 8.5 546.6up-0

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transaction (Continued)

(2) Purchase of goods/accepting labor service

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
JiaXing Gas (Note (V) 2)	Purchase of raw materials	**193,794,231.09**	–
Kaihong Flat	Accepting labor service	**197,474,707.07**	106,860,521.43
Total		**391,268,938.16**	106,860,521.43

Note: Jiaxing Gas became an associate of the Group in June 2021. Therefore, the amount of related transactions during the statistical period represents the amount of tax-exclusive transactions that occurred after Jiaxing Gas became an associate of the Group.

(3) Related lease

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
Jiaxing Yihe Investment Co., Ltd.*	House lease	**7,760,530.68**	7,817,581.90
Fengyang Hongding Port Co., Ltd.*	Pier lease	**1,651,376.15**	1,651,376.16
Total		**9,411,906.83**	9,468,958.06

(4) Remuneration of key management personnel

RMB

Items	Amount for the year	Amount for last year
Remuneration of key management personnel	**7,708,872.89**	7,489,467.93

* *for identification purpose only*

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Amounts Due to/from Related Parties

RMB

Items	Related parties	Closing balance	Opening balance
Advance Payments	Jiaxing Gas	**2,343,468.83**	–
Other receivables	Jiaxing Yihe Investment Co., Ltd.*	**–**	2,000,000.00
Other current assets	Fengyang Hongding Port Co., Ltd.*	**412,844.04**	412,844.04
Trade payables	Kaihong Flat	**28,449,581.64**	33,784,993.00
Trade payables	Jiaxing Yihe Investment Co., Ltd.*	**173,342.70**	4,972.35
Total		**28,622,924.34**	33,789,965.35
Contract liabilities	Kaihong Flat	**25,604.55**	–

* *for identification purpose only*

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration

2021

RMB

Name	Remuneration	Salaries and other benefits (Note 1)	Bonus (Note 3)	Post-employment benefits (Note 2)	Total
Executive Directors					
Ruan Hongliang	–	975,864.14	116,381.00	30,006.30	1,122,251.44
Jiang Jinhua	–	751,289.18	94,711.00	–	846,000.18
Wei Yezhong	–	577,954.46	66,719.00	30,006.30	674,679.76
Shen Qifu	–	565,875.24	64,969.00	31,111.20	661,955.44
Independent non-executive Directors					
Cui Xiaozhong (Note)	41,666.66	–	–	–	41,666.66
Hua Fulan	100,000.00	–	–	–	100,000.00
Ng Ki Hung (Note)	41,666.66	–	–	–	41,666.66
Xu Pan (Note)	58,333.33	–	–	–	58,333.33
Ng Yau Kuen Carmen (Note)	58,333.33	–	–	–	58,333.33
Total	299,999.98	2,870,983.02	342,780.00	91,123.80	3,604,886.80

Note: Mr. Cui Xiaozhong and Mr. Ng Ki Hung, who are independent non-executive Directors of our Group, resigned during the Year. The Company appointed Mr. Xu Pan and Ms. Ng Yau Kuen Carmen as independent non-executive Directors of the Company.

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration (Continued)

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

Note 1: Other benefits include housing provident fund, medical insurance, work injury insurance, and maternity insurance borne by the Company.

Note 2: Post-employment benefits include endowment insurance and unemployment insurance undertaken by the Company.

Note 3: The bonus is determined based on the Director's performance.

(X) SHARE-BASED PAYMENTS

1. Details of share-based payments

(1) Restricted A Share Incentive Scheme

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 held on 29 June 2020, 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.

Authorised by the Company's 2019 annual general meeting, the first A share class meeting in 2020, and the first H share class meeting in 2020, the Company held the second meeting of the sixth session of the board of directors on 25 May 2021, in which the Resolution on the Reserved Grant of the Restricted A Shares To Participants was reviewed and approved. According to the resolution, the Company set the grant date on 25 May 2021 and granted 700,000 restricted A shares to 3 eligible participants, at the grant price of RMB14.23 per share. As of July 25, 2021, the Company has received a total of RMB9,961,000.00 of funds paid by 3 participants to subscribe for 700,000 RMB ordinary shares (A shares). The lock-up periods for the restricted shares are 12 months, 24 months, 36 months, 48 months, and 60 months from the date of completion of the first grant registration. For the restricted shares that have not been applied for unlocking or cannot be applied for unlocking due to failure to meet the unlocking conditions during the aforesaid unlocking periods, the Company will repurchase and cancel such restricted shares from relevant participants in accordance with the principles of the incentive scheme.

The Company held the sixth meeting of the sixth session of the board of directors and the fourth meeting of the sixth session of the board of supervisors on 9 August 2021 to review and approve the Resolution About the First Grant of the 2020 Restricted A Share Incentive Scheme for the First Part of the First Unlocking Period for the Achievement of Removing the Sales Restriction Conditions. According to the resolution, we lifted the sales restriction of the 920,000 restricted shares that met the conditions for lifting the restriction during the first lock-up period. The lifting of restrictions on sales has been authorised by the Company's 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020.

(X) SHARE-BASED PAYMENTS (Continued)

1. Details of share-based payments (Continued)

(2) Share Option Scheme

According to the Resolution About the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. (Draft) and Its Summary, Resolution on the Administrative Measures for the Implementation of the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. which were reviewed and approved by the seventh meeting of the sixth session of the board of directors and the fifth meeting of the sixth session of the board of supervisors held by the Company on 17 August 2021, the Resolution on the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. (Revised Draft) and Its Summary and Resolution on Flat Glass Group Co., Ltd. 2021 A Share Option Incentive Scheme (Revised Draft) which were reviewed and approved by the eighth meeting of the sixth session of the board of directors held on 12 October 2021 and the sixth meeting of the sixth session of the board of supervisors, the Resolution on the First Grant of 2021 A Share Options to Participant, which was reviewed and approved by the eleventh meeting of the sixth session of the board of directors held by the company on 19 November 2021 by authorisation of the Company's third extraordinary general meeting in 2021, the third A share class meeting in 2021 and the third H share class meeting in 2021, the first grant date was set on 19 November 2021 and 5,341,072 A share options were granted to 288 eligible participants, with exercise price RMB44.02 per share. During the share option registration process after the authorisation date was determined, 5 participants gave up the subscription due to personal reasons. The company actually granted a total of 5,245,472 A share options to 283 participants. The lock-up periods for the exercise periods of the first grant of share options are 12 months, 24 months, 36 months, 48 months, and 60 months from the date of first grant of partial share options. The share options not fulfilling the exercise conditions during the above lock-up periods shall not be exercised or deferred to the next exercise period, and the Company shall cancel the corresponding share options of the participants according to the terms stipulated in the incentive scheme. After the expiration of each exercise period of the share options, the relevant share options that have not been exercised by the participants shall be terminated, and the Company will cancel the share options.

Share

	Share option incentive scheme 2021	Restricted A Share Incentive Scheme for 2020
Total equity instruments outstanding at the beginning of the year	**–**	4,600,000
Total equity instruments granted for the current year	**5,245,472**	700,000
Total equity instruments unlocked for the current year	**–**	(920,000)
Total equity instruments outstanding at the end of the year	**5,245,472**	4,380,000
Exercise price in respect of equity instruments outstanding at the end of the year	**RMB44.02**	RMB7.29
Remaining contract terms in respect of equity instruments outstanding at the end of the year	**Approximately 4.9 years**	Approximately 3.6 years

(X) SHARE-BASED PAYMENTS (Continued)

2. Equity settled share-based payments

RMB

	Share option incentive scheme 2021	Restricted A Share Incentive Scheme for 2020
Method for determining the fair value as at the grant date	**Black-Scholes Model**	Open market quotation of the grant date
Basis for determining the number of equity instruments with exercisable rights	**When the optionee reaches the exercise period in the stock option scheme, and meets the appraisal conditions of the Company's results and personal performance, the corresponding equity instrument is the equity instrument of the exercisable right**	When the optionee reaches the exercise period in the stock option scheme, and meets the appraisal conditions of the Company's results and personal performance, the corresponding equity instrument is the equity instrument of the exercisable right
Reasons for significant differences of estimate between the current year and the previous period	**Nil**	Nil
Cumulative amount of equity settled share-based payment recognised into capital reserves	**1,157,593.91**	51,493,040.39
Total recognised fees of share-based payment settled in equity in the current year	**1,157,593.91**	35,849,715.99

(X) SHARE-BASED PAYMENTS (Continued)

2. Equity settled share-based payments (Continued)

Determination method of fair value of equity instruments: The fair value is determined using Black-Scholes Model. The related data as at the grant date entered to the model are as below:

	Share option incentive scheme 2021
Exercise price of share option	**RMB44.02/share**
Market price on the date of share grant	**RMB42.89/share**
Standard Deviation − Annualised Volatility	**14.73%−18.71%**
Risk free rate	**1.50%−2.75%**
Expected duration	**5 years**

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant Matters of Commitments

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	**4,966,230,139.24**	2,950,522,163.05
− Investment commitment	**3,343,947,640.64**	−

2. Contingencies

The Group does not have any significant contingencies that need to be disclosed.

(XII) EVENTS AFTER THE BALANCE SHEET DATE

The Company held the 15th meeting of the sixth session of the board of directors on 13 February 2022, during which reviewed and approved the Resolution on Regarding the Company's Acquisition of 100% Equity of Anhui Dahua Oriental Mining Co., Ltd.* held by Anhui Fengsha Mining Group Co., Ltd.* and 100% Equity Interests of Anhui San Li Mining Co., Ltd.*, according to which, to purchase 100% equity of Anhui Dahua Oriental Mining Co., Ltd.* and 100% equity interests of Anhui San Li Mining Co., Ltd.* by paying cash and undertaking liabilities, with a total transaction price of RMB3,343,947,640.64. On 1 March 2022, the Company has completed the corresponding industrial and commercial change registration procedures for the equity interests.

* *for identification purpose only*

(XIII) OTHER SIGNIFICANT MATTERS

1. Segment Report

According to the internal organisational 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
Segment operating revenue	7,121,636,842.98	380,740,715.26	711,402,297.80	393,531,134.45	66,349,052.29	39,568,022.81	-	8,713,228,065.59
Segment operating costs	4,579,444,886.08	263,786,516.43	476,516,168.05	240,679,289.44	28,328,663.66	31,636,443.28	-	5,620,391,966.94
Segment profit	2,542,191,956.90	116,954,198.83	234,886,129.75	152,851,845.01	38,020,388.63	7,931,579.53	-	3,092,836,098.65
Adjusted items								
Less: Taxes and surcharges								48,466,185.37
Selling expenses								85,724,646.32
Administrative expenses								221,778,736.93
Research and development expenses								408,417,461.35
Financial expenses								52,518,443.24
Including: Interest expense								90,252,414.76
Interest income								37,314,406.92
Add: Other income								58,331,820.26
Investment income								31,886,225.40
Including: Gains on investment in associates								5,558,487.56
losses from changes in fair value								(1,382,927.57)
Credit impairment gains								23,554,616.85
Asset impairment losses								(10,202,178.73)
Gain on disposal of assets								3,599,005.34
II. Operating profit								2,381,717,186.99
Add: Non-operating income								2,674,782.95
Less: Non-operating expenses								4,176,927.50
III. Total profit								2,380,215,042.44
Less: Income tax expense								260,295,716.01
IV. Net profit								2,119,919,326.43

(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	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	2,878,712,876.76	247,321,932.29	389,103,387.16	51,585,690.24	27,964,453.31	6,175,745.58	–	3,600,864,085.34
Segment profit	2,346,961,521.56	79,215,514.29	141,521,120.01	24,067,596.62	35,819,061.69	31,968,892.75	–	2,659,553,706.92
Adjusted items								
Less: Taxes and surcharges								61,083,688.80
Selling expenses								47,632,079.18
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
Gain (loss) 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)

(2) Income by geographical area

RMB

Items	Amount for the year	Amount for last year
PRC	**6,385,359,292.22**	4,451,797,460.85
Asia (excluding the PRC)	**1,766,009,573.61**	1,342,878,079.39
Europe	**177,799,234.97**	188,748,992.29
North America	**365,509,707.77**	253,658,246.74
Others	**18,550,257.02**	23,335,012.99
Total	**8,713,228,065.59**	6,260,417,792.26

(3) Non-current assets by location

RMB

Items (Note)	Closing balance	Opening balance
PRC	**9,449,517,950.10**	5,215,696,539.55
Vietnam	**1,730,934,059.49**	1,462,379,796.25
Total	**11,180,452,009.59**	6,678,076,335.80

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 customers

In 2021, the income from 3 customers for PV glass segment account for 8%, 13% and 18% (2020: 10%, 17% and 18%) of the Group's total revenue in 2021, respectively.

2. Net Profit for the Year Net of

RMB

Items	**Amount for the year**	Amount for last year
Employees' salaries (including directors' salaries)	**495,565,842.01**	338,567,264.66
Basic pension insurance	**30,418,326.30**	11,283,458.90
Total employees' salaries	**525,984,168.31**	349,850,723.56
Audit fee	**3,450,000.00**	3,000,000.00
Depreciation and amortisation (included in operating cost, selling expenses, administrative expenses and research and development expenses)	**546,155,713.04**	406,323,394.06
Leases	**14,561,324.81**	10,620,628.36
Inventory selling costs	**5,588,755,523.66**	3,337,631,519.91
Provision for impairment of inventories	**10,202,178.73**	3,210,721.16

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Items	Closing balance		
	Foreign currency amounts	Translation exchange rate	RMB amounts
Cash:			
RMB	–	–	**32,255.75**
Bank deposit:			
RMB	–	–	**205,786,794.26**
USD	**36,150,637.48**	**6.3757**	**230,485,619.40**
EUR	**983,638.10**	**7.2197**	**7,101,571.99**
AUD	**291,665.98**	**4.6220**	**1,348,080.16**
JPY	**3,276,413.00**	**0.0554**	**181,562.43**
HKD	**164,019.66**	**0.8176**	**134,102.47**
GBP	**3,954.74**	**8.6064**	**34,036.08**
Other currency capital:			
RMB	–	–	**147,991,081.51**
JPY	**12.00**	**0.0554**	**0.66**
Total			**593,095,104.71**

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Cash at Bank and on Hand (Continued)

RMB

Items	Opening balance: Foreign currency amounts	Opening balance: Translation exchange rate	RMB amounts
Cash:			
RMB	–	–	11,980.77
Bank deposit:			
RMB	–	–	102,324,946.27
USD	11,661,895.46	6.5249	76,092,701.70
EUR	1,026,990.45	8.0250	8,241,598.36
AUD	300,325.40	5.0163	1,506,522.30
JPY	3,282,649.00	0.0632	207,581.60
HKD	164,379.66	0.8416	138,348.50
GBP	3,995.13	8.8903	35,517.90
Other currency capital:			
RMB	–	–	111,008,362.82
USD	32.97	6.5249	215.13
JPY	12.00	0.0632	0.76
CHF	1.46	7.4006	10.80
Total			299,567,786.91

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 RMB147,991,082.17 (end of the previous year: RMB111,008,589.51), including bills deposits of RMB136,205,650.39 (end of the previous year: RMB109,324,619.40), financial instruments deposit RMB11,764,853.71 (end of the previous year: RMB1,683,970.11), and other deposit RMB20,578.07 (end of last year: RMB0.00).

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Bills Receivable

(1) Bills receivable listed by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	**368,185,749.63**	488,013,132.29
Commercial acceptance bills	**82,001,433.67**	492,464.18
Less: Provision for bad debt	**2,066,436.13**	–
Total	**448,120,747.17**	488,505,596.47

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

RMB

Items	Amounts pledged at the end of the year
Bank acceptance bills	**12,540,000.00**
Total	**12,540,000.00**

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Bills Receivable (Continued)

(3) Bills receivable that have been endorsed or discounted by the Company but not yet due at the balance sheet date

RMB

Items	**Not de-recognised at the end of the year**	Not de-recognised at the beginning of the year
Endorsed bank acceptance bills	**318,773,415.19**	339,317,437.10
Discounted bank acceptance bills	**6,790,000.00**	1,000,000.00
Total	**325,563,415.19**	340,317,437.10

The above bills receivable that have been endorsed or discounted but not yet due at the balance sheet date were not de-recognised.

(4) At the end of the year, the Group had no bills transferred to accounts receivable due to the drawer's non-performance.

(5) Disclosed by classification of bad debt provision method

RMB

	Closing balance				
	Book balance		Bad debt provision		
Classification	Amounts	Percentage (%)	Amounts	Accrual Percentage (%)	Book value
Bad debt provision by portfolio					
Including:					
Bank acceptance bills	368,185,749.63	81.79	–	–	368,185,749.63
Commercial acceptance bills	82,001,433.67	18.21	2,066,436.13	2.52	79,934,997.54
Total	450,187,183.30	100.00	2,066,436.13		448,120,747.17

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Bills Receivable (Continued)

(5) Disclosed by classification of bad debt provision method (Continued)

	Opening balance				
	Book balance		Bad debt provision		
Classification	Amounts	Percentage (%)	Amounts	Accrual percentage (%)	Book value
Bad debt provision 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

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	**368,185,749.63**	**–**	**–**	488,013,132.29	–	–
Normal	**82,001,433.67**	**2,066,436.13**	**2.52%**	492,464.18	–	–
Total	**450,187,183.30**	**2,066,436.13**		488,505,596.47	–	

The Company considers that the bank acceptance bills it holds have low credit risk arising from bank default, therefore, no provision of credit loss is made.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Bills Receivable (Continued)

(6) Bad debt provision

RMB

Classification	Opening balance	Changes in amount for the year			Closing balance
		Provided	Transferred	Written off	
Normal	–	2,066,436.13	–	–	**2,066,436.13**
Total	–	2,066,436.13	–	–	**2,066,436.13**

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

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

RMB

Credit risk rating	Closing balance				
	Within 1 year	1–2 years	2–3 years	Over 3 years	Total
Low risk					
ECL rate	–	–	–	–	
Trade receivables	163,791,056.47	–	–	–	163,791,056.47
ECL	–	–	–	–	–
Normal					
ECL rate	2.52%	2.52%	2.52%	2.52%	
Trade receivables	151,140,825.52	–	–	–	151,140,825.52
ECL	3,808,748.80	–	–	–	3,808,748.80
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	41,724,909.40	5,515,553.55	887,467.47	–	48,127,930.42
ECL	6,141,906.68	4,628,100.98	887,467.47	–	11,657,475.13
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	1,454,199.69	6,290,195.10	67,218.28	1,223,680.09	9,035,293.16
ECL	1,454,199.69	6,290,195.10	67,218.28	1,223,680.09	9,035,293.16
Total					
Book balance of Trade receivables	358,110,991.08	11,805,748.65	954,685.75	1,223,680.09	372,095,105.57
ECL	11,404,855.17	10,918,296.08	954,685.75	1,223,680.09	24,501,517.09
Book value of Trade receivables	346,706,135.91	887,452.57	–	–	347,593,588.48

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

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

RMB

Credit risk rating	Opening balance Within 1 year	1–2 years	2–3 years	Over 3 years	Total
Low risk					
ECL rate	–	–	–	–	
Trade receivables	30,551,291.18	–	–	–	30,551,291.18
ECL	–	–	–	–	–
Normal					
ECL rate	2.84%	2.84%	2.84%	2.84%	
Trade receivables	515,108,502.43	–	–	–	515,108,502.43
ECL	14,987,941.08	–	–	–	14,987,941.08
Concerned					
ECL 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
ECL	9,142,249.17	24,636,610.71	230,108.49	–	34,008,968.37
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	–	–	–	2,350,984.84	2,350,984.84
ECL	–	–	–	2,350,984.84	2,350,984.84
Total					
Book balance of Trade receivables	607,752,595.70	29,361,580.32	230,108.49	2,350,984.84	639,695,269.35
ECL	24,130,190.25	24,636,610.71	230,108.49	2,350,984.84	51,347,894.29
Book value of Trade receivables	583,622,405.45	4,724,969.61	–	–	588,347,375.06

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

(3) Changes in credit loss provision of trade receivables

RMB

	Lifetime ECL
Balance at 1 January 2021	51,347,894.29
Changes of the opening balance in the year:	-
Provision for the year (transferred)	(25,832,893.32)
Transfers out due to derecognised financial assets (including direct write-down)	(1,013,483.88)
Balance at 31 December 2021	24,501,517.09

(4) Receivables actually written off for the year

RMB

Items	Amount written off
Receivables actually written off	1,013,483.88

(5) Details of top five trade receivables with the closing balances classified by the borrowers:

At the end of the year, the top five trade receivables of the Company with the closing balances classified by the borrowers amounted to RMB209,629,403.13 (as at the end of the previous year: RMB438,808,698.68), accounting for 56.34% (as at the end of the previous year: 68.60%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB1,644,474.68 (as at the end of the previous year: RMB12,286,643.56).

(6) At the end of the year, the Company had no trade receivable derecognised due to the transfer of financial assets.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Financing receivables

RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**176,107,817.92**	633,026,500.88

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 2021, the Company 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 the possibility for significant loss due to bank default is low.

(1) Changes in fair value

RMB

Item	Closing balance	Opening balance
Cost	**176,717,732.97**	640,043,639.04
Fair value	**176,107,817.92**	633,026,500.88
Accumulated changes in fair value included in other comprehensive income	**(609,915.05)**	(7,017,138.16)

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

RMB

Item	Pledged amount at the end of the year
Financing receivables	**146,248,390.69**

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Financing receivables

(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	Amounts derecognised at the end of the year
Endorsed bank acceptance bills (Note)	**515,684,578.16**
Discounted bank acceptance bills (Note)	**154,836,626.87**
Total	**670,521,205.03**

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

5. Advance Payments

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

RMB

Ageing	Closing balance Amount	Closing balance Percentage (%)	Opening balance Amount	Opening balance Percentage (%)
Within 1 year	**110,986,161.48**	**97.53**	38,001,712.49	95.51
1–2 years	**1,594,923.23**	**1.40**	1,199,773.03	3.02
2–3 years	**1,016,474.00**	**0.89**	48,793.83	0.12
Over 3 years	**200,340.00**	**0.18**	537,207.97	1.35
Total	**113,797,898.71**	**100.00**	39,787,487.32	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 balances classified by the payees:

As at 31 December 2021 and 31 December 2020, the balances of top five advance payments were RMB57,774,830.79 and RMB25,989,587.42, respectively, representing 50.77% and 65.32% of the total balances of advance payments.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Other Receivables

RMB

Items	Closing balance	Opening balance
Dividend receivables	**800,000,000.00**	–
Other receivables	**1,037,334,934.64**	682,247,356.05
Total	**1,837,334,934.64**	682,247,356.05

(1) Disclosed by ageing

RMB

Ageing	Closing balance			Opening balance		
	Trade receivables	Bad debt provision	Accrual percentage (%)	Trade receivables	Bad debt provision	Accrual percentage (%)
Within 1 year	**1,021,341,607.11**	–	–	663,907,422.57	–	–
1–2 years	**50,910.00**	–	–	18,175,933.48	–	–
2–3 years	**15,798,417.53**	–	–	20,000.00	–	–
Over 3 years	**144,000.00**	–	–	194,000.00	50,000.00	25.77
Total	**1,037,334,934.64**	–	–	682,297,356.05	50,000.00	0.01

(2) Other receivables listed by classification by nature

RMB

Nature of other receivables	Closing book value	Opening book value
Amounts receivable from subsidiaries	**1,031,644,847.53**	679,687,500.51
Margin	**5,306,000.00**	2,121,000.00
Reserve fund	**40,000.00**	189,152.90
Deposit	**81,000.00**	30,000.00
Others	**263,087.11**	219,702.64
Total	**1,037,334,934.64**	682,247,356.05

6. Other Receivables (Continued)

(3) Impairment of other receivables

The Company calculates its ECL based on the comparison table of credit risk rating and default loss rate. The credit risk portfolio is divided into low risk, normal, concerned and loss.

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Inventories

(1) Inventories category

RMB

Items	Book balance	Closing balance Impairment provision	Book value
Raw materials	**146,987,967.10**	**–**	**146,987,967.10**
Low-valued consumables	**51,167,935.64**	**5,175,543.77**	**45,992,391.87**
Work in progress	**11,276,613.48**	**–**	**11,276,613.48**
Finished goods	**121,483,746.98**	**6,142,230.34**	**115,341,516.64**
Total	**330,916,263.20**	**11,317,774.11**	**319,598,489.09**

Items	Book balance	Opening 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

(2) Inventory impairment provision

RMB

Items	Opening balance	Amount increased in the year	Amount decreased in the year: Transferred	Amount decreased in the year: Resold	Closing balance
Finished goods	756,932.75	5,753,100.39	–	367,802.80	**6,142,230.34**
Low-valued consumables	4,093,734.58	3,986,296.05	–	2,904,486.86	**5,175,543.77**
Total	4,850,667.33	9,739,396.44	–		

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

8. Other Current Assets

RMB

Items	Closing balance	Opening balance
Deductible value added tax	**19,154,260.30**	–
Others	**1,326,113.78**	17,020.44
Total	**20,480,374.08**	17,020.44

9. Long-term Equity Investments

Details of long-term equity investments are as follows:

RMB

Invested unit	Accounting method	Opening balance	Changes during the year: Investments/ additional investments	Changes during the year: Investment gains recognised 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**	800,000,000.00
Shanghai Flat	Cost method	70,000,000.00	–	–	**70,000,000.00**	–
Anhui Flat Glass	Cost method	700,000,000.00	300,000,000.00	–	**1,000,000,000.00**	–
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**	–
Suqian Flat	Cost method	–	–	–	**–**	–
Nantong Flat	Cost method	–	–	–	**–**	–
Associates:						
Kaihong Flat	Equity method	3,414,841.66		3,506,986.46	**6,921,828.12**	–
Total		1,046,552,184.66	300,000,000.00	3,506,986.46	**1,350,059,171.12**	

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Fixed assets

(1) Fixed assets

RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	629,631,069.60	1,276,847,881.14	22,135,500.76	30,771,125.63	1,959,385,577.13
2. Amount increased in he year	12,261,403.63	437,142,541.54	14,621,246.62	3,056,066.29	467,081,258.08
(1) Purchase	3,060,836.09	39,686,790.21	13,136,795.61	2,683,486.28	58,567,908.19
(2) Transferred from construction in progress	9,200,567.54	397,455,751.33	1,484,451.01	372,580.01	408,513,349.89
3. Amount decreased in the year	(13,307,809.91)	(175,146,288.33)	(756,820.59)	(1,203,899.45)	(190,414,818.28)
(1) Disposal or scrap	(449,467.00)	(45,612,827.54)	(756,820.59)	(1,203,899.45)	(48,023,014.58)
(2) Transferred to construction in progress	(12,858,342.91)	(129,533,460.79)	–	–	(142,391,803.70)
4. Closing balance	628,584,663.32	1,538,844,134.35	35,999,926.79	32,623,292.47	2,236,052,016.93
II. Accumulated depreciation					
1. Opening balance	236,197,067.13	608,780,470.81	17,171,242.02	26,948,132.58	889,096,912.54
2. Amount increased in the year	29,612,713.75	145,715,781.05	2,949,468.81	1,869,488.53	180,147,452.14
(1) Provision	29,612,713.75	145,715,781.05	2,949,468.81	1,869,488.53	180,147,452.14
3. Amount decreased in the year	(4,803,479.20)	(121,180,333.86)	(718,979.54)	(1,137,341.86)	(127,840,134.46)
(1) Disposal or scrap	(184,584.97)	(29,719,163.57)	(718,979.54)	(1,137,341.86)	(31,760,069.94)
(2) Transferred to construction in progress	(4,618,894.23)	(91,461,170.29)	–	–	(96,080,064.52)
4. Closing balance	261,006,301.68	633,315,918.00	19,401,731.29	27,680,279.25	941,404,230.22
III. Impairment provision					
1. Opening balance	–	53,195,347.95	275,923.26	84,957.55	53,556,228.76
2. Amount increased in the year	–	–	–	–	–
(1) Provision	–	–	–	–	–
3. Amount decreased in the year	–	(38,917,973.77)	–	(8,928.66)	(38,926,902.43)
(1) Disposal or scrap	–	(11,684,165.06)	–	(8,928.66)	(11,693,093.72)
(2) Transferred to construction in progress	–	(27,233,808.71)	–	–	(27,233,808.71)
4. Closing balance	–	14,277,374.18	275,923.26	76,028.89	14,629,326.33
IV. Book value					
1. Closing balance of book value	367,578,361.64	891,250,842.17	16,322,272.24	4,866,984.33	1,280,018,460.38
2. Opening balance of book value	393,434,002.47	614,872,062.38	4,688,335.48	3,738,035.50	1,016,732,435.83

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Fixed assets (Continued)

***(1) Fixed assets** (Continued)*

At the end of the year, the fixed assets with a book value of RMB209,172,994.32 (at the end of last year: RMB186,124,226.73) were used as collateral for borrowings.

See Note (XIV) 15 and 22 for short-term and long-term borrowings.

(2) At the end of year, the Company had no temporarily idle fixed assets.

(3) At the end of year, the Company had no fixed assets without property right certificate.

RMB

Item	Book value	Reasons for failing to complete the title certificate
Insulating glass workshop (north)	13,145,187.02	The title certificate is still in process
110KV transformer substations	7,535,215.02	The title certificate is still in process
Total	20,680,402.04	

11. Construction in Progress

(1) Listed by category

RMB

Items	Closing balance	Opening balance
Construction in progress	**1,206,986,298.56**	276,283,585.56
Engineering materials	**102,150,515.95**	17,005,201.88
Total	**1,309,136,814.51**	293,288,787.44

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Construction in Progress (Continued)

(2) Construction in progress

RMB

Items	Book balance	Closing balance Impairment provision	Net book amount
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	**823,934,022.33**	**–**	**823,934,022.33**
PV phase II cold repair project	**142,197,037.81**	**–**	**142,197,037.81**
Annual production of 42 million square meters of PV backplane project	**75,478,773.23**	**–**	**75,478,773.23**
PV phase I cold repair project	**30,544,592.60**	**–**	**30,544,592.60**
Self-manufactured equipment (Annual output of 750,000 tons of PV cover glass phase II project)	**87,034,964.32**	**–**	**87,034,964.32**
Self-manufactured equipment (Vietnam Flat PV glass production line)	**16,624,082.63**	**–**	**16,624,082.63**
Equipment to be installed and others	**31,172,825.64**	**–**	**31,172,825.64**
Total	**1,206,986,298.56**	**–**	**1,206,986,298.56**

RMB

Items	Book balance	Opening 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
Float glass process phase II cold repair project	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

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Construction in Progress (Continued)

(3) Changes in major construction projects in progress in the year

RMB

Project name	Budget	Opening amount	Amount increased 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	Accumulated amount of interest capitalisation	Including: the amount of interest capitalisation in the year	Capitalisation rate of interest in the year (%)	Sources of funds
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	1,985,837,800.00	–	815,694,573.65	8,239,448.68	–	–	823,934,022.33	41%	41%	–	–	–	Self-funds, convertible bonds
PV phase II cold repair project	191,000,000.00	715,596.34	130,642,959.68	10,838,481.79	–	–	142,197,037.81	74%	74%	–	–	–	Self-funds
Annual production of 42 million square meters of PV backplane project	470,427,500.00	35,997,355.15	131,486,103.15	–	91,651,608.09	353,076.98	75,478,773.23	36%	36%	–	–	–	non-public raised funds
PV phase I cold repair project	260,000,000.00	110,494,434.62	112,145,189.05	–	192,095,031.07	–	30,544,592.60	86%	86%	–	–	–	Self-funds

(4) The Company did not note any indicators of impairment; therefore there is no provision for impairment losses for construction in progress.

12. Intangible Assets

RMB

Items	Land use rights	Emission rights	Software	Energy use rights	Total
I. Original carrying amount					
1. Opening balance	266,519,817.32	22,998,452.04	7,595,886.72	–	297,114,156.08
2. Amount increased in the year	–	19,328,068.00	–	144,731,091.46	164,059,159.46
3. Closing balance	266,519,817.32	42,326,520.04	7,595,886.72	144,731,091.46	461,173,315.54
II. Accumulated amortisation					
1. Opening balance	37,176,342.37	19,893,177.45	2,967,139.85	–	60,036,659.67
2. Amount increased in the year	5,345,891.23	2,852,542.13	652,081.53	–	8,850,514.89
(1) Provision	5,345,891.23	2,852,542.13	652,081.53	–	8,850,514.89
3. Closing balance	42,522,233.60	22,745,719.58	3,619,221.38	–	68,887,174.56
III. Book value					
1. Closing balance of book value	223,997,583.72	19,580,800.46	3,976,665.34	144,731,091.46	392,286,140.98
2. Opening balance of book value	229,343,474.95	3,105,274.59	4,628,746.87	–	237,077,496.41

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

13. Deferred income tax assets

(1) Deferred income tax assets before offsetting

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	**Deferred income tax assets**	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	**25,947,100.44**	**3,892,065.07**	58,406,896.09	8,761,034.41
Provision for Credit losses	**26,567,953.21**	**3,985,192.98**	51,397,894.29	7,709,684.14
Deferred revenue	**13,423,678.16**	**2,013,551.72**	23,487,048.57	3,523,057.29
Depreciation difference for fixed assets	**33,101,192.39**	**4,965,178.86**	29,585,538.31	4,437,830.75
Share-based payments	**16,200,234.30**	**2,430,035.15**	15,643,324.40	2,346,498.66
Gain/loss from changes in fair value	–	–	7,017,138.16	1,052,570.72
Subtotal	**115,240,158.50**	**17,286,023.78**	185,537,839.82	27,830,675.97

(2) Deferred tax liabilities before offsetting

RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	**Deferred income tax liabilities**	Taxable temporary differences	Deferred income tax liabilities
Property revaluation arising from conversion to a joint stock company	**12,518,486.60**	**1,877,772.99**	13,717,191.97	2,057,578.80
Accelerated depreciation of fixed assets	**159,774,055.34**	**23,966,108.30**	23,944,128.39	3,591,619.26
Subtotal	**172,292,541.94**	**25,843,881.29**	37,661,320.36	5,649,198.06

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

13. Deferred income tax assets (Continued)

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

RMB

Items	Closing balance		Opening balance	
	Offset amount of deferred income tax assets and liabilities at the end of the year	**Closing balance of deferred income tax assets or liabilities after offsetting**	Offset amount of deferred income tax assets and liabilities at the end of the year	Closing balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	**17,286,023.78**	**–**	5,649,198.06	22,181,477.91
Deferred income tax liabilities	**17,286,023.78**	**8,557,857.51**	5,649,198.06	–

14. Other Non-current Assets

RMB

	Closing balance	Opening balance
Current accounts of subsidiaries (Note)	**4,251,050,891.03**	2,046,622,573.69
Construction prepayment	**371,121,058.88**	114,884,662.18
Total	**4,622,171,949.91**	2,161,507,235.87

Note: The current accounts of subsidiaries were lent by the Company to its subsidiaries Anhui Flat Glass, Zhejiang Jiafu and Flat Import and Export Trade.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

15. Short-term Borrowings

RMB

Classification	Closing balance	Opening balance
Mortgaged borrowings (Note 1)	**720,757,000.00**	50,000,000.00
Guaranteed and mortgaged borrowings (Note 1 and Note 2)	**344,392,500.00**	89,391,130.00
Bill discounting borrowings	**6,790,000.00**	1,000,000.00
Credit borrowings	**190,000,000.00**	–
Total	**1,261,939,500.00**	140,391,130.00

Note 1: For the classification and amount of the asset of the secured borrowings, please refer to the Note (XIV) 10 and 12.

Note 2: At the end of the year, bank loans of RMB344,392,500.00 (at the end of last year: RMB89,391,130.00) 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 0.79% to 3.85% (in last year: 1.27% to 4.35%).

16. Bills Payables

RMB

Classification	Closing balance	Opening balance
Bank acceptance bills	**357,046,846.40**	–
Commercial acceptance bills	**200,000,000.00**	–
Total	**557,046,846.40**	–

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

17. Trade Payables

(1) Listing of trade payables:

RMB

Classification	Closing balance	Opening balance
Trade payables	**340,017,710.15**	513,393,391.72
Construction costs payable	**534,166,043.44**	90,880,829.95
Total	**874,183,753.59**	604,274,221.67

(2) Ageing analysis of trade payable based on the posting date:

RMB

Items	Closing balance	Opening balance
Within 1 year	**854,516,283.85**	592,761,052.68
1–2 years	**13,540,369.51**	8,334,186.04
2–3 years	**3,511,932.83**	1,756,793.18
Over 3 years	**2,615,167.40**	1,422,189.77
Total	**874,183,753.59**	604,274,221.67

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

17. Trade Payables (Continued)

(2) Ageing analysis of trade payable based on the posting date: *(Continued)*

Significant trade payables with ageing over 1 year:

RMB

	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	**10,681,133.81**	Project warranty has not yet expired and been repaid
Trade payables	**8,986,335.93**	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	**19,667,469.74**	

18. Contract Liabilities

(1) Listing of contract liabilities:

RMB

Classification	**Closing balance**	Opening balance
Goods payment	**172,956,634.95**	58,126,632.90
Total	**172,956,634.95**	58,126,632.90

The Group recognised the receipts in advance collected on a basis of commodity sales contract as contract liabilities, and relevant contract liabilities were recognised as sales income when the control over the goods were transferred to the customers. The advance goods payment received at the beginning of the year have all been recognised as revenue in current year, and the contract liabilities at the end of the year are expected to be recognised as revenue in 2022.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

19. Payroll Payable

(1) Listing of payroll payable

RMB

Items	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
1. Short-term remuneration	24,862,907.62	184,257,604.64	181,305,248.26	**27,815,264.00**
2. Post-employment welfare				
− Defined contribution plan	821,868.70	11,081,910.39	10,840,541.31	**1,063,237.78**
Total	25,684,776.32	195,339,515.03	192,145,789.57	**28,878,501.78**

(2) Listing of short-term remuneration

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	23,790,727.51	154,858,550.49	154,878,545.21	**23,770,732.79**
II. Staff welfare	−	13,339,042.13	13,339,042.13	**−**
III. Social insurance	586,831.88	7,427,908.44	7,306,216.29	**708,524.03**
Including: Medical insurance	482,067.47	6,494,649.42	6,353,935.39	**622,781.50**
Work-related injury insurance	76,407.50	551,215.20	578,519.99	**49,102.71**
Maternity insurance	28,356.91	382,043.82	373,760.91	**36,639.82**
IV. Housing funds	462,676.00	5,529,296.00	5,477,191.00	**514,781.00**
V. Education funds & Labor union	22,672.23	3,102,807.58	304,253.63	**2,821,226.18**
Total	24,862,907.62	184,257,604.64	181,305,248.26	**27,815,264.00**

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

19. Payroll Payable

(3) Listing of defined contribution plan

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
1. Basic pension insurance	793,528.40	10,699,758.44	10,466,718.22	**1,026,568.62**
2. Unemployment insurance	28,340.30	382,151.95	373,823.09	**36,669.16**
Total	821,868.70	11,081,910.39	10,840,541.31	**1,063,237.78**

The Company participates in pension insurance and unemployment insurance schemes established by government agencies as required. According to these schemes, the Company 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.

The Company should pay a total of RMB10,699,758.44 and RMB382,151.95 to the pension insurance and unemployment insurance schemes (2020: RMB8,198,598.24 and RMB292,807.09) respectively. At the end of the year, the Company still had RMB1,026,568.62 and RMB36,669.16 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.

20. Taxes Payable

RMB

Classification	Closing balance	Opening balance
Enterprise income tax	**8,319,895.99**	44,828,004.12
VAT	**–**	6,669,513.52
Land use tax	**4,908,985.16**	4,908,985.20
Property tax	**3,416,657.31**	4,232,066.31
City maintenance and construction tax	**1,760.39**	1,229,344.57
Educational surtax and local educational surtax	**1,257.42**	878,103.26
Individual income tax	**426,993.05**	1,107,103.23
Others	**700,042.08**	356,066.02
Total	**17,775,591.40**	64,209,186.23

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

21. Other Payables

Listed by category:

RMB

Items	Closing balance	Opening balance
Interest payable	**2,551,415.40**	976,742.73
Dividend payable	**791,200.00**	299,000.00
Other payables	**562,484,515.91**	1,646,116,961.55
Total	**565,827,131.31**	1,647,392,704.28

(1) Interest payable

RMB

Items	Closing balance	Opening balance

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

21. Other Payables (Continued)

(2) Interest payable

RMB

Items	Closing balance	Opening balance
Dividend for ordinary shares	**791,200.00**	299,000.00
Total	**791,200.00**	299,000.00

(3) Other payables

RMB

Classification	Closing balance	Opening balance
Payable to subsidiaries	**512,241,003.27**	1,592,424,323.57
Restricted share incentive scheme (Note)	**32,096,200.00**	28,359,000.00
Warranty	**11,338,100.00**	15,465,711.92
Transportation premium	**4,192,122.86**	7,757,693.22
Others	**2,617,089.78**	2,110,232.84
Total	**562,484,515.91**	1,646,116,961.55

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 recognised 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.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

22. Long-Term Borrowings

(1) Categories of long-term borrowings

RMB

	Closing balance	Opening balance
Pledged borrowings (Note)	**100,000,000.00**	235,000,000.00
Secured and mortgaged borrowings	**690,000,000.00**	–
Less: Pledged borrowings due within one year	**1,000,000.00**	–
Less: Secured and mortgaged borrowings due within one year	**2,200,000.00**	–
Total	**786,800,000.00**	235,000,000.00

Note: For the types and amounts of secured assets of secured loans, please refer to the Notes (XIV), 10 and 12.

(2) Profile of maturity dates of long-term borrowings:

RMB

Items	Closing balance	Opening balance
1 to 2 years	**173,200,000.00**	–
2 to 5 years	**613,600,000.00**	235,000,000.00
Total	**786,800,000.00**	235,000,000.00

(3) Other descriptions

The interest rate of the above borrowings was between 3.70% and 4.35%.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Deferred Revenue

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
Government grants	23,487,048.57	–	10,063,370.41	**13,423,678.16**
Total	23,487,048.57	–	10,063,370.41	**13,423,678.16**

Projects of government grants:

RMB

Projects	Opening balance	Amount increased in the year	Amount included in other income in the year	Closing balance	Related to assets/related to revenue
Jiaxing City 2011 supported major investment item – TCO ultra-white conductive film project grant 1#Float Kiln	2,500,000.00	–	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	166,666.69	–	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	166,666.69	–	166,666.69	–	Related to assets
Jiaxing City 2009 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	1,666,666.63	–	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	333,333.10	–	200,000.04	**133,333.06**	Related to assets

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Deferred Revenue (Continued)

Projects	Opening balance	Amount increased in the year	Amount included in other income in the year	Closing balance	Related to assets/related to revenue
Jiaxing City 2012 provincial energy-saving financial grant – 2 production lines of furnace flue gas waste heat Utilisation Phase II project with supporting construction of waste heat boilers and steam turbine generator sets	290,291.51	–	99,999.96	**190,291.55**	Related to assets
Annual production of 15 million square meters of solar photovoltaic ultra-white glass expansion project	924,778.46	–	500,000.04	**424,778.42**	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	183,495.38	–	99,999.96	**83,495.42**	Related to assets
TCO ultra-white conductive film project grant	2,010,862.91	–	1,407,079.68	**603,783.23**	Related to assets
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	1,450,494.81	–	500,000.04	**950,494.77**	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	3,720,000.00	–	930,000.00	**2,790,000.00**	Related to assets
Glass melting furnace flue gas denitrification technology project grant	5,019,444.39	–	1,006,666.68	**4,012,777.71**	Related to assets
Annual production of 5.8 million square meters LOWE glass deep processing project	5,054,348.00	–	819,624.00	**4,234,724.00**	Related to assets
Total	23,487,048.57	–	10,063,370.41	**13,423,678.16**	

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

24. Other Comprehensive Income

RMB

Items	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	(5,964,567.44)	5,354,652.39	–	5,354,652.39	–	**(609,915.05)**
– Changes in fair value of financing receivables	(5,964,567.44)	5,354,652.39	–	5,354,652.39	–	**(609,915.05)**
Total	(5,964,567.44)	5,354,652.39	–	5,354,652.39	–	**(609,915.05)**

25. Undistributed Profit

RMB

Items	Amount for the year	Amount for last year
Undistributed profit at the beginning of the year	**1,862,201,037.65**	1,744,901,445.14
Add: Net profit	**1,401,607,683.56**	271,498,436.12
Less: Accrual of statutory surplus reserves (Note VI 38)	**47,656,457.44**	27,149,843.61
Dividend payable on ordinary shares	**321,928,988.10**	127,049,000.00
Undistributed profit at the end of the year	**2,894,223,275.67**	1,862,201,037.65

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

26. Operating Revenue and Operating Cost

(1) *Operating revenue and operating cost*

RMB

Items	Amount for the year		Amount for last year	
	Revenue	Cost	Revenue	Cost
Main business	**3,628,037,640.97**	**2,784,179,685.25**	4,258,627,637.07	3,553,231,507.86
Other business	**612,777,468.03**	**459,067,448.84**	294,856,428.36	229,057,879.76
Total	**4,240,815,109.00**	**3,243,247,134.09**	4,553,484,065.43	3,782,289,387.62

The Company's operating revenue is recognised at a certain point in time.

(2) *Disaggregation of operating income*

Disaggregation of operating income – source of revenue:

RMB

Items	Amount for the year					
	PV glass	Household glass	Architectural glass	Float glass	Other business	Total
Main business area						
China	**2,104,764,409.25**	**219,918,953.42**	**710,997,088.34**	**445,389,112.48**	**601,670,757.69**	**4,082,740,321.18**
Other Asian countries and regions (excluding China)	**142,954,183.91**	**1,645,078.01**	**1,975,996.85**	**–**	**11,106,710.34**	**157,681,969.11**
Others	**–**	**–**	**392,818.71**	**–**	**–**	**392,818.71**
Total	**2,247,718,593.16**	**221,564,031.43**	**713,365,903.90**	**445,389,112.48**	**612,777,468.03**	**4,240,815,109.00**

26. Operating Revenue and Operating Cost (Continued)

(2) Disaggregation of operating income *(Continued)*

Disaggregation of operating income – source of revenue: (Continued)

RMB

	Amount for last year					
Items	PV glass	Household glass	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

Disaggregation of operating income – Methods of sales:

RMB

	Amount for the year					
Items	**PV glass**	**Household glass**	**Architectural glass**	**Float glass**	**Other business**	**Total**
Methods of sales						
Direct sales	**2,247,708,986.70**	**208,185,723.33**	**645,069,981.92**	**374,417,947.85**	**612,776,914.93**	**4,088,159,554.73**
Dealer customers	**9,606.46**	**13,378,308.10**	**68,295,921.98**	**70,971,164.63**	**553.10**	**152,655,554.27**
Total	**2,247,718,593.16**	**221,564,031.43**	**713,365,903.90**	**445,389,112.48**	**612,777,468.03**	**4,240,815,109.00**

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

26. Operating Revenue and Operating Cost (Continued)

(2) *Disaggregation of operating income (Continued)*

Disaggregation of operating income – Methods of sales: (Continued)

RMB

	Amount for last year					
Items	PV glass	Household glass	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

(3) *Performance obligations*

The Group's main business activities are the production and sales of glass products. Generally, there is only one performance obligation to deliver goods in the relevant sales contract, and the consideration for the sale of the product is determined according to the fixed price agreed in the sales contract or order. The Group recognises the revenue at the time when the control of the relevant product is transferred to the customer. 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.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

27. Taxes and Surcharges

RMB

Items	Amount for the year	Amount for last year
Property tax	**3,265,166.73**	4,895,984.66
Stamp duty	**2,264,375.10**	983,095.80
Environmental protection tax	**2,139,583.33**	882,554.73
Urban construction tax	**859,473.86**	6,458,212.96
Land use tax	**–**	4,908,985.16
Educational surtax and local educational surtax	**613,909.89**	4,613,009.25
Others	**650,974.10**	148,155.49
Total	**9,793,483.01**	22,889,998.05

28. Selling Expenses

RMB

Items	Amount for the year	Amount for last year
Employee compensation and welfare	**10,428,800.25**	9,106,580.05
Assembling frame charges	**7,602,538.22**	–
Depreciation and amortisation	**9,055.84**	20,533.91
Others	**3,933,989.25**	3,201,996.73
Total	**21,974,383.56**	12,329,110.69

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Administrative Expenses

RMB

Items	Amount for the year	Amount for last year
Employee remuneration and benefits	**49,322,882.74**	42,184,296.48
Equity settled share-based payment	**37,007,309.90**	15,643,324.40
Depreciation and amortisation	**9,693,021.07**	7,262,776.86
Trademark registration fee	**7,384,671.46**	–
Intermediary agency service fee	**5,319,779.52**	6,796,572.77
Greening and environmental protection costs	**4,691,694.27**	4,859,670.18
Property insurance fee	**3,861,591.21**	509,242.04
Audit expense	**3,450,000.00**	3,000,000.00
Decoration cost	**2,747,682.60**	11,833,939.74
Rent expenses	**2,401,449.48**	2,592,040.82
Office expenses	**1,992,138.80**	2,476,727.14
Transportation expenses	**1,982,377.59**	1,957,762.04
Entertainment expenses	**1,932,263.95**	935,231.86
Traveling expenses	**963,400.61**	1,233,255.25
Repair and maintenance fee	**308,204.61**	142,782.44
Labor costs	**294,999.98**	2,265,007.37
Others	**4,206,602.63**	5,794,683.28
Total	**137,560,070.42**	109,487,312.67

30. Research and Development Expenses

RMB

Items	Amount for the year	Amount for last year
Direct material costs	**97,586,650.45**	93,381,871.98
Employee remuneration and benefits	**44,228,068.70**	37,676,330.94
Depreciation and amortisation	**8,929,509.02**	7,725,200.56
Others	**11,445,324.44**	6,650,328.03
Total	**162,189,552.61**	145,433,731.51

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

31. Finance Expenses

RMB

Items	Amount for the year	Amount for last year
Interest expenses	**44,142,410.74**	58,260,295.56
Less: Interest income	**16,825,294.54**	5,119,750.54
Handling fee	**1,297,680.54**	785,473.62
Exchange gains and losses	**(4,395,436.39)**	25,287,523.03
Total	**24,219,360.35**	79,213,541.67

32. Other Revenues

RMB

Sources of other revenues	Amount for the year	Amount for last year
Deferred income amortisation	**10,063,370.41**	11,056,290.72
Special grant funds of Xiuzhou District of Jiaxing for industrial development	**4,470,500.00**	–
Government grants of Jiaxing Bureau of Science and Technology for construction of innovative enterprise and research institute	**4,000,000.00**	–
Industrial development grant	**1,436,100.00**	–
Responding to the epidemic and promoting high quality development fund subsidy for technology enterprise	**500,000.00**	–
The third batch of municipal industrial and information development special funds	**500,000.00**	–
Jiaxing municipal business fund award and subsidy	**300,000.00**	–
The second batch of provincial science and technology development special funds	**200,000.00**	–
Jiaxing City Xiuzhou District the first batch of science and technology project subsidies	**200,000.00**	–
Refund income from handling fee for individual income tax	**328,891.39**	232,734.29
Social security subsidy	**–**	3,751,395.62
Others	**643,632.49**	–
Total	**22,642,494.29**	15,040,420.63

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

33. Investment Income (Loss)

RMB

Items	**Amount for the year**	Amount for last year
1. Derivative tools without the specified hedging relationship	–	(6,903,465.40)
Interest rate swap contract investment losses	–	(6,903,465.40)
Forward foreign exchange contract investment income	–	–
2. Long term equity investment income measured at equity method	**3,506,986.46**	2,614,841.66
3. Investment income of trading financial assets during the holding period	**1,445,418.77**	–
4. Long term equity investment income measured at cost method	**800,000,000.00**	–
Total	**804,952,405.23**	(4,288,623.74)

34. Loss from Changes in Fair Value

RMB

Items	**Amount for the year**	Amount for last year
Derivative tools without the specified hedging relationship	–	(379,492.22)
Loss from changes in fair value of interest rate swap contract	–	(379,492.22)
Total	–	(379,492.22)

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

35. Credit Impairment Gains (Losses)

RMB

Items	Amount for the year	Amount for last year
Credit impairment gains (losses) on bills receivable	**(2,066,436.13)**	765,800.00
Credit impairment gains (losses) on trade receivables	**25,832,893.32**	(18,193,691.48)
Credit impairment losses on other receivables	**50,000.00**	50,000.00
Total	**23,816,457.19**	(17,377,891.48)

36. Asset Impairment Losses

RMB

Items	Amount for the year	Amount for last year
Inventory impairment losses	**(9,739,396.44)**	(3,185,763.47)
Fixed asset impairment loss	**–**	(65,309,574.54)
Total	**(9,739,396.44)**	(68,495,338.01)

37. Gains (Losses) on Disposal of Asset

RMB

Items	Amount for the year	Amount for last year
Gains (losses) on disposal of asset	**4,838,620.24**	(16,774,163.09)

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

38. Non-operating Income

RMB

Items	Amount for the year	Amount for last year
Government grants (Note (XIV) 44)	**100,000.00**	4,045,626.00
Others	**416,476.14**	2,786,766.47
Total	**516,476.14**	6,832,392.47

39. Non-operating Expenses

RMB

Items	Amount for the year	Amount for last year
Charitable donation expenses	**1,251,000.00**	2,220,000.00
Others	**1,670,500.29**	291,423.80
Total	**2,921,500.29**	2,511,423.80

40. Income Tax Expense

RMB

Items	Amount for the year	Amount for last year
Income tax expenses for the period	**56,255,483.83**	54,230,422.05
Repayment (refund) income tax for the last year	**(1,613,250.77)**	2,907,788.31
Deferred income tax expenses	**29,686,764.70**	(14,749,782.50)
Total	**84,328,997.76**	42,388,427.86

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

40. Income Tax Expense (Continued)

Reconciliation between income tax expense and accounting profit is as follows:

RMB

	Amount for the year	Amount for last year
Total profits	**1,485,936,681.32**	313,886,863.98
Income tax expense calculated at tax rate of 15% (2020: 15%)	**222,890,502.20**	47,083,029.60
Effect of non-deductible costs, expenses and losses	**1,272,669.08**	4,590,469.10
Tax effect of tax-exempt income	**(120,526,047.97)**	(392,226.25)
Repayment (refund) of the income tax for last period	**(1,613,250.77)**	2,907,788.31
Effect of tax incentives	**–**	(323,904.79)
Effect of research and development costs plus deduction	**(17,694,874.78)**	(11,476,728.11)
Income tax expenses	**84,328,997.76**	42,388,427.86

41. Notes to Items of Cash Flow Statement

(1) Cash received relating to other operating activities

RMB

Items	**Amount for the year**	Amount for last year
Interest income	**16,825,294.54**	5,119,750.54
Government grants	**12,679,123.88**	8,029,755.91
Operating margin	**400,000.00**	–
Others	**565,629.04**	2,786,766.47
Total	**30,470,047.46**	15,936,272.92

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

41. Notes to Items of Cash Flow Statement (Continued)

(2) Cash paid and relating to other operating activities

RMB

Items	Amount for the year	Amount for last year
Paid fees	**177,243,140.27**	186,464,728.21
Handling charge	**1,297,680.54**	785,473.62
External donation expenditure	**1,251,000.00**	2,220,000.00
Others	**4,999,884.76**	503,920.81
Total	**184,791,705.57**	189,974,122.64

(3) Cash received relating to other investment activities

RMB

Items	Amount for the year	Amount for last year
Recovery of restricted monetary funds	**35,120,339.57**	100,233,187.12
Project margin	**4,453,400.00**	1,636,711.92
Recovery of funds borrowed to subsidiary	**304,036,534.71**	156,309,497.32
Total	**343,610,274.28**	258,179,396.36

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

41. Notes to Items of Cash Flow Statement (Continued)

(4) Cash paid relating to other investment activities

RMB

Items	Amount for the year	Amount for last year
(4)	(4)	(4) 6(4)

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

42. Supplementary Information for Cash Flow Statement

(1) Supplementary information for 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	**1,401,607,683.56**	271,498,436.12
Add: Provision for asset impairment	**9,739,396.44**	68,495,338.01
Credit impairment provision (gain)	**(23,816,457.19)**	17,377,891.48
Depreciation of fixed assets	**180,147,452.14**	148,616,351.02
Amortisation of intangible assets	**8,850,514.89**	7,745,969.98
Amortisation of long-term deferred expenses	**98,490.98**	152,502.27
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	**(4,838,620.24)**	16,774,163.09
Loss from changes in fair value	**-**	379,492.22
Finance expenses	**44,142,410.74**	58,260,295.56
Investment (gains) losses	**(804,952,405.23)**	4,288,623.74
Decrease in deferred income tax assets (less: increase)	**21,128,907.19**	(14,749,782.50)
Increase in deferred income tax liabilities (less: decrease)	**8,557,857.51**	–
(Increase) decrease in inventory	**(149,548,891.50)**	26,665,406.23
Decrease in operating receivables (less: increase)	**(75,973,634.82)**	(437,182,579.44)
Increase in operating payables (less: decrease)	**439,694,493.39**	(451,842,119.00)
Deferred income amortisation	**(10,063,370.41)**	(11,056,290.72)
Equity settled share-based payment	**37,007,309.90**	15,643,324.40
Net increase in cash and cash equivalents	**1,081,781,137.36**	(278,932,977.54)
(2) Net changes in cash and cash equivalents		
Closing balance of cash	**445,104,022.54**	188,559,197.40
Less: opening balance of cash	**188,559,197.40**	158,928,035.19
Net increase in cash and cash equivalents	**256,544,825.14**	29,631,162.21

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

42. Supplementary Information for Cash Flow Statement

(2) Component of cash and cash equivalents

RMB

Items	Closing balance	Opening balance
I. Cash	**445,104,022.54**	188,559,197.40
Including: Cash on hand	**32,255.75**	11,980.77
Bank deposit available for payment	**445,071,766.79**	188,547,216.63
Other monetary funds available for payment	**–**	–
II. Cash equivalents	**–**	–
Cash and cash equivalents at the end of the year	**445,104,022.54**	188,559,197.40

43. Assets with Restricted Ownership or Use Rights

RMB

Items	Closing balance of book value	Reasons for restriction
Monetary funds	**147,991,082.17**	Bills deposits, etc.
Bills receivable	**12,540,000.00**	Pledged to bank to obtain credit facilities
Financing receivables	**146,248,390.69**	Pledged to bank to obtain credit facilities
Fixed assets	**209,172,994.32**	Pledged to bank to obtain credit facilities
Intangible assets	**212,372,903.46**	Pledged to bank to obtain credit facilities
Total	**728,325,370.64**	

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

44. Government Grants

RMB

45. Related Parties and Related Party Transactions (Continued)

(2) Related party transactions

1) Sale of goods

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Anhui Flat Glass	Sale	**489,678,464.75**	48,197,254.28
Zhejiang Jiafu	Sale	**237,602,003.78**	169,455,153.58
Zhejiang Flat	Sale	**201,967,447.98**	193,725,480.33
Flat (Hong Kong)	Sale	**41,105,170.52**	196,522,358.87
Flat Import & Export	Sale	**14,944,859.14**	18,451,467.95
Flat (Vietnam)	Sale	**1,931,830.03**	167,463.25
Kaihong Flat	Sale	**553.10**	165.93
Total		**987,230,329.30**	626,519,344.19

2) Purchase of goods

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Zhejiang Jiafu	Purchase of raw materials	**716,245,029.42**	827,049,236.58
Anhui Flat Glass	Purchase of raw materials	**562,286,620.22**	1,605,655,045.67
JiaXing Gas (Note (V) 2)	Purchase of raw materials	**100,621,506.58**	–
Kaihong Flat	Accepting labor service	**38,680,143.35**	34,074,047.01
Flat Import & Export	Purchase of raw materials	**36,424,752.33**	–
Flat New Energy	Purchase of raw materials	**4,913,959.49**	5,928,829.35
Zhejiang Flat	Purchase of raw materials	**1,695,566.98**	1,594,550.83
Flat (Hong Kong)	Purchase of raw materials	**–**	178,544.52
Total		**1,460,867,578.37**	2,474,480,253.96

Note: Jiaxing Gas became an associate of the Company in June 2021. Therefore, the amount of related transactions during the statistical period represents the amount of tax-exclusive transactions that occurred after Jiaxing Gas became an associate of the Company.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(3) Related leases

The Company as the lessor:

RMB

Lessee name	Type of leased asset	**Amount for the year Recognised rental incomes**	Amount for last year Recognised rental incomes
Zhejiang Flat	Houses	**6,035,622.84**	6,035,622.85

The Company as the lessee:

RMB

Lessor name	Type of leased asset	**Amount for the year Recognised rental expenses**	Amount for last year Recognised rental expenses
Jiaxing Yihe Investment Co., Ltd.	Houses	**7,760,530.68**	7,817,581.90

45. Related Parties and Related Party Transactions (Continued)

(4) Sale of fixed assets

RMB

Related parties	Related Party transaction	**Amount for the year**	Amount for last year
Zhejiang Flat	Sale of fixed assets	**87,869.68**	–
Anhui Flat Glass	Sale of fixed assets	**15,486.73**	–
Zhejiang Jiafu	Sale of fixed assets	**2,654.87**	–
Total		**106,011.28**	–

(5) Procurement of fixed assets and engineering materials

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Zhejiang Jiafu	Procurement of fixed assets and engineering materials	**2,727,651.86**	547,847.12
Zhejiang Flat	Procurement of fixed assets and engineering materials	**–**	1,004,581.54
Anhui Flat Glass	Procurement of fixed assets and engineering materials	**1,806,553.28**	2,800,168.14
Flat Import & Export	Procurement of fixed assets and engineering materials	**451,327.44**	–
Total		**4,985,532.58**	4,352,596.80

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(6) Amounts due to/from related parties

RMB

Items	Related parties	**Closing balance**	Opening balance
Trade receivables	Zhejiang Flat	**97,351,704.09**	21,777,960.01
Trade receivables	Zhejiang Jiafu	**47,020,767.33**	5,932,873.40
Trade receivables	Anhui Flat Glass	**18,330,396.06**	2,840,457.77
Trade receivables	Flat (Vietnam)	**1,088,188.98**	–
Total		**163,791,056.46**	30,551,291.18
Advance payments	Flat (Hong Kong)	**2,126,567.34**	2,126,567.34
Advance payments	JiaXing Gas	**825,424.69**	–
Total		**2,951,992.03**	2,126,567.34
Other receivables	Zhejiang Jiafu	**800,000,000.00**	–
Other receivables	Flat (Hong Kong)	**793,593,817.53**	258,937,443.43
Other receivables	Anhui Flat Material	**236,535,030.00**	61,000,000.00
Other receivables	Nantong Flat	**1,500,000.00**	–
Other receivables	Shanghai Flat	**16,000.00**	–
Other receivables	Flat Import & Export	–	359,591,362.05
Other receivables	Flat (Vietnam)	–	158,695.03
Other receivables	Jiaxing Yihe Investment Co., Ltd.	–	2,000,000.00
Total		**1,831,644,847.53**	681,687,500.51

Items	Related parties	**Closing balance**	Opening balance
Other non-current assets	Anhui Flat Glass	**3,144,025,000.00**	2,044,025,000.00
Other non-current assets	Zhejiang Jiafu	**762,471,699.07**	–
Other non-current assets	Flat Import & Export	**344,554,191.96**	–
Other non-current assets	Flat New Energy	**–**	2,597,573.69
Total		**4,251,050,891.03**	2,046,622,573.69
Contract liabilities	Kaihong Flat	**25,604.55**	–
Other payables	Flat (Hong Kong)	**509,285,802.74**	491,312,597.00
Other payables	Flat New Energy	**2,955,200.53**	–
Other payables	Anhui Flat Glass	**–**	1,101,103,489.19
Other payables	Zhejiang Jiafu	**–**	8,237.38
Total		**512,241,003.27**	1,592,424,323.57

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(7) Borrowings to related parties

RMB

Related parties	Increased in the year	Decreased in the year	Commencement date	Expiry date	Year end amount	Particulars
During the year						
Anhui Flat Material	454,500,000.00	278,964,970.00	Nil	Nil	**236,535,030.00**	Interest free with no fixed term of repayment
Anhui Flat Glass	–	–	2021-01-01	2023-12-31	**100,000,000.00**	Fixed rate at 4.75%
Anhui Flat Glass	–	–	2021-01-01	2023-12-31	**500,000,000.00**	Fixed rate at 4.75%
Anhui Flat Glass	–	–	2021-01-01	2023-12-31	**1,444,025,000.00**	Fixed rate at 4.75%
Anhui Flat Glass	1,400,000,000.00	300,000,000.00	Nil	Nil	**1,100,000,000.00**	Interest free with no fixed term of repayment
Flat New Energy	–	2,597,573.69	Nil	Nil	–	Interest free with no fixed term of repayment
Flat (Vietnam)	–	158,695.03	Nil	Nil	–	Interest free with no fixed term of repayment
Zhejiang Jiafu	762,471,699.07	–	Nil	Nil	**762,471,699.07**	Interest free with no fixed term of repayment
Flat Import & Export	–	15,037,170.09	Nil	Nil	**344,554,191.96**	Interest free with no fixed term of repayment
Flat (Hong Kong)		1,757,725.90	Nil	Nil	**15,758,417.53**	Interest free with no fixed term of repayment
Flat (Hong Kong)		1,790,400.00	2021-03-10	2022-03-09	**76,508,400.00**	Fixed rate at 2.5%
Flat (Hong Kong)		3,730,000.00	2021-03-10	2022-03-09	**159,392,500.00**	Fixed rate at 2.5%
Flat (Hong Kong)	63,757,000.00		2021-02-26	2022-02-25	**63,757,000.00**	Fixed rate at 2.5%
Flat (Hong Kong)	63,757,000.00		2021-07-19	2022-07-18	**63,757,000.00**	Fixed rate at 2.5%
Flat (Hong Kong)	127,514,000.00		2021-09-01	2022-08-31	**127,514,000.00**	Fixed rate at 2.5%
Flat (Hong Kong)	127,514,000.00		2021-10-27	2022-10-26	**127,514,000.00**	Fixed rate at 2.5%
Flat (Hong Kong)	159,392,500.00		2021-11-30	2022-11-29	**159,392,500.00**	Fixed rate at 2.5%
Nantong Flat	1,500,000.00	–	Nil	Nil	**1,500,000.00**	Interest free with no fixed term of repayment
Shanghai Flat	16,000.00	–	Nil	Nil	**16,000.00**	Interest free with no fixed term of repayment

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(7) Borrowings to related parties (Continued)

RMB

Related parties	Increased in the year	Decreased in the year	Commencement date	Expiry date	Year end amount	Particulars
During last year						
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	2022-06-30	**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%

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(8) Borrowings from related parties

RMB

Related parties	Amount borrowed	Repayment amount	Commencement date	Expiry date	Year end amount	Particulars
During the year						
Flat (Hong Kong)	67,145,249.22	49,172,043.48	Nil	Nil	**509,285,802.74**	Interest free with no fixed term of repayment
Anhui Flat Glass	–	1,101,103,489.19	Nil	Nil	–	Interest free with no fixed term of repayment
Flat New Energy	2,955,200.53	–	Nil	Nil	**2,955,200.53**	Interest free with no fixed term of repayment
During last 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

(9) Interest income

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Anhui Flat Glass	borrowing funds	**97,091,187.50**	26,828,537.82
Flat (Hong Kong)	borrowing funds	**9,360,004.02**	4,367,957.25
Total		**106,451,191.52**	31,196,495.07

(10) Interest expense

RMB

Related party	Content of the related party transaction	**Amount for the year**	Amount for last year
Flat (Hong Kong)	borrowing funds	–	179,600.62

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(11) Receiving guarantees from related parties

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2021
During the year					
Anhui Flat Glass	The Company	39,149,400.00	2020-02-17	2021-02-10	Yes
Anhui Flat Glass	The Company	50,241,730.00	2020-02-27	2021-02-25	Yes
Anhui Flat Glass	The Company	50,000,000.00	2021-10-29	2022-10-28	No
Anhui Flat Glass	The Company	40,000,000.00	2021-11-17	2024-10-16	No
Anhui Flat Glass	The Company	40,000,000.00	2021-11-19	2024-10-19	No
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
Zhejiang Jiafu	The Company	1,000,000.00	2021-06-10	2021-06-18	Yes
Zhejiang Jiafu	The Company	99,000,000.00	2021-06-17	2022-05-01	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-07-20	2022-01-17	No
Zhejiang Jiafu	The Company	2,000,000.00	2021-07-30	2022-01-16	No
Zhejiang Jiafu	The Company	2,000,000.00	2021-08-09	2022-02-07	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-08-19	2022-02-09	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-09-09	2022-03-07	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-09-18	2022-03-16	No
Zhejiang Jiafu	The Company	4,000,000.00	2021-09-29	2022-03-28	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-10-19	2022-04-18	No
Zhejiang Jiafu	The Company	4,000,000.00	2021-10-29	2022-04-26	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-11-19	2022-05-09	No
Zhejiang Jiafu	The Company	159,392,500.00	2021-11-26	2022-11-01	No
Zhejiang Jiafu	The Company	120,000,000.00	2021-12-07	2024-12-03	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-12-09	2022-06-06	No
Zhejiang Jiafu	The Company	3,000,000.00	2021-12-16	2022-06-13	No

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(11) Receiving guarantees from related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2021
During last year					
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	Yes
Anhui Flat Glass	The Company	50,241,730.00	2020-02-27	2021-02-25	Yes
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

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2021
During the year					
The Company	Zhejiang Jiafu	79,500,000.00	21/07/2020	21/07/2021	Yes
The Company	Zhejiang Jiafu	5,000,000.00	24/11/2020	29/10/2021	Yes
The Company	Zhejiang Jiafu	50,000,000.00	29/10/2021	28/10/2022	No
The Company	Zhejiang Jiafu	110,000,000.00	09/12/2021	08/06/2022	No
The Company	Zhejiang Jiafu	99,900,000.00	04/03/2021	03/03/2024	No
The Company	Zhejiang Flat	22,510,905.00	18/09/2020	17/03/2021	Yes
The Company	Anhui Flat Glass	4,000,000.00	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	9,756,056.00	09/06/2017	25/12/2022	No
The Company	Anhui Flat Glass	31,597,604.03	14/07/2017	25/12/2022	No
The Company	Anhui Flat Glass	9,461,900.00	04/05/2017	25/12/2021	Yes
The Company	Anhui Flat Glass	14,009,702.95	18/09/2017	01/04/2021	Yes
The Company	Anhui Flat Glass	14,413,700.00	05/02/2018	01/04/2022	No
The Company	Anhui Flat Glass	6,107,203.21	26/02/2018	01/04/2021	Yes
The Company	Anhui Flat Glass	7,523,628.00	12/03/2018	25/12/2021	Yes
The Company	Anhui Flat Glass	6,195,070.00	21/03/2018	25/12/2021	Yes
The Company	Anhui Flat Glass	1,000,000.00	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	4,060,214.00	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	7,443,700.00	04/05/2017	25/12/2022	No

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2021
The Company	Anhui Flat Glass	4,106,000.00	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	6,910,195.00	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	17,470,000.00	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	4,999,288.64	04/05/2017	25/12/2022	No
The Company	Anhui Flat Glass	4,985,810.47	09/02/2018	25/12/2022	No
The Company	Anhui Flat Glass	4,900,000.00	30/08/2018	30/12/2022	No
The Company	Anhui Flat Glass	21,302,338.00	19/09/2019	09/12/2022	No
The Company	Anhui Flat Glass	50,000,000.00	27/03/2019	20/12/2022	No
The Company	Anhui Flat Glass	50,000,000.00	08/04/2019	20/06/2022	No
The Company	Anhui Flat Glass	50,000,000.00	02/04/2020	01/04/2021	Yes
The Company	Anhui Flat Glass	80,000,000.00	24/04/2020	18/01/2021	Yes
The Company	Anhui Flat Glass	70,000,000.00	24/07/2020	23/07/2021	Yes
The Company	Anhui Flat Glass	70,000,000.00	04/08/2020	03/08/2021	Yes
The Company	Anhui Flat Glass	150,000,000.00	21/12/2020	17/12/2021	Yes
The Company	Anhui Flat Glass	75,000,000.00	03/02/2021	03/02/2022	No
The Company	Anhui Flat Glass	229,900,000.00	15/06/2021	15/06/2024	No
The Company	Anhui Flat Glass	159,000,000.00	28/06/2021	24/06/2024	No
The Company	Anhui Flat Glass	10,000,000.00	31/08/2021	24/08/2022	No
The Company	Anhui Flat Glass	100,000,000.00	23/11/2021	23/11/2022	No
The Company	Flat (Hong Kong)	998,412,983.63	06/05/2020	20/03/2023	No

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2021
During last year					
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	Yes
The Company	Zhejiang Jiafu	5,000,000.00	2020-11-24	2021-10-29	Yes
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	Yes
The Company	Anhui Flat Glass	14,009,702.95	2017-09-18	2021-04-01	Yes
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	Yes

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2021
The Company	Anhui Flat Glass	7,523,628.00	2018-03-12	2021-12-25	Yes
The Company	Anhui Flat Glass	6,195,070.00	2018-03-21	2021-12-25	Yes
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	Yes
The Company	Anhui Flat Glass	80,000,000.00	2020-04-24	2021-01-18	Yes
The Company	Anhui Flat Glass	70,000,000.00	2020-07-24	2021-07-23	Yes
The Company	Anhui Flat Glass	70,000,000.00	2020-08-04	2021-08-03	Yes
The Company	Anhui Flat Glass	150,000,000.00	2020-12-21	2021-12-17	Yes
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

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

Items	During the year
Gains on disposal of non-current assets	**3,599,005.34**
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)	**53,409,741.67**
Apart from hedging instruments relating to the normal operations of the Company, gain/loss from changes in fair value of held-for trading financial assets, derivative financial assets and derivative financial liabilities, and investment income from disposal of the above financial assets/liabilities and financing receivables	**22,863,560.27**
Other non-operating income and expenses other than the above	**(3,358,593.41)**
Subtotal	**76,513,713.87**
Effects of income tax	**(11,800,122.55)**
Effects of minority interests	**–**
Total	**64,713,591.32**

Note: The government grants included in the current profit and loss for the year are: (1) Received RMB164,690.25 of the social security subsidy; (2) Received RMB5,184,800.00 of the industrial development subsidy; (3) Received foreign trade awards of RMB216,000.00; (4) Received security funds for key projects from the Fengyang Finance Bureau of over RMB20,000,000.00; (5) Received RMB4,470,500.00 of special grant funds of Xiuzhou District of Jiaxing for industrial development; (6) Received RMB4,000,000.00 of government grants of Jiaxing Bureau of Science and Technology for construction of innovative enterprise and research institute; (7) RMB11,476,239.62 of asset-related government grants amortized and included profit and loss for current period. The above subsidy amount does not include the subsidy of distributed PV power generation project of RMB6,441,861.22 and the refund income from handling fee for individual income tax of RMB336,666.23, which are closely related to the Group's business and are fixed or quantified in accordance with national unified standards.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The calculation form of the return on net assets 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 in 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	20	0.99	0.99
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	19	0.96	0.96
During last 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

3. THE GROUP'S SUMMARY OF PERFORMANCE, ASSETS AND LIABILITIES IN THE PAST FIVE ACCOUNTING YEARS

RMB

Items	2021	2020	2019	2018	2017
I. Total operating income	**8,713,228,065.59**	6,260,417,792.26	4,806,804,020.96	3,063,802,709.44	2,991,497,043.77
Less: Operating costs	**5,620,391,966.94**	3,600,864,085.34	3,517,642,435.22	2,341,603,779.32	2,127,998,095.84
Taxes and surcharges	**48,466,185.37**	61,083,688.80	35,026,838.85	28,635,983.23	35,302,715.51
Selling expenses	**85,724,646.32**	47,632,079.18	27,205,988.86	19,485,823.41	137,513,244.60
General and administrative expenses	**221,778,736.93**	172,349,032.43	121,498,560.29	117,786,385.22	102,913,558.25
Research and development expenses	**408,417,461.35**	284,717,812.81	204,151,559.30	113,246,196.64	96,131,544.21
Financial expenses	**52,518,443.24**	141,528,692.18	53,129,460.34	1,611,581.32	28,490,124.09
Including: Interest expense	**90,252,414.76**	80,273,151.69	65,388,264.94	25,791,618.68	10,718,343.36
Interest income	**37,314,406.92**	16,412,291.81	17,902,429.34	18,599,358.49	9,233,927.69
Add: Other revenues	**58,331,820.26**	25,471,233.82	30,189,426.63	24,929,136.86	27,057,294.77
Investment income (loss)	**31,886,225.40**	5,675,836.26	6,908,081.15	(16,191,214.96)	(306,840.71)
Including: Gains on investment in associates	**5,558,487.56**	2,614,841.66	–	–	–
(Loss) gain from changes in fair values	**(1,382,927.57)**	1,245,626.59	(5,234,350.32)	13,259,290.30	(7,072,909.14)
Gain (losses) on credit impairment	**23,554,616.85**	(29,914,991.88)	(12,816,559.04)	(7,363,612.81)	–
Asset impairment (loss) gain	**(10,202,178.73)**	(71,783,469.77)	(14,697,934.51)	(2,589,390.06)	8,955,619.51
Gains (losses) on disposal of assets	**3,599,005.34**	(18,018,346.26)	(6,541,402.98)	5,040,070.63	(146,163.71)
II. Operating profit	**2,381,717,186.99**	1,864,918,290.28	845,956,439.03	458,517,240.26	491,634,761.99
Add: Non-operating income	**2,674,782.95**	12,889,216.85	16,897,963.68	7,757,924.37	4,777,548.10
Less: Non-operating expense	**4,176,927.50**	3,899,465.44	184,158.59	129,905.64	558,280.15
III. Total profit	**2,380,215,042.44**	1,873,908,041.69	862,670,244.12	466,145,258.99	495,854,029.94
Less: Income tax expenses	**260,295,716.01**	245,124,254.06	145,426,535.45	58,830,542.68	69,327,266.91
IV. Net profit	**2,119,919,326.43**	1,628,783,787.63	717,243,708.67	407,314,716.31	426,526,763.03
Net profit attributable to shareholders of the parent company	**2,119,919,326.43**	1,628,783,787.63	717,243,708.67	407,314,716.31	426,526,763.03
Profit or loss attributable to minority interests	**–**	–	–	–	–
V. Other comprehensive income, net of tax	**13,594,620.59**	(32,274,518.98)	10,620,833.40	11,271,623.87	(23,386,283.63)
Other comprehensive income, net of tax attributable to the owners of the parent company	**13,594,620.59**	(32,274,518.98)	10,620,833.40	11,271,623.87	(23,386,283.63)
(I) Other comprehensive income that cannot be reclassified to profit or loss	**(1,913,160.00)**	(3,217,914.84)	–	–	–
– Changes in fair value of other equity instrument investments	**(1,913,160.00)**	(3,217,914.84)	–	–	–
(II) Other comprehensive income that will be reclassified to profit or loss	**15,507,780.59**	(29,056,604.14)	10,620,833.40	11,271,623.87	(23,386,283.63)
– Translation differences in foreign currency financial statements	**12,470,952.05**	(23,092,036.70)	10,620,833.40	11,271,623.87	(23,386,283.63)
– Changes in fair value of accounts receivable financing	**3,036,828.54**	(5,964,567.44)	–	–	–
Other comprehensive income, net of tax attributable to minority interests	**–**	–	–	–	
VI. Total comprehensive income	**2,133,513,947.02**	1,596,509,268.65	727,864,542.07	418,586,340.18	403,140,479.40
Total comprehensive income attributable to shareholders of the parent company	**2,133,513,947.02**	1,596,509,268.65	727,864,542.07	418,586,340.18	403,140,479.40
Other comprehensive income attributable to minority interests	**–**	–	–	–	–
VII. Earnings per share:					
(I) Basic earnings per share	**0.99**	0.83	0.37	0.23	0.24
(II) Diluted earnings per share	**0.99**	0.81	N/A	N/A	N/A

Supplementary Information