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福萊特玻璃集團股份有限公司  
Flat Glass Group Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock code: 6865)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the **Board**) of directors (the **Directors**) of Flat Glass Group Co., Ltd. (the **Company**) is pleased to announce the notified consolidated interim report of the Company and its subsidiaries (together, the **Group**) for the six months ended 30 June 2022. This announcement containing the full text of the 2022 Interim Report of the Company, complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**) in relation to information to accompany preliminary announcements of interim results.

**PUBLICATION OF 2022 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.flatglass.com](http://www.flatglass.com)), and the 2022 Interim Report of the Company containing all the information referred to in the Listing Rules will be dispatched to shareholders and published on the respective website of the Company and the Stock Exchange in due course.

Board of the Board of  
**Flat Glass Group Co., Ltd.**  
**Ruan Hongliang**  
Chairman

Jiaxing, Zhejiang Province, The People's Republic of China, 25 August 2022

All the dates of this announcement, the executive directors of the Company are M. Ruan Hongliang, M. Jiang Jinhua, M. Wei Yehong and M. Shen Qifeng, and the independent non-executive directors of the Company are M. Xupan, M. Hafflan and M. Ng Yau Ken Calvin.

# 福莱特玻璃



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# Corporate Information

## DIRECTORS

### Executive directors

M . R an Hongliang  
(*Chairman of the Board of Directors*)  
M . Jiang Jinhua  
M . Wei Yehong  
M . Shen Qif

### Independent non-executive directors

M . Xu Pan  
M . Huai Fan  
M . Ng Yau Ken Calvin

## SUPERVISORS

M . Zheng Wenong  
(*Chairman of the Board of Supervisors*)  
M . Shen Fei'an  
M . Zhu Qianming  
M . Ni Liping  
M . Zhang Huihen

## AUDIT COMMITTEE

M . Xu Pan (*Chairman*)  
M . Huai Fan  
M . Ng Yau Ken Calvin

## REMUNERATION COMMITTEE

M . Xu Pan (*Chairman*)  
M . R an Hongliang  
M . Huai Fan

## NOMINATION COMMITTEE

M . Xu Pan (*Chairman*)  
M . R an Hongliang  
M . Huai Fan

## STRATEGIC DEVELOPMENT COMMITTEE

M . R an Hongliang (*Chairman*)  
M . Wei Yehong  
M . Xu Pan

## RISK MANAGEMENT COMMITTEE

M . R an Hongliang (*Chairman*)  
M . Jiang Jinhua  
M . Huai Fan

## COMPANY SECRETARY

M . R an Zejin

## AUTHORISED REPRESENTATIVES

M . R an Hongliang  
M . R an Zejin

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

1999 Yuhue Road  
Xihu Diyeq  
Jiaying  
Zhejiang Province  
People's Republic of China (the PRC)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6, 11/F, Pongeei Place  
6 Shing Yip Street, Kowloon  
Kowloon  
Hong Kong

## CORPORATE WEBSITE

[www.flatglass.com.cn](http://www.flatglass.com.cn)

## LEGAL ADVISERS AS TO HONG KONG LAW

Morgan, Lee & Bockie

## AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants LLP

## PRINCIPAL BANKERS

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

## H SHARE REGISTRAR

Tico Incorporated Limited  
17/F, Finance Centre  
16 Harbour Road  
Hong Kong

# Financial Summary

## Six months ended 30 June

	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating income	7,304,491.34	4,028,022.49
Operating cost	5,650,508.67	2,245,211.46
Goodwill	1,653,982.67	1,782,811.03
Total profit	1,097,398.83	1,445,914.74
Income tax expense	94,650.96	184,884.75
Net profit	<u>1,002,747.88</u>	<u>1,261,029.99</u>

	As at	As at
	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)

Non-current assets	16,628,524.13	11,184,614.67
Current assets	12,129,913.81	8,898,302.43
Current liabilities	8,467,777.31	6,164,462.50
Net current (liabilities) assets	3,662,136.50	2,733,839.93
Total available current liabilities	28,749,970.16	13,918,454.60
Net assets	13,200,226.90	11,810,169.07
Share capital	536,723.31	536,723.31
Undivided profit	7,197,507.04	6,194,759.17
Total equity	<u>13,200,226.90</u>	<u>11,810,169.07</u>

# Management Discussion and Analysis

## BUSINESS OVERVIEW

Flat Glass Group Co., Ltd. (the Company) and its subsidiaries (together with the Company, the Group) are principally engaged in the manufacturing and sale 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, Fengyang County, Chonghu, 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.

### 1. Domestic expansion in Anhui Province, the PRC

The Annual production of 750,000 tons of solar, laminated, aluminized and high-temperature panel manufacturing projects of Zhejiang Jiaxing Production Base entered the project of, and proceeded from the initiative of 2021. A highly credible cooperation bond of the Company (II Project of Jiaxing Production Base), including two PV glass production lines with a daily melting capacity of 1,200 tons, and one ignited and produced in the first half of 2022, respectively.

In addition, the project, under construction of the Group, is expected to be completed in the boom of PV industry, a whole and improving differentiated need of downstream companies for large and thin glass.

### 2. Cold repair and reconstruction of the existing furnaces

In order to further increase the production efficiency, the Group has carried out cold repair and reconstruction of one PV glass furnace at Jiaxing Production Base, Zhejiang Province, the PRC with a daily melting capacity of 600 tons, and it has finished the cold repair and ignited in the first half of 2022.

### 3. Successful bidding for the mining rights

In order of the increase in the price of the raw materials and the impact of the price fluctuation in the market and the material on production and financial results of the Company, on 1 August 2022, Anhui Flat Glass, a wholly-owned subsidiary of the Company and Chaozhou Natural Resource and Planning Bureau (滁州市自然资源和规划局) entered into the mining right assignment contract, pursuant to which, Anhui Flat Glass won the

## 5. Update on A Share Convertible Bonds issuance

On 16 June 2021, the Company announced the plan to issue A share convertible bond in the PRC for a total amount of no more than RMB4,000 million (A Share Convertible Bond) which are convertible into new A shares of the Company (A Shares). CSRC Main Board Issuance Approval Committee (中國證監會主板發行審核委員會) received the application of the Company for the proposed issuance of A share convertible bond on 30 March 2022. 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 bond has been approved and registered in approval form CSRC received by the Company. Such public issuance of A share convertible bond amounted to RMB4 billion in terms of par value which are in full. The issuance of A share convertible bond was completed in May 2022. The A share convertible bond, under this issuance, are issued with a nominal value of RMB100 and registered as par. The subscription fund for the A share convertible bond, under this issuance, totaled RMB4,000,000,000.00. After deducting the issuance fee of RMB23,078,799.67, the net fund raised were RMB3,976,921,200.33.

## 6. Non-public Issuance of A Shares

On 1 June 2022, the Board approved the proposed non-public issuance of A shares which shall also approved by shareholders at the 2022 Financial and General Meeting, the 2022 Financial Shareholders Meeting and the 2022 Financial Shareholders Meeting held on 29 July 2022. The relevant materials shall be subject to the consideration and approval from the CSRC. As of the date of this interim report, the non-public issuance of A shares has not been completed.

## 7. 2021 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

A incentive is offered to eligible participants for their contribution to the Company of the improvement of corporate governance, culture of the Company, stability and enhance the long-term incentive and compensation mechanism of the Company, attract and retain talents, full mobilize the proactiveness and creativity of the senior and mid-level management and technical personnel of the Company, effective promote the coherence of the core team and the core competitiveness of the enterprise, effective align the interests of shareholders of the Company and the core management team, enabling all parties to focus on the long-term development of the Company, and ensure the achievement of the development strategy 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. The Remuneration Committee prepared a list of eligible employees 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 granted under the second grant of share options consists 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 granted 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 shares granted under the Scheme during the Validity Period will not exceed 10.00% of the total share capital of the Company when the Scheme is approved by the Shareholders' general meeting. The Reserved Share Option shall not exceed 20.00% of the total share option available under the Scheme. If the participants voluntarily waive the benefit granted to them personally, the Board shall make corresponding adjustments to the number of shares option granted.

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

Upon the fulfillment of condition of the exercise of the share option, the share option shall be exercisable in five tranches, one of which is of 12 months from 19 November 2021 (Date of Grant). The exercise arrangements for the First Grant of Share Option and the Reserved Share Option are as follows:

The exercise arrangements for the First Grant of Share Option:

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 date after the expiry of the 12 months from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 24 months from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading date after the expiry of the 24 months from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 36 months from the Date of Grant	20%

<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
Third Exercise Period	Commencing from the first trading date after the expiry of the 36th month from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading date after the expiry of the 48th month from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 60th month from the Date of Grant	20%
Fifth Exercise Period	Commencing from the first trading date after the expiry of the 60th month from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 72th month from the Date of Grant	20%

The exercise arrangements for the Redeemed Share Option :

<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
First Exercise Period	Commencing from the first trading date after the expiry of the 12th month from the Date of Grant of the Redeemed Share Option, and ending on the last trading date of the 24th month from the Date of Grant	20%

Exercise Arrangement	Exercise Period	Proportion of exercisable Share Options to the total number of Share Options granted
Second Exercise Period	Commencing from the first trading date after the expiry of the 24 month from the Date of Grant of the Restricted Share Option, and ending on the last trading date of the 36 month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading date after the expiry of the 36 month from the Date of Grant of the Restricted Share Option, and ending on the last trading date of the 48 month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading date after the expiry of the 48 month from the Date of Grant of the Restricted Share Option, and ending on the last trading date of the 60 month from the Date of Grant	20%
Fifth Exercise Period	Commencing from the first trading date after the expiry of the 60 month from the Date of Grant of the Restricted Share Option, and ending on the last trading date of the 72 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 condition of the exercise of the Share Option, the Share Option shall be exercisable in full, and the period of 12 month 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**

The exercise amount payable on application or acceptance of the option and the exercise period, in respect of which payments may or may be made.

**h. The basis of determining the exercise price**

The exercise price, under the Financial Grant of Share Option, shall not be less than the nominal value of the Share and in principle, the higher of:

- (i) the average closing price of the A Shares of the Company on the trading date immediately preceding the date of announcement of the Scheme (date), being RMB44.02 per Share;
- (ii) the average closing price of the A Shares of the Company for the 120 trading days immediately preceding the date of announcement of the Scheme (date), being RMB34.90 per Share.

The Exercise Price of the Redeemed Share Option shall be adjusted to be identical to the Exercise Price, under the Financial Grant of Share Option, being RMB44.02 per Share.

**i. The remaining life of the Scheme**

The Validity Period of the Scheme commenced from the Date of Grant of the Share Option, and shall end on the date on which all the share option 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 reporting period, the Company shall recognize the expense and corresponding changes in Capital Reserve. The Company shall recognize the expense of the share option on the Date of Grant based on the best estimate of the number of expected share options.

If the exercise condition is met on the Exercise Date, the share option can be exercised and carried forward to the Capital Reserve. The Capital Reserve is recognized on each balance sheet date before the Exercise Date; if all or part of the share option become invalid or abandoned 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 adjustments shall be made to the confirmed cost and total expense.

In accordance with the implementation of the Accounting Standards for Business Enterprise No. 11 Share-based Payment (Enterprise Accounting Standards No. 11 Share-based Payment) and the Accounting Standards for Business Enterprise No. 22 Recognition and Measurement of Financial Instruments (Enterprise Accounting Standards No. 22 Recognition and Measurement), 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 option granted based on 17 August 2021 (official calculation will be conducted at the time of grant). The specific parameters are elected as follows:

- (i) Price of a share: RMB42.89 per share (closing price on 17 August 2021)
- (ii) Validity Period: 1 year, 2 years, 3 years, 4 years and 5 years, respectively (period commencing from Date of Grant and ending on the first date of exercise for each respective period)
- (iii) Historical 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 and above RMB deposit benchmark interest rate, respectively, of financial institutions developed by the People's Bank of China)

On 26 November 2021, the Company announced the final 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 Final Grant of the 2021 A Share Option 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 a participant*

Except for Mr. Zhu Yiping (祝宇平), son of Mr. Zhu Qianming (祝全明), a Shareholder of the Company, 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 shares of option were granted to Mr. Zhu Yiping under the Final Grant of Shares Option of the participants.

e. *Exercise price and exercise period*

RMB44.02 per share. In the event of capitalisation of capital reserve, 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 the registration of the shares by the participants, the exercise price and the total number of underlying shares in total would be adjusted in accordance with the Scheme.

For details of the exercise period of the Final Grant of Shares Option, please refer to the description above.

f. Closing price of the A share on the date of immediate before the date of grant

RMB46.55 per share

g. Source of share

A share of the Company to be declared, of the participant by the Company

h. Vesting period

All share option granted, of the participant, are subject to different vesting period, and each of them commence on the date on which the registration of the grant of share option is completed. The initial vesting period of Grant and the first exercise date shall not be less than 12 months.

The Participant of the Scheme may exercise share option, upon the expiration of the vesting period. The exercise date may be a date during the Valid Period of the Scheme, and shall not fall within the period prohibited from exercising right of share option by the listing rule of the stock exchange where the Company's Share is listed.

The total outstanding share option 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 option at 31 December 2021, please refer to the above paragraph. During the Reporting Period, there were no option exercised, or lapsed. Board meeting granted 5,341,072 share option to 288 Participant, under the first grant. Before completion of registration of the share option on 13 January 2022, 5 Participant gave up the 95,600 share option were cancelled, resulting the adjusted number of participant at 283 which the adjusted first grant of share option at 5,245,472 share option.

The fair value of the 5,245,472 shares option granted during the Reporting Period amounted to RMB47.2396 million, measured at the date of the grant. Such measurement is based on the Black-Scholes option pricing model and the following assumption: When the employee has a reasonable expectation before becoming unconditionally entitled to the option, the overall expected fair value of the option is spread over the vesting period, taking into account the probability that the option will be exercised. The fair value of shares option granted is subject to the assumptions of the assumptions described above and a limited use of the model adopted. For the accounting policies of shares option, please refer to the previous page.

## INDUSTRY REVIEW

### Industry half-year review

#### *PV industry faced increasing challenges during development*

Domestically, in the first half of 2022, although silicon production capacity was expanded, the market demand at home and abroad. As a result, silicon prices were at a high level and continued to rise, enhancing a record high, leading to increasing prices across the main industry chain while compressing the demand for installation of domestic centralized power plants to a certain extent. However, the distributed power plants were increased in scale. According to a report of China Photovoltaic Industry Association, nearly 70% of the new installation in the first half of the year were distributed power plants with relatively low prices.

Internationally, trade friction occurred from time to time in a major country and region. For example, the export of modules from China to the United States is subject to Anti-dumping and Anti-subsidy duties and Section 201 tariff, while exports from South Korea, Australia to the United States are subject to Section 201 tariff and WTO denunciation. In addition, from April 2022, India imposed a new Basic Customs Duty (BCD) on imports of solar cell and modules, which has a tariff rate of 40% for PV modules and 25% for PV cells. Foreign trade friction has had an impact on the global development of the PV industry.

Amidst the volatile industry and international landscape, the Company achieved a high level of a major company in the first half of the year. The cost of energy, such as natural gas, rose significantly due to the escalation of geopolitical tension, such as the Russia-Ukraine conflict; the price of bulk commodities, such as fuel oil and soda ash also surged due to inflation and mismatch between supply and demand; additionally, the energy price increased in eight countries in April and May, highlighting the economic impact of COVID-19 pandemic in China. Consequently, the Company faced certain cost pressure on raw materials and fuel.

## ***PV industry saw a thriving trend through overcoming challenges***

Despite facing challenges, under the concerted, a domestic and abroad, the PV industry continued to hold unprecedented resilience, overcome multiple challenges, with booming in, allied demand do.

According to the statistics of China National Energy Administration and China Photovoltaic Industry Association, as of 30 June 2022, the domestic PV installation capacity reached 30.88GW, experiencing an increase of 137.4% year-on-year, PV module production reached 78.6GW, experiencing an increase of 74.3% year-on-year, and the total production of PV products (silicon wafers, cells, modules) reached approximately US\$25.9 billion, experiencing an increase of 113% year-on-year; and overall PV installation demand continued to be in high growth. The effective contribution: first, favorable policies were implemented globally. According to the REPOWER EU Plan announced by the European Commission in May 2022, for example, the 2030 renewable energy target will be raised from 40% to 45%, and a special EU solar target will be in place, double the solar PV capacity by 2025 and reach an installed capacity of 600GW by 2030; secondly, due to the impact of energy shortage, the demand for energy independence in Europe is growing, and rising energy prices are driving high electricity tariffs. As a result, the overall PV market is in full bloom, and the installed demand in EU countries, Brazil, India, etc. also will be formed market expansion. In the first half of 2022, the new installed capacity of Brazil and India reached 3,010MW, experiencing an increase of 77.51% year-on-year, and 8.36GW, experiencing an increase of 71.61% year-on-year, respectively.

To satisfy the demand for PV glass from the rapid development of PV installation, the Company commenced the operation of its own PV glass furnace with a daily melting capacity of 1,200 tons/day. Jiaxing Production Base in the first half of 2022. Meanwhile, the PV glass furnace with a daily melting capacity of 600 tons/day at Jiaxing Production Base could be paid in the first half of 2022.

## **FUTURE PROSPECT**

With the increase of silicon production capacity in the second half of the year, the demand for installed capacity do will be further encouraged. A carbon neutral has become a global consensus, and new energy generation is becoming an inevitable path and going forward, the PV industry has entered a major stage of development and will continue to grow rapidly in the coming years.

To keep abreast of the development of the industry and expand its market share, the Company is expanding its production capacity and production of PV glass. Up to now, the total production capacity of our PV glass is 15,800,000 m<sup>2</sup>/day, and Phase III and Phase IV projects of Anhui production base are well under construction. In addition, the Phase V project of Anhui production base and the Nanong project are pending approval. Upon their approval, the Company will speed up their construction progress.

For the moment, the Company will consolidate its competitive advantage and leading position through continuous optimization of the production structure of PV glass and further increasing the market share of high and large-sized glass.

## FINANCIAL REVIEW

For the six months ended 30 June 2022, the Group benefited from the demand growth in the PV glass market and the increase of new production capacity, and its operating income reached a new high. For the six months ended 30 June 2022, the amount of operating income of the Group rose to RMB7,304.5 million, which increased by 81.34% compared to the same period of 2021 of RMB4,028.0 million. On the other hand, the decrease in the average sale price of PV glass and significant increase in the cost of raw material and energy led to a decrease in the Group's net profit. The net profit attributable to the shareholders of the parent company for the six months ended 30 June 2022 was RMB1,002.7 million, representing a decrease of 20.48% compared to the same period of 2021 of RMB1,261.0 million.

### Revenue

The following table sets out the breakdown of the revenue of the Group by product type and geographical location:

Product type	Six months ended 30 June 2022		Six months ended 30 June 2021	
	RMB'000	(%)	RMB'000	(%)
PV glass	6,468,102.10	88.55	3,324,923.20	82.54
Floag glass	154,622.63	2.12	179,987.14	4.47
Household glass	180,626.50	2.47	178,247.09	4.43
Automotive glass	319,281.96	4.37	304,212.08	7.55
Mining production	161,935.17	2.22	18,668.91	0.46
Other business	19,922.98	0.27	21,984.07	0.55
Total	<u>7,304,491.34</u>	<u>100.00</u>	<u>4,028,022.49</u>	<u>100.00</u>

<b>Location</b>	<b>Six months ended 30 June 2022 RMB'000</b>	<b>Si mon h ended 30 June 2021 RMB'000</b>
Mainland China	<b>5,896,527.53</b>	2,739,990.53
Other countries in Asia (excl. of China)	<b>1,165,341.16</b>	982,573.02
Europe	<b>101,446.16</b>	84,796.65
North America	<b>128,647.29</b>	212,166.37
Other	<b>12,529.20</b>	8,495.92
<b>Total</b>	<b>7,304,491.34</b>	<b>4,028,022.49</b>

For the six months ended 30 June 2022, the revenue of sale of the Group amounted to RMB7,304.5 million, increased by 81.34% as compared with the same period of 2021 of RMB4,028.0 million. Among them, the revenue of sale of PV glass amounted to RMB6,468.1 million, increased by 94.54% as compared with the same period of 2021 of RMB3,324.9 million, mainly due to the increase in sales volume derived from the release of new production capacity of PV glass, which is a partial offset by the decrease in average sales price. In terms of sales location, for the six months ended 30 June 2022, the sales revenue in Mainland China amounted to RMB5,896.5 million, increased by 115.20% as compared with the same period of 2021 of RMB2,740.0 million; Overseas sales revenue amounted to RMB1,408.0 million, increased by 9.32% as compared with the same period of 2021 of RMB1,288.0 million. In the first half of 2022, the sales revenue from Mainland China showed a rapid growth as compared with the first half of the same region, mainly due to a significant increase in the demand for PV glass as a result of the substantial increase in the production of PV modules in Chinese Mainland, which is in line with the release and expansion of the new production capacity of the Company.

### Operating costs

The operating costs of the Group for the six months ended 30 June 2022 was RMB5,650.5 million, representing an increase of 151.67% as compared to the operating costs of RMB2,245.2 million for the same period of 2021. The increase was mainly due to the increase in sales volume of PV glass, a part of which was enhanced by significant increase in costs of auxiliary materials and energy.

### Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2022 was RMB1,654.0 million, representing a decrease of 7.22% from RMB1,782.8 million in the same period of last year. The gross profit margin of the Group for the six months ended 30 June 2022 was 22.64%, representing a decrease of 21.62 percentage points from the gross profit margin of 44.26% in the same period of last year. The decrease in gross profit and gross profit margin was mainly due to the decrease in average sales price of PV glass, and significant increase in costs of auxiliary materials and energy as compared with the same period of last year.

The following table sets out the gross profit of main products of the Group:

Production type	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	(%)	RMB'000	(%)
PV glass	1,488,648.70	23.02	1,527,909.50	45.95
Floated glass	5,323.60	3.44	74,290.40	41.28
Household glass	39,818.60	22.04	58,047.50	32.57
Automotive glass	59,949.80	18.78	95,553.10	31.41
Mining products	43,811.10	27.05	10,437.80	55.91
Others	16,430.90	82.47	16,572.70	75.39
Total	<u>1,653,982.70</u>	<u>22.64</u>	<u>1,782,811.00</u>	<u>44.26</u>

### Sales expenses

For the six months ended 30 June 2022, the sales expenses amounted to RMB49.7 million, representing a decrease of 11.88% from RMB56.4 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease in pallet expenses.

### Administrative expenses

For the six months ended 30 June 2022, the administrative expenses of the Group were RMB126.4 million, representing an increase of 18.02% from RMB107.1 million for the six months ended 30 June 2021. The increase was mainly due to the increase in the labor expenses and agency fees.

### Research and development costs

For the six months ended 30 June 2022, the research and development costs of the Group were RMB255.1 million, representing an increase of 27.55% from RMB200.0 million for the six months ended 30 June 2021. The increase was mainly due to the increase of the research and development projects, including the self-developed equipment, raw materials and other technologies for optimization production process.

## Financial costs

For the month ended 30 June 2022, the financial costs of the Group amounted to RMB76.8 million, representing an increase of 460.58% from RMB13.7 million for the month ended 30 June 2021. The increase is mainly due to the increase in interest expense on borrowing.

## Income tax expense

For the month ended 30 June 2022, the income tax expense of the Group amounted to RMB94.7 million, representing a decrease of 48.78% from RMB184.9 million for the month ended 30 June 2021, which is mainly due to the decrease in income tax expense in the consolidated area, part of the decrease in total profit and certain preferential policies of income tax exemption.

## EBITDA and net profit

For the month ended 30 June 2022, the EBITDA of the Group (earnings before interest, taxes, depreciation and amortisation) increased by RMB99.7 million from RMB1,694.7 million for the month ended 30 June 2021, to RMB1,794.4 million. The Group's EBITDA margin is 24.57% for the month ended 30 June 2022 compared with 42.07% for the same period of 2021.

For the month ended 30 June 2022, the net profit decreased by RMB258.3 million from RMB1,261.0 million for the same period of 2021, to RMB1,002.7 million.

## Assets and equity

As at 30 June 2022, the total assets amounted to RMB28,758.4 million, which increased by RMB8,675.5 million, or 43.20% from RMB20,082.9 million as at 31 December 2021. As at 30 June 2022, the shareholders' equity amounted to RMB13,200.2 million, which increased by RMB1,390.0 million, or 11.77% from RMB11,810.2 million as at 31 December 2021.

## Financial resources and liquidity

As at 30 June 2022, the current ratio was 1.43 as compared with 1.44 as at 31 December 2021.

For the month ended 30 June 2022, the Group's main source of funding were proceeds from A share convertible bonds, cash from operating activities and credit financing provided by bank.

## Asset-liability ratio

As at 30 June 2022, the Group's asset-liability ratio (asset-liability ratio, all of total debt divided by total assets at the end of the reporting period multiplied by 100%) was 54.10%, increased by 12.91 percentage as compared to 41.19% as at 31 December 2021.

## Capital expenditures

As at 30 June 2022, total capital expenditure of the Group amounted to approximately RMB4,992.7 million (as at 30 June 2021: RMB1,899.0 million), including the purchase of fixed assets, construction in progress and intangible assets for PV glass projects and the acquisition of subsidiaries.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group employed a total of 6,816 employees and most of them were based in the PRC, with a total employee remuneration amounting to RMB319.0 million for the month ended 30 June 2022, representing 4.37% of the Group's operating expense for the same period.

The Group maintains a good relationship with its employees and provides training opportunities. Not only joined mandatory in-house training. Furthermore, employees may attend external training, such as training for manufacturing management, quality control management and human resource management. Remuneration of employees is determined periodically by reference to the market rate. After considering the performance of the Group and job performance of specific employees, the Group may pay them a discretionary bonus.

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

## CREDIT RISK AND FOREIGN EXCHANGE RISK

The transaction of the Group are mainly conducted in RMB, United States dollar, Hong Kong dollar, Vietnam Dong and Japanese Yen. The majority of the Group's operating activities are mainly located in the PRC. Bank financing of the Group are led in RMB and United States dollar for the 12 months ended 30 June 2022 with annual increase, decreasing from 1.30% to 4.65%. As the Group's trading concentration of global currencies, procurement and financing are not in the RMB but in foreign currencies, the Group is exposed to foreign exchange risk. For the 12 months ended 30 June 2022, which did not have an material impact on the financial performance of the Group.

For the month, the Group's monetary in the foreign exchange risk, in particular from the available-amounting with DBS Bank (Hong Kong) Limited of US\$135 million. The Group will closely monitor the foreign exchange rate and purchase appropriate in the foreign exchange contracts in due course to mitigate the risk.

## CAPITAL STRUCTURE

As at 30 June 2022, the Company's total of 2,146,893,254 shares, of which 1,696,893,254 are A shares and 450,000,000 are H shares.

# Corporate Governance and Other Information

## Compliance with Corporate Governance Code

In the opinion of the board (the Board) of directors (Directors) of the Company, the Company had complied with the code provisions in the Corporate Governance Code as set forth in Appendix 14 of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the Listing Rules), throughout the period from 1 January 2022 to 30 June 2022 except for code provision A.2.1.

Under code provision A.2.1 of the Corporate Governance Code, the role of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ryan Hongliang Chen holds both positions. Therefore, the Group's chairman, Mr. Ryan Hongliang Chen, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategy and management of business and operation 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 the plan, the Board considered that Mr. Ryan is the best candidate for both positions and the proposed arrangement is beneficial and in the interests of the Company and the shareholders as a whole.

## Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the Model Code) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transaction by the Directors and members of the Company. Directors and members of the Company are reminded of their obligation under the Model Code on a regular basis. Following specific enquiry by the Group, all of the Directors and members of the Company have confirmed that they had complied with the relevant standards set out in the Model Code throughout the period from 1 January 2022 to 30 June 2022.

## Interests and Short Positions of Directors, Supervisors and Chief Executives

As at 30 June 2022, the interests and holdings of Directors, Supervisors and Chief Executives of the Company in the shares, including the ordinary shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the SFO)), as recorded in the register maintained by the Company pursuant to section 352 of the SFO; or a share notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Disclosure 7 and 8 of Part XV of the SFO (including in respect of those positions which the Director or the Chief Executive is deemed to have undertaken a position) and the Model Code contained in the Listing Rules, are set out as follows:

Shareholder	Number of shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(2)</sup>
<b>Directors</b>					
M. Ruan Hongliang <sup>(3)</sup>	1,178,784,425(L)	A share	Beneficial owner and participating in concert	69.47%	54.91%
	1,569,000(L)	H share	Beneficial owner and participating in concert	0.35%	0.07%
M. Jiang Jinhua <sup>(3)</sup>	1,178,784,425(L)	A share	Beneficial owner and participating in concert	69.47%	54.91%
	1,569,000(L)	H share	Beneficial owner and participating in concert	0.35%	0.07%
M. Wei Yehong <sup>(4)</sup>	16,437,445(L)	A share	Beneficial owner	0.97%	0.77%
M. Shen Qifeng <sup>(5)</sup>	10,958,297(L)	A share	Beneficial owner	0.65%	0.51%
<b>Supervisors</b>					
M. Zheng Wencong	46,801,800(L)	A share	Beneficial owner	2.76%	2.18%
M. Shen Feifan	31,201,200(L)	A share	Beneficial owner	1.84%	1.45%
M. Shen Feifan	20,351,200(L)	A share	Beneficial owner	1.20%	0.95%
	10,850,000(S)	A share	Beneficial owner	0.64%	0.51%

Note:

- (1) The calculation is based on the total number of 1,696,893,254 A Shares of 450,000,000 H Shares of the Company in issue as at 30 June 2022.
- (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 30 June 2022.
- (3) M. R. an Hongliang is the spouse of M. Jiang Jinhua. As at 30 June 2022, M. R. an Hongliang owned 462,926,174 A Shares and 485,000 H Shares. M. Jiang Jinhua owned 341,465,760 A Shares and 111,000 H Shares. M. R. an Zhen is the spouse of M. Zhao Xiaofei, and the daughter of M. R. an Hongliang and M. Jiang Jinhua. M. R. an Zhen owned 369,335,004 A Shares and 973,000 H Shares. M. Zhao Xiaofei owned 5,057,487 A Shares. In addition, pursuant to a concealed agreement dated 19 September 2016 entered into among M. R. an Hongliang, M. Jiang Jinhua, M. R. an Zhen and M. Zhao Xiaofei, each of M. R. an Hongliang, M. Jiang Jinhua, M. R. an Zhen and M. Zhao Xiaofei is considered to be interested in 1,178,784,425 A Shares and 1,569,000 H Shares under the SFO. On 31 March 2022, the Company completed the grant of 10,355,680, 7,638,600, 8,262,040 and 113,140 A Shares convertible bonds to M. R. an Hongliang, M. Jiang Jinhua, M. R. an Zhen and M. Zhao Xiaofei, respectively.
- (4) In March 2022, the Company completed the grant of 367,710 A Shares convertible bonds listed on the Shanghai Stock Exchange to M. Wei Yeong under the M. Wei Yeong account, the grant of convertible bonds in A Shares.
- (5) In March 2022, the Company completed the grant of 245,140 A Shares convertible bonds listed on the Shanghai Stock Exchange to M. Shen Qifeng under the M. Shen Qifeng account, the grant of convertible bonds in A Shares.

Save as disclosed above, as at 30 June 2022, to the knowledge of the Company, none of the Directors, the CEO and the chief executive officer of the Company had or was deemed to have the SFO's share interest or holding position in any of the shares of the underlying share and debenture of the Company and any of its associated corporations (within the meaning of Paragraph XV of the SFO) which was required to be recorded in the register, or required to be kept by the Company pursuant to section 352 of the SFO, or any of the provisions of the SFO, or the Company and the Stock Exchange pursuant to the Director 7 and 8 of Paragraph 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 30 June 2022, the persons or corporations who have an interest in the ordinary shares of the Company and chief executive of the Company, in the share, including the ordinary shares of the Company which are required to be disclosed by the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which are recorded in the register, are required to be kept under section 336 of the SFO are as follows:

Shareholder	Number of shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(2)</sup>
Mr. Ryan Zeng <sup>(3)</sup>	1,178,784,425 (L)	A Share	Beneficial owner and participating in concert	69.47%	54.91%
	1,569,000 (L)	H Share			
Mr. Zhao Xiaofei <sup>(3)</sup>	1,178,784,425 (L)	A Share	Beneficial owner and participating in concert	69.47%	54.91%
	1,569,000 (L)	H Share			
JPMorgan Chase & Co. <sup>(4)</sup>	63,029,896 (L)	H Share	Interest of controlled corporation, in connection with management, controlling interest in share and approved lending agency	14.01%	2.94%
	13,008,326 (S)			2.89%	0.61%
	28,387,546 (P)			6.31%	1.32%
The Capital Group Company, Inc. <sup>(5)</sup>	54,791,000 (L)	H Share	Interest of controlled corporation	12.18%	2.55%
BlackRock, Inc. <sup>(6)</sup>	47,486,390 (L)	H Share	Interest of controlled corporation	10.55%	2.21%
	3,172,000 (S)			0.70%	0.15%
Bank of America Corporation <sup>(7)</sup>	35,842,386 (L)	H Share	Interest of controlled corporation	7.96%	1.67%
	35,329,158 (S)			7.85%	1.65%
Pacific Asset Management Co., Ltd.	31,525,000 (L)	H Share	Interest management	7.01%	1.47%
Schode PLC <sup>(8)</sup>	27,236,000 (L)	H Share	Interest management	6.05%	1.27%
Shanghai Greenwood Asset Management Company Limited <sup>(9)</sup>	27,042,000 (L)	H Share	Interest management	6.01%	1.26%
Xi'ang Jingning Core Asset Management Company Limited <sup>(9)</sup>	27,042,000 (L)	H Share	Interest of controlled corporation	6.01%	1.26%

Shareholder	Number of shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(2)</sup>
Cjig o P-Inc. <sup>(10)</sup>	26,366,672 (L)	H Share	Inde e of con olled	5.86%	1.23%
	9,247,099 (S)		co p o a ion and app o ed	2.05%	0.43%
	16,813,949 (P)		lending agen	3.74%	0.78%
UBS G o P-AG <sup>(11)</sup>	25,014,145 (L)	H Share	Inde e of con olled	5.56%	1.17%
	18,462,525 (S)		co p o a ion	4.10%	0.86%
CICC P. cheng In e e men Co., L.d.	23,870,000 (L)	H Share	Beneficial inde e e	5.30%	1.11%
China In e na tional Capital Co p o a ion Limjed <sup>(12)</sup>	22,573,000 (L)	H Share	Inde e of con olled co p o a ion	5.02%	1.05%

Notes:

- The calculation is based on the total number of 1,696,893,254 A shares of 450,000,000 H shares of the Company in issue as at 30 June 2022.
- 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 30 June 2022.
- M. R. an Hongliang is the holder of M. Jiang Jinhua. As at 30 June 2022, M. R. an Hongliang owns 462,926,174 A Shares and 485,000 H Shares. M. Jiang Jinhua owns 341,465,760 A Shares and 111,000 H Shares. M. R. an Ze, n is the holder of M. Zhao Xiaofei, and the holder of M. R. an Hongliang and M. Jiang Jinhua. M. R. an Ze, n owns 369,335,004 A Shares and 973,000 H Shares. M. Zhao Xiaofei owns 5,057,487 A Shares. In addition, M. R. an Ze, n has a concealed agreement dated 19 September 2016 entered into among M. R. an Hongliang, M. Jiang Jinhua, M. R. an Ze, n and M. Zhao Xiaofei, each of M. R. an Hongliang, M. Jiang Jinhua, M. R. an Ze, n and M. Zhao Xiaofei is considered to be entered in 1,178,784,425 A Shares and 1,569,000 H Shares under the SFO. On 31 March 2022, the Company completed the grant of 10,355,680, 7,638,600, 8,262,040 and 113,140 A shares convertible bond to M. R. an Hongliang, M. Jiang Jinhua, M. R. an Ze, n and M. Zhao Xiaofei, respectively.
- JPMorgan Chase & Co. held the entire and the whole of the controlled company, including holding of certain limited liability (cash element: 1,100 shares (whole share) and limited liability (physical element: 313,784 shares (whole share); cash element: 3,930,380 shares (long share) and 616,270 shares (whole share)).

- (5) The Capital Group Company, Inc. indirectly held the entire equity ownership of the controlled corporation.
- (6) BlackRock, Inc. indirectly held the entire equity and 100% ownership of the controlled corporation, including holding of certain limited liability (cash equivalent: 39,000 shares (long position) and 1,549,000 shares (short position)).
- (7) Bank of America Corporation indirectly held the entire equity and 100% ownership of the controlled corporation, including holding of certain limited liability (cash equivalent: 17,338,242 shares (long position) and 2,088,900 shares (short position)).
- (8) Schode PLC indirectly held the entire equity ownership of the controlled corporation.
- (9) Xi ang Jingning Corporate Management Company held 100% equity interest in Shanghai Green Food Asset Management Company Limited 100%.
- (10) Citigroup Inc. indirectly held the entire equity and 100% ownership of the controlled corporation, including holding of certain limited liability (cash equivalent: 2,918,610 shares (long position) and 175,000 shares (short position)).
- (11) UBS Group AG held the entire equity and 100% ownership of the controlled corporation, including holding of certain limited liability (cash equivalent: 325 shares (long position) and 12,363 shares (short position)) and certain limited liability (cash equivalent: 1,513,656 shares (long position) and 1,322,971 shares (short position)).
- (12) China International Capital Corporation Limited indirectly held the entire equity ownership of the controlled corporation.

Save as disclosed above, as at 30 June 2022, other than the Director, the entire interest in the shares of the Company, including the 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 are recorded in the register, is held or controlled by 336 of the SFO.

## Purchase, Sale or Redemption of the Company's Listed Securities

### 1. 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 meeting the working capital requirements of the Company, the Company proposed to issue A share convertible corporate bond in the PRC, with a 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 share holder class meeting of the Company on 20 August 2021. On 16 June 2021, the announcement in relation to the issuance of A share convertible bond was published on the website of The Stock Exchange of Hong Kong Limited (the Stock Exchange) and the closing price of A share on that day was RMB29.53 per share. The aggregate of the A share convertible bond is a national general issue, legal person, exclusive in investment fund and other in the form of subscription, subscription, under the law, and who has maintained exclusive account with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (except those prohibited by the law and regulation in the PRC). It was approved by the China Securities Regulatory Commission (CSRC) on 8 November 2021 and issued by CSRC in March 2022. The issuance of A share convertible bond was completed in March 2022. The A share convertible bond, under the issuance of RMB4 billion with a nominal value of RMB100 and the interest rate of 4.00%. The Company completed the issue of 40 million convertible bonds. The subscription fund for the A share convertible bond, under the issuance, totaled RMB4,000,000,000.00. After deducting the issuance fee of RMB23,078,799.67, the net fund raised was RMB3,976,921,200.33.

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB3,976.92 million. As at 30 June 2022, 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 ton of solar silicon wafer and high-end panel manufacturing project	48.50%	192,896.85	94,513.73	98,383.12
Distributed PV power generation construction project	16.41%	65,257.65		65,257.65
Annual production of 15 million square meters of solar PV glass technical equipment manufacturing project	4.91%	19,537.62	1,523.54	18,014.08
Working capital	30.17%	120,000.00	120,000.00	0

The amount utilized is expected to be fully utilized by the Company according to the use of proceeds plan for such proceeds by December 2023. As at the date of this report, the Directors confirm that the proceeds were used and are expected to be used according to the information previously disclosed.

## 2. *Non-public Issuance of A Shares*

In order to further increase the company's capacity scale, meet the growing market demand of the photovoltaic industry, provide comprehensive benefits, improve production and efficiency, improve service, further improve the company's comprehensive competitiveness, and consolidate and enhance the company's market position, on 1 June 2022, the Board approved the proposed non-public issuance of A shares which shall be allocated to shareholders at the 2022 first extraordinary general meeting, the 2022 first A share class meeting and the 2022 first H share class meeting held on 29 July 2022. On 1 June 2022, the announcement in relation to the proposed non-public issuance of A shares was published on the website of Stock Exchange and the closing price of A shares on that day was RMB43.18 per share. The target, including electronic intermediate management companies, electronic firms, companies, finance companies, insurance companies, insurance companies, qualified foreign institutional investors which satisfy the requirements of the CSRC and other competent bodies, individual qualified institutional investors which satisfy the requirements of the relevant laws and regulations. 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. According to the total share capital of the Company on the date of announcement of the plan, the number of A shares to be issued in the non-public issuance shall not exceed 30% of the total number of A shares of the Company prior to the offering, i.e. not more than 509.068 million A shares (inclusive), and shall be subject to the approval of the CSRC. As of the date of this interim report, the issuance of A shares convertible corporate bond has not been completed.

The total net proceeds from the non-public issuance of A shares by the Company are expected to be amounting to approximately RMB6,000,000,000. As at 30 June 2022, the use of such proceeds are as follows:

Unit: RMB10,000

Project	Percentage of net proceeds	Amount of utilized	Amount unutilized	Amount of net proceeds to be used
Annual production of 1,950,000 tons of new energy efficient high-temperature panel manufacturing project	Annual production of 750,000 tons of new energy efficient high-temperature panel manufacturing project			
Annual production of 1,200,000 tons of new energy efficient high-temperature panel manufacturing project	Annual production of 1,200,000 tons of new energy efficient high-temperature panel manufacturing project			193,000.00 <sup>ye2</sup>
Annual production of 1,500,000 tons of new energy efficient high-temperature panel manufacturing project	Annual production of 1,500,000 tons of new energy efficient high-temperature panel manufacturing project			227,000.00 <sup>ye1,3</sup>
Working capital				180,000.00 <sup>ye4</sup>

## Proceeds Brought Forward from Issuance of Equity Securities Made In Previous Financial Year

### 1. *Non-public Issuance of A Shares*

In order to meet the development need of the Company, enhance the Company's core competitiveness, 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 initiated the process which was also approved by the 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 Interim Approval Committee of the CSRC conducted a review of the Company's application for non-public issuance of A shares. Pursuant to the review 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 a 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 the 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 Shares on that day was RMB15.61 per share. The target, including exclusive investment management companies, exclusive firms, companies, finance companies, investment institutions, qualified foreign investment institutions which satisfy the requirements of the CSRC and other competent bodies, individual qualified investment institutions which satisfy the requirements of the relevant laws and regulations.

The total net proceeds from the non-public issuance of A shares by the Company amounted to approximately RMB2,483,081,943.69. As at 30 June 2022, 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 coating line annual production capacity of 750,000, on project	56.38%	140,000	140,000	0
PV backplane glass coating line annual production capacity of 42 million, a new project	13.41%	33,308.19	33,308.19	0
Working capital	30.21%	75,000	75,000	0

As at the date of the report, the Directors confirm that the proceeds have been fully used according to the information previously disclosed.

## 2. Issuance of New H Shares under Specific Mandate

In order to provide long-term capital and a reliable financing source, promote the stable development and growth of the Company, expand the income base of H shares and enhance the Company's access to international investment, a strategic, a well-organized and comprehensive capital raising, on 5 February 2021, the Company announced to propose to issue, in total, of 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 be used: (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 increase; (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 increase. This increase was considered and approved at the 2021 first extraordinary general meeting, the 2021 first Annual General Meeting and the 2021 first H share class meeting held on 25 March 2021. The Company received the Approval Regulating the Issuance of Overseas Listed Foreign Issued Shares by the Shanghai Securities Exchange Co., Ltd. (the Approval) issued by CSRC on 1 June 2021.

The new H Shares to be issued are convertible foreign shares which shall be listed on the Main Board of the Stock Exchange with a par value of RMB0.25 each. On 5 February 2021, the announcement in relation to the proposed issuance of new H Shares under specific mandate was published on the website of the Stock Exchange and the closing price of the Company of H Shares on that date was HK\$32.48 per share. The aggregate value of the new H Shares will be realized in cash (excluding those in respect of which subscription has been or would be prohibited under applicable laws and regulations), which together with the proceeds, if any, from the sale of the new H Shares will be used to finance the Company's operations and other purposes. The change in the capital market condition of the Company has not completed the issuance of additional H Shares within the month from the date of the Approval. According to the announcement of the company dated 1 June 2022, the Approval lapse automatically upon expiry. The effect of the proceeds from the proposed issuance of H Shares is not applicable anymore.

## 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 Dividend of Listed Companies (Cai Shui [2015] No. 101) (《财政部、国家税务总局、中国证监会关于上市公司股息红利差别化个人所得税政策有关问题的通知》(财税[2015]101号)), for shares of listed companies acquired by individuals from public offering or transfer of shares in the market, the tax on the holding period exceeds one year the dividend shall be exempt from individual income tax; the tax on the holding period is less than one month (inclusive), the full amount of dividend shall be considered as taxable income and the tax on the holding period is more than one month and less than one year (inclusive), 50% of the dividend shall be considered as taxable income on a proportional basis. The individual income tax rate of 20% shall be applicable for all income mentioned above. For dividend distributed by listed companies, the tax on the holding period of individual shareholders is less than one year (inclusive), the listed companies shall not withhold the individual income tax. The applicable, subject to individual transfer of shares, shall be calculated by China Securities Depository and Clearing Corporation Limited in accordance with the division of holding period. Corporation of shares including equity companies will withhold the amount from individual account and transfer to China Securities Depository and Clearing Corporation Limited. China Securities Depository and Clearing Corporation Limited shall transfer to the listed companies within 5 working days of the next month, and the listed companies shall declare the amount of the company's annual holding period, recognizing the amount within the reporting period in the next month.

Resident enterprise shareholder of A share holder, and pay for the enterprise income, a of dividend by himself.

For the shareholder who is a Qualified Foreign Institutional Investor (QFII), the listed company shall withhold and pay enterprise income tax at a rate of 10%, and, on the effective date of the Notice of the State Administration of Taxation Concerning the Relevant Question on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividend, Bonus and Interest by PRC Resident Enterprise to QFII (Guo Shu Yi Han [2009] No. 47) (《國家稅務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函2009[47]號)). QFII shareholder enjoyed preferential treatment, and a waiver (arrangement) shall apply to the competition arrangement for a waiver according to the relevant rule and regulation after the effective date of dividend, and a waiver will be effective, and a waiver, confirmation carried out by competition arrangement.

For non-resident enterprise shareholder of A share holder, the above-mentioned QFII, listed company shall withhold and pay enterprise income tax at a rate of 10%, and, on the effective date of the Tenative Measure for Administration of Withholding and the Source of Income Tax of Non-resident Enterprise (Guo Shu Yi Fa [2009] No. 3) (《非居民企業所得稅源泉扣繳管理暫行辦法》(國稅發[2009]3號)) and the Reason of the State Administration of Taxation Concerning Question on Enterprise Income Tax of Dividend of B-share and Q-share Share Received by Non-resident Enterprise (Guo Shu Yi Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)). Non-resident enterprise shareholder enjoyed preferential treatment shall make application in accordance with the relevant provision of the arrangement.

For, on the effective date of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policy Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shu Yi [2014] No. 81) (《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), listed company shall withhold an income tax at a rate of 10% on dividend from the A share of the company in the listed Hong Kong in the (including enterprise and individual), although the SSE, and apply for withholding in the competition arrangement (before the Hong Kong Securities Clearing Company Limited, on the side of the mainland, in the identification and holding period of China Securities Depository and Clearing Corporation Limited, the policy of differentiated rate of a share based on holding period will, temporarily, not be implemented). For the shareholder who is a resident of the country and whose country of domicile is a country which has entered into a waiver with the PRC, in the case of dividend, a rate of 10%, the enterprise and individual mainly, a withholding agent, on the competition arrangement of the listed company for the implementation of the arrangement, shall, on the application of the competition arrangement, be paid amount in the case of the arrangement based on the arrangement according to the arrangement will be effected.

Pursuant to the provisions of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policy Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shi Zi [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), listed companies shall withhold an income tax at the rate of 10% on dividend from the A shares of the companies listed in Hong Kong in the mainland (including enterprise and individual), through the Shenzhen Stock Exchange, and apply for withholding tax, the competent authority (before the Hong Kong Securities Clearing Company Limited or the appropriate authority in the jurisdiction and holding period of China Securities Depository and Clearing Corporation Limited, the policy of differentiated tax of a share based on holding period will, temporarily not be implemented). For income tax of the company and the company of domicile in a country which has entered into a tax treaty with the PRC, including a dividend tax rate of lower than 10%, the enterprise and individual shareholder, a withholding agent, apply to the competent authority of the listed company for the implementation of the tax treaty, which a treaty. Upon approval, the competent authority, the paid amount in respect of the tax payable based on the tax treaty according to, which a treaty will be effected.

### **Holders of H shares**

In accordance with the provisions of the Circular on Certain Issues Concerning the Policy of Individual Income Tax (Cai Shi Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on March 13, 1994, on the individual income tax, an individual shareholder of the PRC individual income tax for dividend on bonds received from foreign-invested enterprise.

Pursuant to the provisions of the Notice of the State Administration of Taxation on March 13, 2008 Concerning Withholding Enterprise Income Tax When China Resident Enterprise Distribute Dividend to Foreign Non-Resident Enterprise Shareholder of H Shares (Guo Shi Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), distributing dividend to foreign non-resident enterprise shareholder of H shares from 2008 and forward shall be subject to the enterprise income tax withheld at a rate of 10%. Upon receipt of dividend, an overseas non-resident enterprise shareholder may apply to the competent authority for election to pay the tax (aangement) in person or through a withholding agent and provide evidence in the form of a certificate of a beneficial owner defined in the tax treaty (aangement). Upon verification by the competent authority, the difference between the tax liability and the amount of a payable calculated at the tax rate, the tax treaty (aangement) will be effected.

According to the provisions 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 Shu [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 not hold an individual income tax at the rate of 20% on dividends from the H-share of the companies established in mainland China on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect. For dividends of the H-share listed on the Hong Kong Stock Exchange received by mainland entities in mainland China from the Shanghai-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above provisions. For dividends of the H-share listed on the Hong Kong Stock Exchange received by mainland entities in mainland China from the Shanghai-Hong Kong Stock Connect, H-share companies shall not hold income tax on dividends, and mainland entities shall enjoy and pay the same amount of exemption. In particular, the dividends received by entities in mainland China which hold H-share for a least 12 consecutive months shall be exempted from entity income tax according to law.

According to the provisions 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 Shu [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 not hold an individual income tax at the rate of 20% on dividends from the H-share of the companies established in mainland China on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect. For dividends of the H-share listed on the Hong Kong Stock Exchange received by mainland entities in mainland China from the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above provisions. For dividends of the H-share listed on the Hong Kong Stock Exchange received by mainland entities in mainland China from the Shenzhen-Hong Kong Stock Connect, H-share companies shall not hold income tax on dividends, and mainland entities shall enjoy and pay the same amount of exemption. In particular, the dividends received by entities in mainland China which hold H-share for a least 12 consecutive months could be exempted from entity income tax according to law.

The shareholders of the Company shall pay the relevant and/or applicable relief in accordance with the above provisions.

## Dividends

For the interim month ended 30 June 2022, the Board recommended an ordinary interim dividend of RMB0.23 per share (before tax) (the 2022 Interim Dividend) and instructed the approval by the 2022 extraordinary general meeting of shareholders of the Company (2022 Third EGM) to be convened. A date of the 2022 Third EGM is to be set by the Company. It will announce in due course the details of the date of closure of registration of members of the record date and the payment date in a separate announcement.

Dividend on A shares will be paid in RMB and dividend on H shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the exchange rate of Hong Kong dollars to RMB announced by the People's Bank of China during the five business days prior to the date of extraordinary general meeting.

## Review of the Interim Report by the Audit Committee of the Company

The Company's interim report for the interim month ended 30 June 2022 has not been audited but has been reviewed by the Company's audit committee, comprising three independent non-executive Directors.

# Consolidated Balance Sheet

RMB

Items	№	30 June 2022	31 December 2021
<b>Current assets:</b>			
Cash at bank and on hand	1	4,023,250,509.82	2,842,677,267.48
Trading financial assets	2	700,000,000.00	200,000,000.00
Derivative financial assets	3	–	62,739.00
Bill receivable	4	2,016,706,300.57	939,748,112.41
Trade receivable	5	2,713,330,450.16	1,105,759,571.75
Financing receivable	6	596,244,502.28	531,196,547.78
Advance payment	7	415,641,169.16	692,261,958.13
Other receivable	8	53,523,216.63	54,999,617.97
Inventory	9	1,496,902,516.96	2,276,469,528.29
Other contracts	10	114,315,141.92	255,127,082.80
<b>Total current assets</b>		<b>12,129,913,807.50</b>	<b>8,898,302,425.61</b>
<b>Non-current assets:</b>			
Long-term investment	11	74,269,507.82	71,530,334.22
Investment properties	12	18,086,495.83	18,802,231.03
Fixed assets	13	9,179,825,831.06	6,316,279,511.19
Construction in progress	14	2,072,848,900.09	3,067,207,867.50
Right-of-use assets	15	172,642,131.34	170,070,872.22
Intangible assets	16	4,023,561,481.57	662,708,796.08
Long-term prepaids		11,469,799.56	6,948,461.94
Deferred tax assets	17	4,451,373.78	4,162,665.30
Other non-current contracts	18	1,071,368,607.59	866,903,935.41
<b>Total non-current assets</b>		<b>16,628,524,128.64</b>	<b>11,184,614,674.89</b>
<b>Total assets</b>		<b>28,758,437,936.14</b>	<b>20,082,917,100.50</b>

RMB

Items	No. e	30 June 2022	31 December 2021
<b>Current liabilities:</b>			
Shoꝛt-teꝛm boꝛroꝛing	19	1,966,252,066.84	1,860,696,500.00
Debiꝛ financial liabilities	20	3,598,130.06	
Bill payable	21	967,943,844.79	1,036,982,577.72
Trade payable	22	3,369,204,291.79	2,306,910,116.65
Conꝛaꝛ liabilities	23	119,823,950.23	352,681,717.14
Paꝛoll payable	24	52,276,720.97	67,519,702.61
Tax payable	25	236,427,450.22	48,629,486.85
Queꝛ payable	26	680,675,249.47	136,664,417.03
Inclꝛding: Inꝛeꝛ payable		7,398,469.04	4,225,184.38
Dividend payable		791,200.00	791,200.00
Non-cꝛreꝛ liabilities deꝛivꝛinꝛ one eaꝛ	27	1,059,384,444.73	310,100,070.52
Queꝛ cꝛreꝛ liabilities		12,191,163.60	44,277,908.91
<b>Total current liabilities</b>		<b>8,467,777,312.70</b>	<b>6,164,462,497.43</b>
<b>Non-current liabilities:</b>			
Long-teꝛm boꝛroꝛing	28	3,091,900,000.00	1,967,748,428.04
Bond payable	29	3,660,546,167.06	
Leaꝛe liabilities	30	10,685,236.11	10,879,703.29
Long-teꝛm payable	32	178,010,897.90	
Deferꝛed income	31	64,503,881.87	25,441,145.12
Deferꝛed liabilities	17	84,787,542.50	104,216,253.83
<b>Total non-current liabilities</b>		<b>7,090,433,725.44</b>	<b>2,108,285,530.28</b>
<b>Total liabilities</b>		<b>15,558,211,038.14</b>	<b>8,272,748,027.71</b>

RMB

Items	№	30 June 2022	31 December 2021
<b>Shareholders' equity</b>			
Share capital	33	<b>536,723,313.50</b>	536,723,313.50
Reserves	34	<b>333,235,286.91</b>	
Capital reserve	35	<b>4,848,611,260.86</b>	4,832,768,261.83
Legal reserve		<b>30,104,000.00</b>	32,096,200.00
Other comprehensive income	37	<b>22,276,078.73</b>	(7,613,180.72)
Special reserve	38	<b>23,616,256.64</b>	17,266,053.61
Surplus	39	<b>268,361,656.75</b>	268,361,656.75
Undistributed profit	40	<b>7,197,507,044.61</b>	6,194,759,167.82
Total equity attributable to shareholders of the parent company		<b><u>13,200,226,898.00</u></b>	<u>11,810,169,072.79</u>
<b>Total shareholders' equity</b>		<b><u>13,200,226,898.00</u></b>	<u>11,810,169,072.79</u>
<b>Total liabilities and shareholders' equity</b>		<b><u><u>28,758,437,936.14</u></u></b>	<u><u>20,082,917,100.50</u></u>

# Balance Sheet of the Parent Company

RMB

Items	Note	30 June 2022	31 December 2021
<b>Current assets:</b>			
Cash at bank and on hand		2,597,515,069.67	593,095,104.71
Trading financial assets		300,000,000.00	
Derivative financial assets		-	
Bill receivable		641,605,961.31	448,120,747.17
Trade receivable	1	937,073,154.17	347,593,588.48
Financing receivable		167,943,409.99	176,107,817.92
Advance payment		202,602,599.16	113,797,898.71
Other receivable	2	1,742,784,071.43	1,837,334,934.64
Including: Dividend receivable		148,731,538.16	800,000,000.00
Inventory		429,521,571.27	319,598,489.09
Other contracts		14,699,155.04	20,480,374.08
<b>Total current assets</b>		<b>7,033,744,992.04</b>	<b>3,856,128,954.80</b>
<b>Non-current assets:</b>			
Long-term investments	3	4,157,352,990.72	1,350,059,171.12
Investments in subsidiaries		-	
Investments in associates		-	
Fixed assets		2,811,721,752.27	1,280,018,460.38
Contribution in progress		262,536,204.31	1,309,136,814.51
Right-of-use assets		-	
Intangible assets		387,273,873.79	392,286,140.98
Long-term prepaid expense		5,686,374.76	2,596,418.88
Deferred tax assets		-	
Other non-current contracts		5,292,653,398.94	4,622,171,949.91
<b>Total non-current assets</b>		<b>12,917,224,594.79</b>	<b>8,956,268,955.78</b>
<b>Total assets</b>		<b>19,950,969,586.83</b>	<b>12,812,397,910.58</b>

RMB

Items	None	30 June 2022	31 December 2021
<b>Current liabilities:</b>			
Short-term borrowing		1,023,332,866.84	1,261,939,500.00
Deferred financial liabilities		-	-
Bill payable		739,859,796.22	557,046,846.40
Trade payable		1,273,574,861.40	874,183,753.59
Contract liabilities		25,943,220.46	172,956,634.95
Payroll payable		23,467,573.41	28,878,501.78
Tax payable		62,888,608.01	17,775,591.40
Other payable		1,304,872,044.34	565,827,131.31
Including: Interest payable		5,358,807.57	2,551,415.40
Dividend payable		791,200.00	791,200.00
Non-current liabilities due within one year		101,700,000.00	3,200,000.00
Other current liabilities		3,337,865.04	22,438,022.78
<b>Total current liabilities</b>		<b>4,558,976,835.72</b>	<b>3,504,245,982.21</b>
<b>Non-current liabilities:</b>			
Long-term borrowing		2,656,700,000.00	786,800,000.00
Bond payable		3,660,546,167.06	-
Lease liabilities		-	-
Long-term payable		-	-
Estimated liabilities		-	-
Deferred income		10,741,749.57	13,423,678.16
Deferred income, a liability		4,905,810.86	8,557,857.51
<b>Total non-current liabilities</b>		<b>6,332,893,727.49</b>	<b>808,781,535.67</b>
<b>Total liabilities</b>		<b>10,891,870,563.21</b>	<b>4,313,027,517.88</b>

RMB

Items	Number	30 June 2022	31 December 2021
<b>Shareholders' equity:</b>			
Share capital		536,723,313.50	536,723,313.50
Other items		333,235,286.91	
Capital reserve		4,848,611,260.86	4,832,768,261.83
Less: Treasury stock		30,104,000.00	32,096,200.00
Other comprehensive income		(775,619.54)	(609,915.05)
Surplus reserve		268,361,656.75	268,361,656.75
Undistributed profit		3,103,047,125.14	2,894,223,275.67
Total equity attributable to owners of the parent company		<u>9,059,099,023.62</u>	<u>8,499,370,392.70</u>
<b>Total shareholders' equity</b>		<u>9,059,099,023.62</u>	<u>8,499,370,392.70</u>
<b>Total liabilities and shareholders' equity</b>		<u><u>19,950,969,586.83</u></u>	<u><u>12,812,397,910.58</u></u>

# Consolidated Income Statements

RMB

Items	No.	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>I. Operating revenue</b>	41	<b>7,304,491,338.96</b>	4,028,022,488.56
Le : Operating revenue		<b>5,650,508,668.44</b>	2,245,211,455.30
Take and charge	42	<b>45,449,665.35</b>	21,201,184.74
Selling expense	43	<b>49,650,173.34</b>	56,442,822.66
General and administrative expense	44	<b>126,399,595.74</b>	107,119,073.48
Research and development expense	45	<b>255,054,636.60</b>	200,038,514.30
Financial expense	46	<b>76,768,433.12</b>	13,720,261.74
Including: Interest expense		<b>120,102,101.64</b>	34,644,318.71
Interest income		<b>25,481,363.85</b>	21,301,664.66
Add: Other income	47	<b>40,868,360.92</b>	12,336,592.31
Income tax expense (loss)	48	<b>4,199,843.60</b>	21,587,263.15
Including: Gain on investment in associates and joint ventures		<b>3,582,923.60</b>	2,834,046.74
Profit (loss) arising from change in fair value	49	<b>(3,660,869.06)</b>	(160,041.62)
Credit impairment loss	50	<b>(28,631,879.47)</b>	30,496,077.35
Asset impairment loss	51	<b>(6,723,522.16)</b>	(4,329,681.98)
Gain (loss) on disposal of assets	52	<b>(9,150,998.74)</b>	(950,017.12)
<b>II. Operating profit</b>		<b>1,097,561,101.46</b>	1,443,269,368.43
Add: Non-operating income	53	<b>2,092,103.81</b>	3,355,129.18
Le : Non-operating expense	54	<b>2,254,370.81</b>	709,760.70
<b>III. Total profit</b>		<b>1,097,398,834.46</b>	1,445,914,736.91
Le : Income tax expense	55	<b>94,650,957.67</b>	184,884,747.88
<b>IV. Net profit</b>		<b>1,002,747,876.79</b>	1,261,029,989.03
Net profit attributable to owners of parent company		<b>1,002,747,876.79</b>	1,261,029,989.03

Items	Q1 2022	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>V. Other comprehensive income, net of tax</b>		<b>29,889,259.45</b>	(1,066,315.53)
The comprehensive income, net of tax attributable to the owners of parent company		<b>29,889,259.45</b>	(1,066,315.53)
(1) The comprehensive income, which cannot be classified as OCI of the company		-	(1,133,085.00)
Change in fair value of the equity investments		-	(1,133,085.00)
(2) The comprehensive income, which will be classified as OCI of the company		<b>29,889,259.45</b>	66,769.47
Exchange difference on foreign currency financial statement translation		<b>29,586,440.51</b>	760,066.87
Change in fair value of investments			101,692.60

# Income Statements of the Parent Company

RMB

Items	QoQ	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>I. Operating revenue</b>	4	<b>2,364,194,413.72</b>	2,016,966,902.46
Le : Operating revenue		<b>1,951,593,318.84</b>	1,538,006,914.04
Trade and commission		<b>3,634,539.87</b>	3,204,356.66
Selling expense		<b>19,135,579.80</b>	11,821,433.25
General and administrative expense		<b>69,871,990.97</b>	62,026,068.29
Research and development expense		<b>85,360,429.83</b>	78,720,175.00
Financial expense		<b>6,265,338.85</b>	(6,898,182.62)
Including: Interest expense		<b>71,407,412.96</b>	13,981,123.78
Interest income		<b>13,340,110.93</b>	12,234,408.51
Add: Other income	5	<b>9,529,261.87</b>	6,292,315.65
Including: Interest income (loss)		<b>2,293,819.60</b>	2,834,046.74
Gain on interest income in associated and joint ventures		<b>2,293,819.60</b>	2,834,046.74
Credit impairment loss		<b>(8,110,426.25)</b>	23,862,144.23
Asset impairment loss		<b>(3,932,514.57)</b>	(4,325,366.00)
Gain (loss) on disposal of assets		<b>401,795.49</b>	106,241.91
<b>II. Operating profit</b>		<b>228,515,151.70</b>	358,855,520.37
Add: Non-operating income		<b>867,335.51</b>	64,595.34
Le : Non-operating expense		<b>1,275,851.39</b>	563,362.04
<b>III. Total profit</b>		<b>228,106,635.82</b>	358,356,753.67
Le : Income tax expense		<b>19,282,786.35</b>	40,660,678.66
<b>IV. Net profit</b>		<b>208,823,849.47</b>	317,696,075.01
Net profit from continuing operation		<b>208,823,849.47</b>	317,696,075.01

RMB

Items	Q1 2022	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>V. Other comprehensive income, net of tax</b>		<b>(165,704.49)</b>	1,971,851.19
(1) Other comprehensive income, that will be reclassified or offset to profit or loss		(165,704.49)	1,971,851.19
Other		(165,704.49)	1,971,851.19
<b>VI. Total comprehensive income</b>		<b><u>208,658,144.98</u></b>	<b><u>319,667,926.20</u></b>

# Consolidated Statements of Cash Flow

RMB

Items	Q <sub>1</sub>	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>I. Cash flow from operating activities:</b>			
Cash received from sale of good and ending of lease		<b>3,038,800,978.84</b>	2,887,893,348.03
Cash received from refund of advance		<b>67,399,490.94</b>	157,930,399.47
Cash received relating to other operating activities	56	<b>123,781,925.79</b>	34,157,968.08
<b>Subtotal of cash inflows</b>		<b>3,229,982,395.57</b>	3,079,981,715.58
Cash paid for good and lease		<b>1,551,673,945.49</b>	1,698,762,995.28
Cash paid for and on behalf of employee		<b>334,286,062.44</b>	224,622,530.60
Cash paid for purchase of advance and change		<b>235,588,722.86</b>	344,428,646.38
Cash paid relating to other operating activities	56	<b>202,168,255.91</b>	415,015,587.14
<b>Subtotal of cash outflows</b>		<b>2,323,716,986.70</b>	2,682,829,759.40
<b>Net cash flow from operating activities</b>		<b>906,265,408.87</b>	397,151,956.18
<b>II. Cash flow from investing activities:</b>			
Cash received from disposal of investment		<b>200,000,000.00</b>	2,050,000,000.00
Cash received from return on investment		<b>1,460,670.00</b>	20,492,482.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>4,044,620.93</b>	6,771,658.76
Cash received relating to other investing activities	56	<b>14,489,983.85</b>	40,985,939.59
<b>Subtotal of cash inflows</b>		<b>219,995,274.78</b>	2,118,250,080.96
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		<b>2,188,693,239.71</b>	1,898,993,502.24
Cash paid relating to investment		<b>700,000,000.00</b>	2,050,000,000.00
Net cash paid for acquisition of subsidiary and other operating		<b>2,803,965,670.84</b>	
Cash paid relating to other investing activities	56	<b>46,849,962.30</b>	25,166,299.08
<b>Subtotal of cash outflows</b>		<b>5,739,508,872.85</b>	3,974,159,801.32
<b>Net cash flow from investing activities</b>		<b>(5,519,513,598.07)</b>	(1,855,909,720.36)

RMB

Items	Q <sub>1</sub>	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>III. Cash flow from financing activities:</b>			
Cash received from capital contribution		–	2,509,960,996.79
Cash received from issued bond		<b>3,978,000,000.00</b>	
Cash received from borrowing		<b>4,085,382,666.84</b>	1,298,907,944.79
Cash received relating to the financing activities	56	<b>466,542,322.25</b>	459,117,039.95
<b>Subtotal of cash inflows</b>		<b>8,529,924,989.09</b>	4,267,985,981.53
Cash paid for payment of borrowing		<b>2,208,375,500.00</b>	649,455,977.28
Cash paid for distribution of dividend, and profit or payment of interest		<b>92,732,448.31</b>	361,036,874.42
Cash paid relating to the financing activities	56	<b>496,112,910.71</b>	748,526,906.50
<b>Subtotal of cash outflows</b>		<b>2,797,220,859.02</b>	1,759,019,758.20
<b>Net cash flow from financing activities</b>		<b>5,732,704,130.07</b>	2,508,966,223.33
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>23,638,751.01</b>	(6,274,196.59)
<b>V. Net increase (decrease) in cash and cash equivalents</b>		<b>1,143,094,691.88</b>	1,043,934,262.56
Add: Cash and cash equivalents at the beginning of the year		<b>2,101,730,679.46</b>	1,146,171,930.13
<b>VI. Cash and cash equivalents at the end of the year</b>		<b>3,244,825,371.34</b>	2,190,106,192.69

# Statements of Cash Flow of the Parent Company

RMB

Items	For the six months ended 30 June 2022	For the six months ended 30 June 2021
<b>I. Cash flow from operating activities:</b>		
Cash received from sale of goods and services	788,861,444.80	1,306,196,622.88
Cash received from sale of property, plant and equipment	4,593,212.60	13,018,012.65
Cash received from operating activities	34,354,347.21	13,232,174.14
<b>Subtotal of cash inflows</b>	<b>827,809,004.61</b>	<b>1,332,446,809.67</b>
Cash paid for goods and services	810,338,583.44	883,910,966.58
Cash paid for and on behalf of employees	106,759,256.97	29,570,696.15
Cash paid for purchase of property and equipment	34,502,346.92	75,294,778.68
Cash paid from operating activities	84,347,262.63	114,761,990.71
<b>Subtotal of cash outflows</b>	<b>1,035,947,449.96</b>	<b>1,103,538,432.12</b>
<b>Net cash flow from operating activities</b>	<b>(208,138,445.35)</b>	<b>228,908,377.55</b>
<b>II. Cash flow from investing activities:</b>		
Cash received from disposal of investments	-	200,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,304,506.44	781,387.96
Cash received from investing activities	2,006,266,142.87	402,268,570.34
<b>Subtotal of cash inflows</b>	<b>2,007,570,649.31</b>	<b>603,049,958.30</b>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	435,769,660.39	684,855,708.49
Cash paid from investments	300,000,000.00	200,000,000.00
Net cash in investment activities	2,284,052,400.00	
Cash paid from investing activities	2,649,637,730.51	2,245,398,155.55
<b>Subtotal of cash outflows</b>	<b>5,669,459,790.90</b>	<b>3,130,253,864.04</b>
<b>Net cash flow from investing activities</b>	<b>(3,661,889,141.59)</b>	<b>(2,527,203,905.74)</b>

RMB

Items	No <sub>1</sub>	For the six months ended 30 June 2022	For the i <sub>1</sub> month ended 30 June 2021
<b>III. Cash flow from financing activities:</b>			
Cash received from capital contribution		–	2,509,960,996.79
Cash received from borrowing		<b>3,149,547,866.84</b>	691,399,876.83
Cash received relating to the financing activities		<b>4,245,681,541.07</b>	376,740,309.13
<b>Subtotal of cash inflows</b>		<b>7,395,229,407.91</b>	3,578,101,182.75
Cash paid for payment of borrowing		<b>1,421,394,000.00</b>	208,319,006.22
Cash paid for distribution of dividend, and profit or payment of interest		<b>52,818,566.82</b>	334,567,349.26
Cash paid relating to the financing activities		<b>221,263,681.40</b>	572,625,524.85
<b>Subtotal of cash outflows</b>		<b>1,695,476,248.22</b>	1,115,511,880.33
<b>Net cash flow from financing activities</b>		<b>5,699,753,159.69</b>	2,462,589,302.42
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>5,498,339.01</b>	(990,178.53)
<b>V. Net increase (decrease) in cash and cash equivalents</b>		<b>1,835,223,911.76</b>	163,303,595.70
Add: Cash and cash equivalents at the beginning of the year		<b>445,104,022.54</b>	188,559,197.40
<b>VI. Cash and cash equivalents at the end of the year</b>		<b>2,280,327,934.30</b>	351,862,793.10

# Consolidated Statements of Changes in Shareholders' Equity

Items	The half year for 2022								Total shareholders' equity	
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Minority interests
I. Closing balance of the last year	536,723,313.50	-	4,832,768,261.83	32,096,200.00	(7,613,180.72)	17,366,053.61	268,361,656.75	6,194,759,167.82	-	11,810,169,072.79
II. Opening balance of the current half year	536,723,313.50	-	4,832,768,261.83	32,096,200.00	(7,613,180.72)	17,366,053.61	268,361,656.75	6,194,759,167.82	-	11,810,169,072.79
III. Increase/decrease for the current period	-	-	-	-	29,889,259.45	-	-	1,002,747,876.79	-	1,032,637,136.24
(I) Total comprehensive income	-	-	-	-	29,889,259.45	-	-	-	-	29,889,259.45
(II) Contribution of shareholders	-	333,235,286.91	15,842,999.03	-	-	-	-	-	-	349,078,285.94
I. Common share contribution	-	-	-	-	-	-	-	-	-	-
II. Contribution of other shareholders	-	333,235,286.91	15,842,999.03	-	-	-	-	-	-	349,078,285.94
(III) Profit distribution	-	-	-	(1,992,200.00)	-	-	-	-	-	(1,992,200.00)
1. Profit distribution to shareholders	-	-	-	(1,992,200.00)	-	-	-	-	-	(1,992,200.00)
(IV) Special reserve	-	-	-	-	6,350,203.03	6,350,203.03	-	-	-	12,700,406.06
I. Position of special reserve	-	-	-	-	-	6,557,571.38	-	-	-	12,700,406.06
II. Utilization of special reserve	-	-	-	-	(207,368.35)	(207,368.35)	-	-	-	(207,368.35)
IV. Closing balance of the current half year	536,723,313.50	333,235,286.91	4,848,611,260.86	(30,104,000.00)	22,276,078.73	23,616,256.64	268,361,656.75	7,197,507,044.61	-	13,200,226,898.00

For the interim period ended 30 June 2021  
 Earnings attributable to the equity holders of the parent company

Items	Paid-in capital (in RMB)	Reserves	Capital	Lease liabilities	Other comprehensive income	Special reserves	Undistributed profits	Minority interests	Total equity
I. 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
II. Opening balance of the current half 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
III. Increase/decrease for the current period									
(I) Total comprehensive income	26,411,116.50	(49,401,670.49)	2,767,546,281.74	9,961,000.00	(1,066,315.55)		1,261,029,989.03		1,259,966,673.50
(II) Contribution of the equity holders	21,311,286.75		2,471,731,656.94	9,961,000.00					2,734,594,727.75
I. Common share									
Contribution of the equity holders									
Contribution of the equity holders									
(III) Profit distribution	5,099,829.75	(49,401,670.49)	278,934,138.94						234,632,298.20
1. Amount of the profit distribution			16,880,485.86	(690,000.00)			(321,928,988.10)		16,880,485.86
Profit distribution									
Profit distribution									
(IV) Special reserves				(690,000.00)		829,457.82	(321,928,988.10)		(321,238,988.10)
1. Position of special reserves									829,457.82
2. Position of special reserves						843,834.60			843,834.60
IV. Closing balance of the current half year	536,723,313.50	4,812,641,437.79	4,812,641,437.79	37,650,000.00	(27,405,191.68)	15,199,389.20	220,705,199.31	5,388,657,362.70	10,908,891,510.82

# Statements of Changes in Shareholders' Equity of the Parent Company

RMB

Items	For the six months ended 30 June 2022							Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Treasury stock	Less: comprehensive income	Other surplus reserve	Undistributed profit	
I. Opening 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
II. Increase/decrease for the current year								
(I) Total comprehensive income	-	-	-	-	(165,704.49)	-	208,823,849.47	208,658,144.98
(II) Contribution and withdrawal of capital holders	-	333,235,286.91	15,842,999.03	-	-	-	-	349,078,285.94
1. Contribution of common shares	-	-	-	-	-	-	-	-
2. Contribution of capital by other investors	-	333,235,286.91	-	-	-	-	-	333,235,286.91
3. Amount of share-based payment included in other comprehensive income	-	-	15,842,999.03	-	-	-	-	15,842,999.03
(III) Profit distribution	-	-	-	(1,992,200.00)	-	-	-	1,992,200.00
2. Application of sharehold	-	-	-	(1,992,200.00)	-	-	-	1,992,200.00
III. Closing balance of the current half year	<u>536,723,313.50</u>	<u>333,235,286.91</u>	<u>4,848,611,260.86</u>	<u>30,104,000.00</u>	<u>(775,619.54)</u>	<u>268,361,656.75</u>	<u>3,103,047,125.14</u>	<u>9,059,099,023.62</u>

RMB

For the interim period ended 30 June 2021

Items	Share capital	Other equity instruments	Capital reserve	Reserve	Other comprehensive income	Surplus	Undistributed profit	Total equity
<b>I. Opening balance of the current year</b>	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
<b>II. Increase/decrease for the current year</b>								
(I) Total comprehensive income					1,971,851.19		317,696,075.01	319,667,926.20
(II) Contribution and withdrawal of capital by shareholders	26,411,116.50	(49,401,670.49)	2,767,546,281.74	9,961,000.00				2,734,594,727.75
1. Contribution of common shares	21,311,286.75		2,471,731,656.94	9,961,000.00				2,483,081,943.69
2. Contribution of capital by other equity instruments	5,099,829.75	(49,401,670.49)	278,934,138.94					234,632,298.20
3. Amount of share-based payment included in equity			16,880,485.86					16,880,485.86
(III) Profit distribution				(690,000.00)			(321,928,988.10)	(321,238,988.10)
2. Appropriation of shareholding				(690,000.00)			(321,928,988.10)	(321,238,988.10)
<b>III. Closing balance of the current year</b>	<u>536,723,313.50</u>	<u></u>	<u>4,812,641,437.79</u>	<u>37,630,000.00</u>	<u>(3,992,716.25)</u>	<u>220,705,199.31</u>	<u>1,857,968,124.56</u>	<u>7,386,415,358.91</u>

# Notes to the Financial Statements

## (I) CORPORATION INFORMATION

### 1. Company Overview

Flat Glass Group Co., Ltd. (the Company) was established on 24 June 1998 in Hangzhou, Zhejiang Province. It is registered in Hangzhou, 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.\* (浙江福莱特玻璃镜业股份有限公司). On 23 March 2011, the Company was renamed to Flat Solar Glass Group Co., Ltd.\* (福莱特光伏玻璃集团股份有限公司) and, subsequently, renamed to Flat Glass Group Co., Ltd.\* (福莱特玻璃集团股份有限公司) on 10 October 2014.

On 26 November 2015, the Company issued 450,000,000 ordinary shares for a public offering (the Issuance) 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, hence 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 Limit of Incentive Participation and the Number of Restricted Shares Granted on the Financial Grant of the Company's 2020 A-Shares Restricted Shares Incentive Scheme and the Proposal on the Financial Grant of A-Shares Restricted Shares to Incentive Participation, 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.

Approved by the China Securities Regulatory Commission, the Company publicly issued 14.50 million A-share convertible corporate bonds (the Convertible Bond) with a par value of RMB100 each on 27 March 2020. The total amount of financing 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 Bonds of the Public Issuance of Flat Glass Group Co., Ltd., the Convertible Bond can be converted into the RMB ordinary shares (A shares) of the Company from 3 December 2020. The initial conversion price is RMB13.56 per share. The Company will adjust the conversion price based on the prospectus, upon the occurrence of distribution of stock dividend, capitalization issue, increase of new shares (including the increase in share capital due to the convertible corporate bond in this issuance), high dividend distribution of cash dividend. On 9 November 2020, the Company adjusted the conversion price to RMB13.48 per share based on the A-share adjusted 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 bond 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 bond 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 price of shares of the Company for a least 15 trading days of an 30 consecutive trading days during the conversion period were no less than 130% (130% inclusive) of the prevailing conversion price, triggering the conditional redemption of convertible bond. On 23 December 2020, the Resolution on Equal Redemption of Flat Convertible Bond 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 equal redemption right of Flat Convertible Bond, and redeemed all the Flat Convertible Bond registered on the redemption registration date with the redemption registration date of 29 January 2021. As of 29 January 2021, the convertible bond in an amount of RMB1,447,297,000.00 has been converted into RMB ordinary shares (A shares), and the cumulative number of conversion of shares amounting 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 bond of RMB2,703,000.00 has been redeemed by the Company. Due to the conversion of convertible bond, 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 Annual General Meeting and 2020 second Extraordinary General 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 has completed the non-public issuance of 84,545,147 RMB ordinary shares (A shares) at a price of non-public issuance. As of 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 and a 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 costs 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 amount were made 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.

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 Revised Grant of the Restricted A Shares to Participants was considered and approved, and the restricted shares to the participants. The participants are all subscribed for 700,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share and a 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.

A approved by the Approval of the Public Issuance of Convertible Bond of Flat Glass Group Co., Ltd. (CSRC Approval [2022] No. 664) issued by China Securities Regulatory Commission and pursuant to the Prospectus of A Share Convertible Corporate Bond, Shanghai Public Issuance and the Announcement on A Share Convertible Corporate Bond, Shanghai Public Issuance of the Company, the Company publicly issued 40 million A share convertible corporate bonds with a par value of RMB100 each on 26 March 2022. The total amount of this issuance is RMB4,000,000,000.00 and the term is 6 years. The total proceeds received by the Company are RMB3,978,000,000.00 after deducting the underwriting fee of RMB20,754,716.98 and the corresponding allocated amount of RMB1,245,283.02. According to the relevant regulations including the Rules Governing the Listing of Stock on Shanghai Stock Exchange and the provisions of the Prospectus of A Share Convertible Corporate Bond, Shanghai Public Issuance, the Convertible Bond is convertible into RMB ordinary shares (A shares) with effect from 28 November 2022 at an initial conversion price of RMB43.94 per share. The Company will adjust the conversion price based on the prospectus, upon the occurrence of distribution of stock dividend, capitalization issue, issuance of new shares (including the increase in share capital due to the convertible corporate bond in this issuance), rights issue or distribution of cash dividend.

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

The directors of the Company are Mr. Ran Hongliang, Mr. Jiang Jinhua, Mr. Ran Zhen and Mr. Zhao Xiaofei, of whom Mr. Ran Hongliang and Mr. Jiang Jinhua are directors of the Company.

## 2. Scope of the Consolidated Financial Statements

On 26 August 2022, the Company's company and consolidated financial statements have been approved by the Board of Directors of the Company.

## (II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis of preparation

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

#### *Going concern*

The Group has assessed the ability to continue as a going concern for a 12-month period since 30 June 2022 and is not aware of any event or condition that may cause significant doubt on the ability to continue as a going concern. So the financial statements have been prepared on a going concern basis.

#### *Basis of accounting and principle of measurement*

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

Under the historical cost convention, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given or acquired when the time of acquisition. Liabilities are measured according to the amount of payment or settlement required to settle the amount of the contractual obligation, or the contractual amount of the contractual obligation, in accordance with the amount of cash or cash equivalents expected to be paid in discharge of the liability.

Fair value is the price that would be received or settled for an asset or liability in an orderly transaction between market participants at the measurement date, regardless of whether the fair value is directly observable or estimated using available information techniques. Fair value measurement and disclosure 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 follows:

- Level 1 inputs are the quoted prices of the same asset or liability in the active market, which can be obtained on the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are non-observable inputs for the estimation of the liability.

## 2. Going concern

The financial statements have been prepared on a going concern basis.

## (III) SIGNIFICANT ACCOUNTS POLICIES AND ACCOUNTING ESTIMATES

The principal activity of the Group is the manufacturing and sale of glass products. The effect of the accounting policies for recognition of revenue, impairment of financial instruments, depreciation of fixed assets and amortization of intangible assets are based on the characteristics of the glass manufacturing industry.

### 1. Statement of Compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and presented, clear and complete of the consolidated and the Company's financial position as at 30 June 2022 and the consolidated and the Company's results of operation, the consolidated and the Company's change in shareholders' equity and the consolidated and the Company's cash flows in the half year of 2022.

## 2. Accounting Period

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

## 3. Operating Cycle

Operating cycle refers to the period from the purchase of a commodity for processing to the realization of cash or cash equivalents. The Group's operating cycle, on average, takes approximately 12 months.

## 4. Functional Currency

The currency used by the Company in preparing the financial statements is RMB.

## 5. Accounting Methods of Business Combination Involving Enterprises under Common Control and Not Involving Enterprises under Common Control

Business combination is classified into business combination involving enterprises under common control and business combination 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 under the same control before and after the combination, and have control not only jointly.

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

The costs have a direct relationship 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 as the aggregate of the fair value, at the acquisition date, of identifiable intangible assets, liabilities incurred or assumed, and expenses incurred, net of the acquisition change of control of the acquirer. The intangible assets include identifiable intangible assets such as patents, trademarks, customer relationships and contracts, etc. and other related administrative expenses payable on the business combination are charged off in the period in which they are incurred.

The identifiable intangible assets and contingent liabilities of the acquirer have met the recognition condition as defined by the acquirer in a business combination, are measured at their fair value at the acquisition date.

When the cost of combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized as an intangible asset called goodwill and initially measured at cost. When the cost of combination is less than the acquirer's interest in the fair value of the acquirer's identifiable net assets, the acquirer fully evaluates the measurement of the fair value of the acquirer's identifiable intangible assets, liabilities and contingent liabilities and the measurement of the cost of combination. If after having evaluated the cost of combination it still is less than the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized in profit or loss.

Goodwill incurred as a result of combination shall be recognized separately in the consolidated financial statements and measured at the lower amount of impairment provision.

## 6. Preparation of Consolidated Financial Statements

The scope of consolidation for the consolidated financial statements is determined based on control. Control exists if the parent has the power to direct or cause the financial and operating policies of the entity to be implemented so as to affect its financial performance and is capable of influencing the financial and operating policies of the entity. In case of change in the elements included in the above definition of control as a result of the change in facts and circumstances, the Group will conduct a reassessment.

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 in line with the principle of 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.

Notwithstanding when the business combination occurs in the reporting period, a subsidiary is acquired through a business combination in line with the principle of common control if the parent being absorbed, under the merger absorption, is included in the Group's scope of consolidation as if it had been included in the scope of consolidation from the date when it first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the reporting period or from the date when it 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 period adopted by the subsidiary are determined in accordance with the Company's unified accounting policies and accounting period.

All significant accounts and transactions between the Company and subsidiary are eliminated on consolidation.

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

When the amount of loss for the period attributable to the minority shareholder of a subsidiary exceeds the minority shareholder's portion in the opening balance of equity of the subsidiary, the balance is still allocated again to minority interest.

An action is accounted for as an equity action when the purchase of minority interest in a subsidiary of the disposal of equity in equity in a subsidiary does not result in the Group losing control of the subsidiary, and the carrying amount of equity attributable to the equity of the Company and minority shareholder will be adjusted to reflect the change of their related interest in the subsidiary. The difference between the adjusted equity of minority shareholder 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 includes a short-term (usually within 3 months from the date of purchase), highly liquid investments held by the Group that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

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

### 8.1 Foreign currency business

Foreign currency transaction is an asset or liability that is denominated in a foreign currency and is measured in the reporting currency.

The balance sheet date, foreign currency monetary items are denominated in RMB, and the exchange rate is the balance sheet date. Exchange differences arising from the difference between the exchange rate used for the balance sheet date and the original recognition of the monetary balance sheet date are recognized in profit or loss for the period, except that: (1) exchange differences related to special borrowing denominated in foreign currency eligible for capitalization shall be capitalized in the cost of the related asset during the capitalization period; (2) exchange differences on hedging in foreign currency for the purpose of hedging against foreign currency risk are accounted for as hedge accounting; and (3) exchange differences arising from change in carrying amount (other than amortized cost) of monetary items shall be recognized in the comprehensive income.

Non-monetary items denominated in foreign currencies shall be measured at historical cost, and the functional currency is the exchange rate at the date of the transaction. Non-monetary items denominated in foreign currencies shall be measured at fair value, and the exchange rate is determined. The difference between the functional currency amount and the original functional currency amount is treated as a change in fair value (including change in exchange rate) and is recognized in profit or loss as the comprehensive income.

## 8.2 Translation of foreign currency financial statements

For the purpose of preparing 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 period change rate at the balance sheet date; items concerned at the period change rate at the time of occurrence; all items in the income statement and items reflecting the amount of profit distribution are translated at the period change rate approximating the foreign exchange rate during the date of the transaction; the difference between assets and the sum of liabilities and shareholders' equity is an amount recognized in other comprehensive income and included in shareholders' equity.

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

The opening balance and the actual figure of provision are presented at the translated amount in the provision'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 or agreement.

Where a financial asset is purchased or sold in a regular way, it is recognised and liabilities are recognised on the date of an action, or a date of a sale recognised on the date of an action.

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 cost is directly recognised in profit or loss in the period in which it is incurred. For the category of financial assets and financial liabilities, the related transaction cost is included in the initial recognised amount. When the Group initially recognises receivables, it does not contain a significant financing component, or do not consider the financing component in a contract is ceasing one year in accordance with the Accounting Standards for Business Enterprises (No. 14 Revisions) (the Revisions Standards), the Group initially measures the receivables at the transaction price as defined in the Revisions Standards.

Effective interest rate method is the method 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 expense or income in profit or loss over the entire period.

The effective interest rate is the rate that discounts the estimated future cash flows through the expected cash flows of a financial asset or a financial liability or the carrying amount of the financial asset or the amortised cost of the financial liability. In determining the effective interest rate, the expected cash flows include the basis of all contracts, all fees of the financial asset or financial liability (such as a loan expense, commission, call option or other similar option, etc.) which are taken into account in the expected cash flows.

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 paid, plus or minus the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date. The effective interest rate 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 are classified as follows:

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

- 1. The purpose of acquiring the financial asset is, or will be, to receive the near-term cash flows.
- 2. The element financial asset is part of a portfolio of identified financial instruments, which has a been all managed on initial recognition, and the objective is evidence of acquiring all the cash flows or a profit-taking model.
- 3. The element financial asset is a derivative, or a contract for a derivative defined, under financial guidance contract and derivative designated as effective hedging instrument.

Financial asset is a FVTPL include financial asset classified as a FVTPL and financial asset designated as a FVTPL.

- 1. Financial asset has do not meet the classification criteria for financial asset as amortized cost or financial asset as FVTOCI and classified as financial asset as FVTPL.

- 2. On initial recognition, the Group may elect to designate a financial asset as a FVTPL if doing so eliminates or significantly reduces an accounting mismatch. When the criteria for the hybrid contract which embedded derivative are met.

Effective derivative financial asset, financial asset as FVTPL and held-for trading financial asset.

### 9.1.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are held to collect contractual cash flows and are measured at amortised cost. Gain or loss is recognised when the asset is derecognised or impaired.

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 the 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 that have been credit-impaired, the Group calculates and determines the interest income based on the financial asset and the effective interest rate in the reporting period. If the credit risk of the financial instrument improves in the reporting period 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 criteria, the Group will determine the interest income based on the effective interest rate multiplied by the carrying amount of the financial asset.

### 9.1.2 Financial asset classified as FVTOCI

Effective impairment loss or gain related to financial asset as FVTOCI, in the income calculation, including the effective interest method and exchange gain and loss are recognized in profit or loss, change in fair value of the financial asset are recognized in the comprehensive income. The amount of the financial asset included in profit or loss for each period shall be, also, the amount deemed a measured amount and included in profit or loss for each period. Upon recognition of the financial asset, cumulative gain or loss previously recognized in the comprehensive income are transferred and classified in profit or loss for the period.

After the non-amortable equity instrument designated as a financial asset as FVTOCI, the change in fair value of the financial asset are recognized in the comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in the comprehensive income are transferred from the comprehensive income and recognized in retained earnings. During the period, having the Group hold the non-amortable equity instrument, the dividend income is recognized and included in profit or loss. When the Group's right to receive dividend has been established and the economic benefits associated with the dividend are likely to flow in to the Group and the amount of the dividend can be reliably measured.

### 9.1.3 Financial asset as FVTPL

Financial asset as FVTPL shall be, be, recognized and fair value. Gain or loss from change in fair value and dividend and interest income related to each financial asset shall be recognized 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 recognise loss allowance.

The group measures the loss allowance of all commercial acceptance, bill receivable and trade receivable based on the income and defined in accordance with the amortised, in a life time ECL.

For the financial instruments, except for purchased or originated credit impaired financial assets, at each balance sheet date, the Group assesses change in credit risk of eligible financial instruments since initial recognition. If the credit risk on the financial instruments has increased significantly since initial recognition, the Group measures the loss allowance at an amortised, a life time ECL of the financial instruments. If the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance at an amortised, a one 12-month ECL of the financial instruments. Except for financial assets measured at FVTOCI, the increase or decrease of credit loss provision shall be included in profit and loss for the period as impairment loss or gain.

The Group measures the loss allowance at an amortised, a life time ECL of the financial instruments in the provision accounting period. However, at the balance sheet date for the concerned period, for the above financial instruments, due to failure or other significant increase in credit risk since initial recognition, the Group measures the loss allowance for the financial instruments at an amortised, a one 12-month ECL at the balance sheet date for the concerned period, and the eligible amortised loss allowance is included in profit or loss for the concerned period as an impairment gain.

### 9.2.1 Significant increase in credit

The Group is able to provide a detailed information which is available to determine the credit risk of a financial instrument, when the increase is significant since initial recognition by comparing the risk of a default occurring on the financial instrument with the balance sheet date with the risk of a default occurring on the financial instrument with the date of initial recognition. For loan commitments and financial guarantees contracts, the Group is able to determine which become the past making the inevitable, indicating a significant increase in credit risk when applying provisions for financial instruments impairment.

The Group will make the following factors in consideration when assessing the credit risk has significant increase:

- (1) Where the external market indicators of credit risk for the same financial instrument, or similar financial instrument, which have a recent life have changed significantly. The indicators include: credit spread, credit default swap price for both.
- (2) Where the debt instrument's actual loss, all losses or interest payments to be lost.
- (3) Adverse change in business, financial or economic conditions, have a recent occurrence a significant change of the debtors' ability to

The presence of a significant increase in credit risk since the above assessment, the credit risk of the financial instrument, which is considered to have increased significantly when the contractual payments are paid, demonstrate that (including).

As a result, the balance sheet date, if the Group judges that the financial instrument, which is a loan credit risk, the Group will assess that the credit risk of the financial instrument, which has no significant increase in initial recognition. If the default risk of a financial instrument, which is a loan, and the borrower is highly capable of meeting its contractual obligations in the future, the financial instrument, which is considered to have a loan credit risk even if there is a negative change in the economic conditions and operating environment over a long period of time, but it may not necessarily reflect the borrower's performance of its contractual obligations.

#### 9.2.2 Credit impairment financial asset

A financial asset is credit impaired when one or more events, which have an adverse impact on the estimated cash flows of the financial asset, occur. 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, which is a default or a delay on interest or principal payments;
- (3) The creditor, for economic or contractual reasons, has granted a concession that the financial difficulty of the debtor, granting of the debt or a concession, which the creditor would not otherwise consider;
- (4) The debtor is likely to enter bankruptcy or reorganize the financial

Based on the Group's internal credit management, the Group considers an event of default occurs when information reported in external obtained, external indicators, the debt of the financial instrument, measurable, or past credit (including the Group) in full (including taking into account an agreed obtained by the Group).

In the event of the above events, the Group's performance has default has occurred when the contract, all past performance of a financial instrument, a default date for more than 90 days (including).

### 9.2.3 *Definition of ECL*

The Group's impairment measurement of the credit loss of eligible financial instrument on the basis of combination of bill receivable, financing receivable, trade receivable and other receivable. The Group divides financial instrument into different groups based on common risk feature. The common credit risk feature adopted by the Group include: type of financial instrument, credit rating, initial recognition date, etc.

The Group's determine ECL of eligible financial instrument according to the following method:

1. For financial assets, the credit loss shall be the present value of the difference between the contract cash flow to be received by the Group and the expected cash flow to be received.
2. As for the financial assets which 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.
3. For a financial guarantee contract, the credit loss is the estimated past performance made by the Group for the credit loss incurred by the contract holder, less the present value of the difference between the amount expected to be collected by the Group from the contract holder, debt or other parties.

The fact is reflected in the Group's method of measuring ECL of financial instruments, which includes the probability weighted average amount determined by taking a view of possible events; the time value of money; the available and, probable information about past events, current conditions and future economic conditions; has a available information, and the effect on the balance sheet date.

#### 9.2.4 Write-down of financial assets

When the Group no longer reasonably expects the contractual cash flows of the financial asset can be received in whole or in part, the book balance of the financial asset shall be written down directly. Such write down constitutes the recognition of related financial assets.

### 9.3 Transfer of financial assets

A financial asset is derecognized when one of the following conditions is met: (1) the contractual right to receive the cash flows from the financial asset expires; (2) the financial asset has been transferred and, substantially all the risks and rewards of ownership of the financial asset have 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 of the financial asset.

If the Group neither transfers nor retains, substantially all the risks and rewards



## 9.4 Classification and measurement of financial liabilities and equity instruments

Based on the contractual terms of the financial instrument, measured and the economic substance rather than only the form of legal contract reflected, along with the definition of financial liability and equity instrument, the Group classifies the financial instrument into components of a financial liability or equity instrument and initial recognition.

### 9.4.1 Classification, recognition and measurement of financial liability

Upon initial recognition, financial liability is classified into financial liability at FVTPL and other financial liability.

#### 9.4.1.1 Financial liability at FVTPL

Financial liability at fair value through profit and loss includes held-for-trading financial liability (including derivative held as financial liability) and financial liability designated as at FVTPL. In addition, other derivative financial liability listed on the exchange, financial liability at FVTPL also includes an optional financial liability.

The Group's purpose of, and taking the financial liability is for trading if one of the following conditions is satisfied:

- 1. The purpose of, and taking the financial liability is mainly for the exchange.
- 2. The financial liability is part of a portfolio of identified financial instruments held as a single managed on initial recognition, and the objective evidence of all a single holding or trading model.
- 3. The financial liability is derivative, except for derivative defined, and financial gain or loss and derivative designated as effective hedging instrument.

The Group may designate, on initial recognition, a financial liability as a FVTPL if one of the following conditions is satisfied: (1) the designation eliminates or significantly reduces an accounting mismatch; (2) manage and evaluate the financial liability portfolio on the portfolio of financial assets and financial liabilities as fair value based on the risk management objectives, and a designated in the official financial documents of the Group; and (3) a qualified hedge accounting embedded derivative.

Held-for-trading financial liabilities are, by definition, fair value, and an gain or loss arising from change in fair value and dividend income are recognized in profit or loss of the period.

For financial liabilities designated at fair value through profit or loss, change in the fair value of such financial liabilities arising from change in the Group's own credit risk are recognized in other comprehensive income and change in other fair value are recognized in profit or loss in the current period. On derecognition of the financial liabilities, the cumulative change in fair value attributable to change in own credit risk is either recognized in other comprehensive income, if an effective hedging. Dividend income are related to the financial liabilities are recognized in profit or loss of the period. If the effect of change in the own credit risk of such financial liabilities are described above, the old carrying amount and an accounting mismatch in profit or loss of the Group recognized the net gain or loss on such financial liabilities (including the amount of the effect of change in own credit risk) in profit or loss of the period.

#### 9.4.1.2 Qhe financial liabilijie

Qhe financial liabilijie qhe han financial liabilijie a i ing fom he an fe of financial a e ha dono , alif fo de ecognjion o con in ing in ol emen in he an fe ed financial a e and financial gra an ee con a e cla ified a financial liabilijie a amo, i ed co and , be , enl mea , ed a amo, i ed co , i h gain o lo e a i ing fom de ecognjion o amo, i a ion ecogni ed in p-ofj o lo fo he pe iod.

When the G o p-and a co, ne pa , modif o enego ia e a con a e ha doe no e , l in de ecognjion of a financial liabilijie , be , enl mea , ed a amo, i ed co , b , e , l in change in con a e , al ca h flo the G o p-ecalca la e he ca ing amo, n of he financial liabilijie and ecogni e an elaed gain o lo e in p-ofj o lo fo he pe iod. In ecalca la ing he financial liabilijie , the G o p-de e mine he ca ing amo, n of he enego ia ed o modified con a e , al ca h flo a he p-e en al e di co, n ed a he o iginal effec i e in e e a e of he financial liabilijie . Fo all co o e pen e inc ed in conne ion i h he modifia ion o enego ia ion of a con a e , he G o p-adj , he modified ca ing amo, n of he financial liabilijie and amo, i e i o e he emaining pe iod of he modified financial liabilijie .

##### 9.4.1.2.1 Financial gra an ee con a e

A financial gra an ee con a e i a con a e ha e , i e he i , e o make pecified pa men o eimb e he holde of he con a e fo a lo i inc beca e a pecified deb o fail o make pa men i hen d e in acco dance i h he o iginal o modified e m of a deb in , men . S be , en o inijial ecognjion, financial gra an ee con a e ha a e no de ignaed a financial liabilijie a FVTPL a e mea , ed a he highe of he amo, n of lo p-o i ion and he amo, n inijial ecogni ed le c, m la i e amo, i a ion amo, n de e mine d in acco dance i h he ele an eg la ion e o , in Re en e S anda d.

#### 9.4.2 De recognition of financial liabilities

The Group deems a financial liability (or part of it) only when the underlying obligation (or part of it) is discharged. When an agreement between the Group and lender is signed, or replaced, the original financial liability and the contract, all of the new financial liability and the original financial liability are, by an all difference, the Group deems the original financial liability and deems the new financial liability.

On de recognition of a financial liability in its entirety or partially, the difference between the carrying amount of the liability and the consideration paid (including any non-cash assets and fees on the financial liability) is recognized in profit or loss for the period.

#### 9.4.3 Equity instruments

Equity instruments are contracts having evidence as to the identity of the holder of the Group's debt, including all of its liabilities. Equity instruments issued (including financing), purchased, sold or cancelled by the Group are treated as a change in equity. Change in fair value of equity instruments is not recognized by the Group. Transaction costs related to equity instruments are deducted from equity.

The Group recognizes the distribution of the equity instruments as a profit or loss distribution, dividend paid does not affect the amount of the holder's equity.

### 9.5 Derivative instruments and embedding derivatives

Derivatives are instruments including a derivative contract, contract or contract and interest rate swap contract, etc. Derivatives are initially measured at fair value on the signing date of the derivative contract and, subsequently, measured at fair value. The change in fair value of the derivatives are recognized in profit or loss for the period.

For the hybrid contract comprised of embedded derivative and main contract, if the main contract belongs to financial asset, the Group shall apply the hybrid contract as a whole, or the accounting standard on the classification of financial asset if the main contract is embedded derivative form the hybrid contract.

The Group will apply the embedded derivative form the hybrid contract, or as a stand-alone derivative instrument, when if the main contract included in the hybrid contract does not belong to financial asset, and the following condition are met:

- (1) The economic characteristics of the embedded derivative are not closely related to the economic characteristics and risk of the main contract.
- (2) The stand-alone instrument, which has the same form of embedded derivative conform to the definition of derivative instrument.
- (3) The hybrid contract is not measured at fair value through profit or loss for the period.

When an embedded derivative is split from a hybrid contract, the Group shall use the form accounting treatment for the main contract of the hybrid contract in accordance with applicable accounting standard. When the Group is unable to measure the fair value of an embedded derivative reliably in accordance with the terms and condition of the embedded derivative, the fair value of each embedded derivative is determined as the difference between the fair value of the hybrid contract and that of the main contract. When the fair value of each embedded derivative on the acquisition date or the reporting balance sheet date is unreliable to be measured separately, the Group designates the hybrid contract in a whole in the financial instrument, when a fair value through profit or loss for the period.

## 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 offset the recognised financial assets and financial liabilities, and the Group intends or is required to settle the net amount, or realise the financial assets and financial liabilities simultaneously. Other than the financial assets and financial liabilities will be presented separately in balance sheet and will not be measured at offset.

## 9.7 Convertible bonds

The convertible bond issued by the Group which contain liability and conversion option, shall be classified as financial liability and recognised separately. Of which, conversion option for the element of fixed amount of cash of the financial asset in exchange for fixed amount of self-issued instrument is accounted for as equity instrument.

On initial recognition, the fair value of the liability portion is determined at cost minus price imilar to that of bond which has conversion option. The difference between the total issue price of convertible bond and the fair value of the liability portion shall be taken as the value of the conversion option of the bondholder to convert the bond into equity instrument and recorded in the equity instrument.

In the subsequent measurement, the liability portion of convertible bond is measured at amortised cost, using the effective interest method. The value of the conversion option divided into equity instrument component to be gained in the equity instrument. No loss or gain is recorded when a convertible bond is exercised.

The transaction cost incurred in issuing convertible bond shall be apportioned between the liability component and the equity component according to their respective fair value. Transaction cost related to the equity component are directly recorded in the equity instrument; transaction cost related to the liability component are recorded in the carrying amount of the liability and amortised over the term of the convertible bond, using the effective interest method.

## 10. Receivables

The method for determining the recorded liability of bill receivable and accounting treatment method:

See 9.2 for the accounting policy.

## 11. Account receivables

The method for determining the recorded liability of account receivable and accounting treatment method:

See 9.2 for the accounting policy.

## 12. Financing receivables

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

## 13. Other receivables

The method for determining the recorded liability of other receivable and accounting treatment method:

See 9.2 for the accounting policy.

## 14. Inventories

### 14.1 Classification of inventories

The Group's inventory mainly includes raw material, laborable, work in progress and finished goods, etc. Inventory are initially measured at cost, which comprise purchase cost, processing cost and other expenses incurred in bringing the inventory to their current location and condition.

## 14.2 Pricing of inventories delivered

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

## 14.3 Determination of net realisable value of inventories

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

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

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

After the provision for impairment of inventory is made, if the circumstance has previously caused inventory to be written-off no longer is it or has the net realisable value of inventory is higher than the carrying amount, the original provision for impairment of inventory is reversed and the reversed amount is recognised in profit or loss for the period.

## 14.4 Inventory system

The inventory system is a perpetual inventory system.

## 14.5 Amortization of low-value consumables

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

## 15. Assets Held for Sale

A non-current asset is classified as held for sale when the carrying amount of the asset is reduced principally through an action (including an exchange of non-monetary assets with commercial substance) that the management has committed to.

Non-current assets held for sale are measured at the following condition: (1) an immediate sale can be made under the current condition according to the practice of selling, characteristically similar to an action; and (2) it is highly probable that a sale will occur. However, the Group has made a decision 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 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 recognized as an impairment loss of an asset and included in profit or loss for the period, and the provision for impairment of an asset held for sale is made immediately. When the carrying amount of the net amount of fair value less costs to sell of non-current assets held for sale is a debit balance, the amount is written-off immediately. The amount should be recognized and recorded in the amount of impairment loss recognized for the asset after being classified as held for sale, and the recorded amount is included in profit or loss for the period.

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

The re-estimated value in a classified in whole or in part as held for sale. The part of the re-estimated value in a classified as held for sale will cease to calculate the method from the date of being classified as held for sale.

## 16. Long-term Equity Investments

### 16.1 Basis of determination of joint control and significant influence

Control refers to the power of an investor in an investee, who enjoys a variable return by participating in the relevant activities of the investee, and has the ability to exercise the power of the investee, or influence the amount of return. Joint control refers to the joint control of an arrangement according to the agreement, and the related activities of the arrangement can only be decided after the consent of the parties having the control. Significant influence refers to the power of a participant in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formation of the policies with the parties. In determining whether it is possible to exercise control or significant influence over the investee, it has taken into account the potential voting factors, such as the convertible bond and the convertible shares of the investee held by the investor and the parties.

### 16.2 Determination of initial investment cost

For a long-term equity investment, although a business combination in ordinary circumstances, the initial investment cost is the attributable share of the carrying amount of the net assets of the investee in the consolidated financial statements of the limited liability company 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 adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. Where the combination is classified by the issuer as an equity transaction, the initial investment cost is the attributable share of the carrying amount of the net assets of the investee in the consolidated financial statements of the limited liability company at the date of combination, and the total nominal value of the shares issued is recognized as the 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 recognized for the period held equity investment by accounting treatment of equity method in investment in non-trading equity investments, designated as FVTOCI in accordance with accounting treatment employed.

For a long-term, joint investment, although a business combination is not in principle a common control, the initial investment cost is the combination cost at the date of acquisition. If the joint investment is held as a classified investment in non-adding investment, the difference between the fair value and carrying amount, regardless of whether the accumulated fair value is included in the comprehensive income and reflected on the retained earnings.

The investment is then recorded by the acquirer in the books of adjusting, legal advice, valuation and consulting services, etc. and the related administrative expenses are also borne by the combination and recognized in the office in which the investment is made.

The long-term, joint investment of the shareholder, although a business combination is initially measured at cost.

### 16.3 Subsequent measurement and recognition of profit or loss

#### 16.3.1 Long-term, joint investment accounted for, including the cost method

Long-term, joint investment in subsidiary is accounted for, including the cost method in the financial statements of the Company. A subsidiary is an investee that is controlled by the Group.

Long-term, joint investment accounted for, including the cost method is measured at initial investment cost. When additional investment is made on the investment, the cost of the long-term, joint investment is adjusted accordingly. The cost of the investment income is recognized in accordance with the cash dividend or profit distribution declared by the investee.

#### 16.3.2 Long-term, joint investment accounted for by the equity method

The Group's investment in associate is accounted for by the equity method. An associate refers to an entity in which the Group can exercise a significant influence.

When adopting a method accounting, if the initial investments consist of long-term investments, the share of the fair value of identifiable intangible assets of the investee shall be made of the initial investments, of long-term investments. If the initial investments include intangible assets, the share of the fair value of identifiable intangible assets of the investee shall be charged to other intangible assets, and the long-term investments shall be adjusted at the same time.

When adopting a method accounting, the investee income and other comprehensive income shall be recognized separately according to the share of other intangible assets and the carrying amount of long-term investments in the investee shall be adjusted at the same time; the carrying amount of long-term investments in the investee shall be deducted accordingly to calculate the portion to be enjoyed according to the other intangible assets declared by the investee; the carrying amount of long-term investments in the investee shall be adjusted and included in the capital reserve of the change in the owner's right and interest of the investee concerning other intangible assets, other comprehensive income and other intangible assets. When recognizing the share of the other intangible assets of the investee, the other intangible assets of the investee shall be adjusted and recognized on the basis of the fair value of the identifiable intangible assets of the investee at the acquisition date. If the accounting policies and periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and periods of the Company. The investee income and other comprehensive income shall be recognized accordingly. For an action between the Group and a associate, the share in the old do not contribute, and the realized gain and loss of the internal action are offset by the holding share of the Group. On this basis, the investee gain and loss are recognized. However, the realized internal action loss shall be recognized by the Group and the investee shall not be offset if the loss belongs to the impairment loss of the investment.

The Group discontinued recognizing the value of the investment in equity after the completion of the long-term investment in the company. The Group has a long-term investment in the company, since from the date of investment in the company, the investment in equity is recorded. In addition, if the Group has incurred obligations, or a, the additional value of the investment in equity, the investment liability is recognized according to the specified obligations, and recorded in the investment portfolio. When the company is able to be established by the investment in equity, the Group, the recognition of the value of the investment in equity only after the value of the investment exceeds the value of the investment, is not recognized.

#### 16.4 Disposal of long-term equity investments

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

### 17. Investment Properties

Investment property is a property held for the purpose of earning rental or capital appreciation, or both. Investment property includes leased land, rights, land, rights held and prepared for an future appreciation, building leased, etc.

Investment property is initially measured at cost. Subsequently, the value of an investment property shall be included in cost of investment property, unless the economic benefits arising from the asset will likely flow to the Group and the cost can be measured reliably. All other subsequently incurred costs of an investment property shall be included in profit or loss for the corresponding period.

The Group adopts the cost model for subsequent measurement of investment property, and investment property is depreciated or amortized based on the same policy concerning the house and building of land, rights.

An investment property is derecognized on disposal or when the investment property is permanently impaired or abandoned, and the economic benefits are expected to be realized.

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

## 18. Fixed Assets

### (1) Conditions of recognition

Fixed assets are tangible assets that are held for use in the production of goods or services, for rental or other purposes, for administrative purposes and have an expected useful life of more than one accounting year. A fixed asset is recognized 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 expenditure is recorded for a fixed asset and 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 recognized. Other subsequent expenditure other than the above is charged to profit or loss for the period when incurred.

### (2) Depreciation methods

Class	Depreciation Method	Depreciation Period (Years)	Residual Value Rate	Annual Depreciation Rate (%)
House and building	straight-line depreciation	20	5%	4.75%
Machine and equipment	straight-line depreciation	4-10	5%	9.50%-23.75%
Transportation equipment	straight-line depreciation	4-5	5%	19.00%-23.75%
Office equipment	straight-line depreciation	3-5	5%	19.00%-31.67%

## 19. Construction in Progress

Construction in progress is measured at actual cost, which includes a proportion of pending incurred during the construction period, capitalized borrowing cost before the construction is ready for intended use and other elements of cost. Construction is not depreciated. Construction in progress is an affected off-balance sheet item ready for intended use.

## 20. Borrowing Costs

The borrowing cost has a deductible, identifiable, of the acquisition, construction or production of a qualifying asset as capitalized when the asset is being incurred, borrowing cost is being incurred and activities relating to the acquisition, construction or production of the asset have necessarily commenced. The capitalization of qualifying asset, under construction or production ceases when the asset is ready for intended use. The remaining borrowing cost is recognized as expense in the period in which the asset is incurred.

When found to be borrowed, under a special borrowing, the amount to be capitalized in the actual incurred expense incurred on the borrowing for the period less an incurred income earned from depositing the netted borrowing fund in a bank or an income earned on the employment of the funds. When found to be borrowed, under a general borrowing, the amount capitalized is determined by applying the weighted average of the effective amount of cumulative pending, on the asset of the special borrowing multiplied by the capitalization rate of the general borrowing, used. The capitalization rate is determined based on the weighted average incurred rate of the general borrowing. During the capitalization period, the exchange difference on special foreign currency borrowing is all capitalized; the exchange difference on general-purpose foreign currency borrowing is recognized in profit or loss for the period.

## 21. Intangible assets

### (1) *Methods, Useful life, Impairment Test*

Intangible assets include of software, patents, and digital rights, mining rights and land rights, etc.

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

Class	Amortization method	Useful life (Years)	Residual Value Rate (%)
Land rights	Straight line method	42-50	
Patents and digital rights	Straight line method	5-20	
Mining rights	Other method		
Software	Straight line method	5-10	

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

## (2) *Internal research and development expenditures*

Expenditures incurred in the development stage are recognized in profit or loss for the period.

Expenditures incurred in the development stage are recognized as an intangible asset only when all of the following conditions are satisfied, and the expenditures in the development stage have not met all of the following conditions are recognized in profit or loss for the period:

- (1) The technical feasibility of completing the intangible asset is demonstrated;
- (2) The intention to complete the intangible asset and, therefore, to sell or use it;
- (3) The availability of sufficient technical, financial and other resources to complete the development of the intangible asset and, therefore, to sell or use it;
- (4) The ability to measure reliably the expenditures attributable to the development of the intangible asset;
- (5) The ability to demonstrate the probable future economic benefits that will be derived from the intangible asset.

If the expenditures cannot be distinguished between the development stage and the development stage, the Group recognizes all of them in profit or loss for the period. The cost of the intangible asset formed by internal development activities is only included in the cost of the intangible asset when the capitalization conditions are met at the time when the intangible asset is completed. The expenditures have been recognized in profit and loss before the capitalization conditions are met for the same intangible asset in the development process will not be adjusted.



## 25. Employee Compensation

### (1) Accounting for short-term employee compensation

In the accounting period in which an employee has rendered services, the Group recognizes the short-term employee compensation as all incurred liabilities, and include in profit or loss for the period or related accounts. The employee benefits are recognized by the Group and recognized in profit or loss for the period or related accounts based on the actual amount when incurred. The non-monetary employee benefits are measured at fair value.

In determining the corresponding amount of employee compensation, social security contribution, such as medical insurance, work injury insurance and maternity insurance and housing fund, a full labor union, training expense and employee education expense provided by the Group are calculated according to the prescribed proportion and percentage during the accounting period in which the employee provides services to the Group, and the corresponding liabilities are recognized, and included in profit or loss for the period or related accounts.

### (2) Accounting for post-employment benefits

Post-employment benefits are all defined contribution plan.

In the accounting period in which an employee has rendered services, the Group recognizes the amount payable under the defined contribution plan as a liability, and include in profit or loss for the period or related accounts.

### (3) Accounting for termination benefits

When the Group provides termination benefits to employees, employee compensation liabilities arising from termination benefits are recognized in profit or loss at the earliest of the following date: when the Group cannot, nil and all withheld amounts of termination benefits provided because of an employee termination plan or a labor proposal, or when the Group confirms the cost or expense related to the employee's resignation of dismissal benefits.

## 26. Provisions

Obligation related to provisions, arising from contingencies, are recognized as provisions when the Group has a constructive obligation, if it is probable, that an outflow of economic benefits will be required, as a result of the obligation, and the amount of the obligation can be measured reliably.

On the balance sheet date, provisions shall be measured at the best estimate of the expenditure required to settle the constructive obligation, taking into account the risks and uncertainties and the time value of money and the effect of 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 flows.

## 27. Share-based Payments

The Group's share-based payments are an action in which the employees are granted or employees in exchange for services rendered by employees of the company in lieu of liability based on the employees. The Group's share-based payments are equity-settled share-based payments.

### 27.1 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 employees' services granted to employees at the grant date. Such amounts are recognized as related costs or expense on a straight-line basis over the vesting period, based on the best estimate of the number of employees expected to exercise. When the grant is exercised immediately, the amount of the fair value is included in the related cost or expense on the grant date, with a corresponding increase in capital reserve.

At each balance sheet date during the vesting period, the Group's based on the latest available information, such as the latest data on the change in the number of employees, make the best estimate of the expected number of employees who can be exercised. The effect of the above estimate is included in the expense for the period and the capital reserve is adjusted accordingly.

## **27.2 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 each modification increases the fair value of the equity instruments granted, the increase in expense recognized will be recognized 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 recognized accordingly at the increase in expense recognized. The increase in fair value of the equity instruments reflects 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 payment or adopts an unfavorable form for the employee to modify the terms and conditions of the share-based payment plan, accordingly, expense will be considered to be considered in respect of the expense recognized and the modification will be deemed to have never occurred, unless the Group had cancelled payment of all of the equity instruments granted.

During the pending period, if the equity instruments granted are cancelled, the Group will undertake an accelerated vesting in respect of the cancelled equity instruments that had been granted, including the remaining amount that shall be recognized during the pending period in the profit and loss for the period immediately and recognize capital expense accordingly. Where the employee or the payee is permitted to choose of fulfillment condition but has not fulfilled during the pending period, the Group will treat the granted equity instruments as cancelled.

## 28. Revenue

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

The Group recognizes revenue based on the transaction price allocated to each performance obligation when a performance obligation is satisfied, i.e. when control of the good or service, including the significant risks and rewards of ownership, has transferred to the customer. A performance obligation represents the commitment to transfer a good or service, which is distinct, shall be an identified benefit to the Group or the customer. The transaction price is the amount of consideration, 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 obligation to be performed during a certain period of time, the Group recognizes revenue over time based on the progress of a performance obligation if one of the following criteria is met: (1) the customer receives and consumes the economic benefit as the Group performs while performing obligation; (2) the customer can control the good, including construction, during the performance of the Group; (3) the good produced during the performance of the Group has a replaceable value, and the Group has the right to receive payment for the part of the completed performance of a contract, or the contract period. Otherwise, the Group will recognize revenue at the time point when the customer obtains control over the related good or service.

## 29. Government Grants

Government grants are an form of monetary aid and non-monetary aid from the government of the Group. A grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a grant is in the form of monetary aid, it shall be measured at the amount receivable.

### 29.1 Judgement basis and accounting treatment of government grants related to assets

Such grant is a government grant related to the related fixed asset, has the benefit over a period.

A grant related to an asset is recognized as deferred income and included in the profit or loss over the useful life of the related asset, using the straight-line method.

### 29.2 Judgement basis and accounting treatment of government grants related to revenue

A related to the related to the expense incurred during the period, such grant is a government grant related to the expense.

A grant related to the expense, is recognized as deferred income, and included in the profit or loss over the period of the expense in which the expense, is recognized. The grant related to the expense, is recognized as deferred income, expense and loss. The related to the expense, is included in the profit or loss over the period of the expense.

The grant of the Group's daily activities is included in the income/expense of the expense, and the expense according to the nature of economic business. The related to the grant is included in the non-operating income or expense.

### 30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income tax expense comprises current income tax expense and deferred income tax expense.

#### 30.1 Current income tax

The balance sheet date, current income tax liability (or asset) for the current and prior periods is measured at the amount expected to be paid (or received) according to the provisions of a law.

#### 30.2 Deferred income tax assets and deferred income tax liabilities

For temporary difference between the carrying amount of certain asset or liability and their tax base, or between the carrying amount of holiday pay, that are not recognized as a current liability but the tax base can be determined according to a law and their tax base, deferred income tax asset and deferred income tax liability are recognized, using the balance sheet method.

Deferred income tax is generally recognized for all temporary difference. However, a deductible temporary difference, deferred tax asset is not recognized where it is probable that a taxable profit will be available against which the deductible temporary difference can be utilized. In addition, for temporary difference 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 a taxable profit (or deductible loss) at the time of the transaction, no deferred tax asset or liability is recognized.





### 31.1.2 Right-of-way easement

The Corporation holds the lease and lease of lot 101, all easements, the Corporation recognizes right-of-way easement, the commencement date of the lease. The lease commencement date effective of the assignment of the lot to the Corporation lease of the Corporation Right-of-way easement is an initial measurement, each column includes:

- (i) the amount of the initial measurement, amount of the lease liability;
- (ii) an lease payment made prior to the commencement date, less the related amount of an lease incentive enjoyed if the lease is an lease incentive;
- (iii) an initial direct cost incurred by the Corporation;
- (iv) an estimate of cost to be incurred by the Corporation in dismantling and removing the underlying asset, estimating the net present value of the cost to be incurred by the Corporation, on which is located the underlying asset, on the condition, reduced by the amount of the lease.

The Corporation's depreciation of the right-of-way easement according to the relevant depreciation regulations of Accounting Standards Board in Enterprise No. 4 Fixed Assets. Right-of-way easement is depreciated within the remaining useful life when the Corporation is reasonably certain to obtain the net benefit of the lease at the end of the lease term. The depreciation is provided during the period between the lease term and the remaining useful life of the lease asset if any.

The Corporation determine whether the right-of-way easement is impaired and perform impairment test for recognized impairment loss according to the relevant regulations of Accounting Standards Board in Enterprise No. 8 Impairment of Assets.

### 31.1.3 *Lea e liabilijie*

E ceŕ fo hoŕ em lea e , he Goŕ inijiall mea , e he lea e liabilij a he pe en al e of lea e pa men , ha a e, nŕaid a he lea e commencement da e. In calc la ing he pe en al e of lea e pa men , he Goŕ e he in e e a e implicij in he lea e a di coŕ a e, and adoŕ he incemen al bo oŕing a e if he in e e a e implicij in he lea e i no eadil de e minable.

The lea e pa men efe o he amoŕ nŕaid b he Goŕ o he le o in elajion o he igh o e he lea ed a e d ing he lea e e m, incl ding fi ed pa men and in- , bŕance fi ed pa men .

The Goŕ calc la e he in e e e pen e of lea e liabilijie fo each pe iod of he lea e e m a fi ed pe iod ic in e e a e and incl de ij in ŕofi and lo fo he pe iod o elaj ed a e coŕ afe he lea e commencement da e.

### 31.1.4 *Shoŕ em lea e and loŕ al e lea e*

Fo hoŕ em lea e of machine and e , iŕmen he Goŕ choo e he igh of e a e and lea e liabilijie ha a e no ce ain o e. Shoŕ em lea e i defined a lea e ha a lea e e m of no mo e han 12 mon h and e cl de a ŕcha e oŕion foŕ he lea e commencement da e. The Goŕ ill incl de he lea e pa men fo hoŕ em lea e in ŕofi o lo fo he pe iod o elaj ed a e coŕ , ing he aigh -line me hod.

## 31.2 *The Group as lessor*

### 31.2.1 *Clajifijajion of lea e*

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### **31.3 The Group as lessor under operating leases**

The Group recognises lease payments for operating leases as an equal income over 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, and allocated over the same basis as an equal income over the lease term and are charged to profit or loss for the period in which they are incurred.

## **32. Significant accounting policies and accounting estimates**

### ***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 reform of benchmark interest rates, 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 the reform of benchmark interest rates, and when the change in the basis for determining the basis before and after the change is economically equivalent, the Group shall refer to the accounting method for change in floating interest rates, recalculate the contractual interest rate based on the reform of benchmark interest rates, and the change only due to the reform of benchmark interest rates, and conduct the relevant measurement on this basis.

In addition, of the above change, if there are other change in the financial assets or financial liabilities, for which increase in income or expense is determined by the effective interest rate method, the Group shall account for the change caused by the increase in the benchmark reform in accordance with the above regulation, and then in accordance with the Accounting Standards for Business Enterprises No. 22 Recognition and Measurement of Financial Instruments, measures to ensure the change will be reflected in the recognition of the financial assets or financial liabilities.

According to Interpretation No. 14, the Group handled the new benchmark increase in the reform related business from 1 January 2021, of the implementation date of Interpretation No. 14 in accordance with the provision 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 good will before the transfer of control of the goodwill of the company does not constitute a single item for the performance of the company contract. The impairment loss arising from the impairment of the performance obligation is regarded as the contract performance cost, and is amortized and included in the contract cost and loss, the same basis as the recognition of the expense of goodwill, and is listed in the operating cost of the income statement. In 2021, the above change in accounting policies resulted in an increase in operating cost and a decrease in selling expense of the Group of RMB329,959,493.47, and an increase in operating cost and a decrease in selling expense of the Company of RMB40,049,782.23; In 2020, the Group's operating cost increased and selling expense decreased by RMB254,222,773.59, and the Company's operating cost increased and selling expense decreased by RMB61,307,718.11.

## (IV) TAXATION

### 1. Major Types of Tax and Tax Rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Taxable value-added amount (the taxable amount calculated on the taxable amount multiplied by the applicable rate less deductible input-VAT for the reporting period)	13%
Urban construction and maintenance Tax	Taxable amount	7%
Education charge	Taxable amount	3%
Local educational charge	Taxable amount	2%
Proportionate Resource tax	Cost of proportionate / equal income	None 1
Enterprise Income Tax (EIT)	Quantity of mining production Taxable income	7% None 2
Environmental Protection Tax	Pollution emission	RMB1.2 or RMB1.4 per pollution emission

Note 1: The proportionate of self-produced is calculated as 70% of the original value of the real estate and a value of 1.2%; the proportionate of leased building is calculated as 12% of equal income.

Note 2: EIT is for the Company and subsidiary:

Name	Tax rate (%)
The Company	15%
浙江福萊特玻璃有限公司	25%
Zhejiang Fla Glass Co., Ltd.	
浙江嘉福玻璃有限公司	15%
Zhejiang Jiafu Glass Co., Ltd.	
上海福萊特玻璃有限公司	25%
Shanghai Fla Glass Co., Ltd.	
安徽福萊特光伏玻璃有限公司	15%
Anhui Fla Solar Glass Co., Ltd.	
安徽福萊特光伏材料有限公司	25%
Anhui Fla Solar Material Co., Ltd.	
福萊特(香港)有限公司	No e 1
Fla (Hong Kong) Limited	
嘉興福萊特新能源科技有限公司	25%
Jiaxing Fla New Energy Technology Co., Ltd.	
福萊特(越南)有限公司	0%
Fla (Vietnam) Company Limited	

Note 1: Profit before tax not exceeding HK\$2,000,000 (inclusive) is subject to a rate of 8.25%, while the portion of profit before tax exceeding HK\$2,000,000 is subject to a rate of 16.5%.

## 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, during 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 Implementation of Concessional Preferential Income Tax Policies for Public Infrastructure, Culture and Environmental Protection, Energy and Waste Recycling Projects (Cai hui [2012] No. 10), Jiaxing Flat New Energy Technology Co., Ltd. is exempted from EIT for the first year of the hide-off from the year in which the first operation income is obtained, and the EIT is reduced by 50% in the following two years.

### ***Flat (Vietnam) Company Limited***

Pursuant to the Project Investment License approved by the Vietnam Hai Phong Economic Zone Authority on 30 June 2016, Flat (Vietnam) Company Limited is exempted from EIT for the first year commencing from the first profit-making year, followed by a 50% reduction in EIT for the next nine years. Flat (Vietnam) Company Limited has made profit from 2022.

## (V) NOTES TO THE CONSOLIDATED STATEMENTS

### 1. CASH AT BANK AND ON HAND

RMB

Items	Closing balance	Opening balance
Cash on hand	23,680.28	37,595.74
Cash at bank	3,244,801,691.06	2,101,693,083.72
Other cash at bank and on hand	<u>778,425,138.48</u>	<u>740,946,588.02</u>
Total	<u>4,023,250,509.82</u>	<u>2,842,677,267.48</u>
Including: Other allowance deposited abroad	<u>174,785,147.22</u>	<u>238,902,274.63</u>

### 2. TRADING FINANCIAL ASSETS

RMB

Items	Closing balance	Opening balance
Financial assets available for sale	700,000,000.00	200,000,000.00
Including: Bank financial management	<u>700,000,000.00</u>	<u>200,000,000.00</u>
Total	<u>700,000,000.00</u>	<u>200,000,000.00</u>

### 3. DERIVATIVE FINANCIAL ASSETS

	<i>RMB</i>	
Items	Closing balance	Opening balance
Derivative financial assets held for specified hedging relationship		
Including: Forward foreign exchange contracts (None)	-	62,739.00
Total	<u>-</u>	<u>62,739.00</u>

Note: The net period forward foreign exchange contracts are not designated as hedging instruments, and the gain or loss arising from change in fair value are effectively included in profit and loss for the period.

### 4. BILLS RECEIVABLES

#### (1) Bills receivables by category

	<i>RMB</i>	
Items	Closing balance	Opening balance
Bank acceptance bill	1,506,620,147.82	834,875,954.38
Commercial acceptance bill	519,224,504.02	107,583,256.08
Letter of credit impairment provision	<u>9,138,351.27</u>	<u>2,711,098.05</u>
Total	<u>2,016,706,300.57</u>	<u>939,748,112.41</u>

(2) *Bills receivables that have been endorsed or discounted by the Group but not yet due at the balance sheet date*

RMB

Items	Amount not derecognized at the end of the half year
Endo ed bank accep tance bill	1,209,023,929.58
Di co n t ed bank accep tance bill	15,547,866.84
T o al	<u>1,224,571,796.42</u>

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

(4) *Disclosed by classification of credit loss provision method*

RMB

Classification	Closing balance		Bad debt provision	Accrual Percentage (%)	Book value
	Book balance	Percentage (%)			
Bad debt provision portfolio					
Including:					
Bank acceptance bill	1,506,620,147.82	74.37	-	-	1,506,620,147.82
Commercial acceptance bill	519,224,504.02	25.63	9,138,351.27	1.76	510,086,152.75
T o al	<u>2,025,844,651.84</u>	/	<u>9,138,351.27</u>	/	<u>2,016,706,300.57</u>

Classification	Opening balance		Bad debt provision	Accrual Percentage (%)	Book value
	Book balance	Percentage (%)			
Bad debt provision portfolio					
Including:					
Bank acceptance bill	834,875,954.38	88.58			834,875,954.38
Commercial acceptance bill	107,583,256.08	11.42	2,711,098.05	2.52	104,872,158.03
T o al	<u>942,459,210.46</u>	/	<u>2,711,098.05</u>	/	<u>939,748,112.41</u>

*Bill receivable with credit loss provision portfolio*

RMB

Name	Bills receivables	Closing balance Bad debt provision	Accrual Percentage
Loan	1,506,620,147.82	-	-
No mal	519,224,504.02	9,138,351.27	1.76
Total	<u>2,025,844,651.84</u>	<u>9,138,351.27</u>	<u>0.45</u>

The Group believes that the accepting bank with high credit rating holds the bank acceptance bill and there is no significant credit risk, so no impairment allowance for credit loss is made.

**(5) Credit loss provision**

RMB

Classification	Opening balance	Changes in amount for the half year		Closing balance
		Provision	Transferred	
No mal	2,711,098.05	9,138,351.27	2,711,098.05	9,138,351.27
Total	<u>2,711,098.05</u>	<u>9,138,351.27</u>	<u>2,711,098.05</u>	<u>9,138,351.27</u>

**(6) Bad debt condition**

Category	Opening balance	Changed amounts in the current period		Closing balance
		Provision	Transferred	
No mal	2,711,098.05	9,138,351.27	2,711,098.05	9,138,351.27
Total	<u>2,711,098.05</u>	<u>9,138,351.27</u>	<u>2,711,098.05</u>	<u>9,138,351.27</u>

## 5. TRADE RECEIVABLES

### (1) Disclosed by aging

		RMB
		Book balance at the end of the half year
<b>Aging</b>		
Within 1 ea		2,763,999,217.67
1-2 ea		16,650,097.81
2-3 ea		1,100,733.39
Over 3 ea		7,584,933.61
Total		<u>2,789,334,982.48</u>

### (2) Disclosed by classification of credit impairment provision method

		RMB			
Classification	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Amount	Accrual Percentage (%)	
Bad debt provision based on portfolio					
Including:					
Normal	2,727,724,480.34	97.79	48,007,950.85	1.76	2,679,716,529.49
Concealed	53,921,147.75	1.93	20,307,227.08	37.66	33,613,920.67
Loss	7,689,354.39	0.28	7,689,354.39	100.00	-
Total	<u>2,789,334,982.48</u>	/	<u>76,004,532.32</u>	/	<u>2,713,330,450.16</u>

Classification	Book balance		Opening balance		Book value
	Amount	Provision (%)	Amount	Provision (%)	
Bad debt provision					
Portfolio					
Including:					
No mal	1,096,931,797.73	94.60	27,642,681.27	2.52	1,069,289,116.46
Conce ned	48,127,930.42	4.15	11,657,475.13	24.22	36,470,455.29
Lo	14,499,749.67	1.25	14,499,749.67	100.00	
Total	<u>1,159,559,477.82</u>	<u>/</u>	<u>53,799,906.07</u>	<u>/</u>	<u>1,105,759,571.75</u>

*C edj impai menq provision b portfolio*

RMB

Name	Trade receivables	Closing balance	
		Bad debt provision	Accrual percentage (%)
No mal	2,727,724,480.34	48,007,950.85	1.76
Conce ned	53,921,147.75	20,307,227.08	37.66
Lo	7,689,354.39	7,689,354.39	100.00
Total	<u>2,789,334,982.48</u>	<u>76,004,532.32</u>	<u>2.72</u>

(3) *Changes in credit impairment of trade receivables*

RMB

Classification	Opening balance	Change in amount for the half year		Closing balance
		Provision	Transferred	
Bad debt provision	53,799,906.07	25,544,063.32	3,339,437.07	<b>76,004,532.32</b>
Total	<u>53,799,906.07</u>	<u>25,544,063.32</u>	<u>3,339,437.07</u>	<u><b>76,004,532.32</b></u>

(4) *Details of top five trade receivables with the closing balances classified by the borrowers*

At the end of the reporting period, the top five trade receivables with the closing balance classified by the borrower's amounted to RMB1,550,421,839.55 (end of the reporting period: RMB581,839,100.82), representing 55.58% (end of the reporting period: 50.18%) of the total balance of trade receivables. The credit loss provision of top five trade receivables amounted to RMB27,287,424.38 (end of the reporting period: RMB14,662,345.34).

6. FINANCING RECEIVABLES

RMB

Items	Closing balance	Opening balance
Bank acceptance bill	<b>596,244,502.28</b>	531,196,547.78
Total	<u><b>596,244,502.28</b></u>	<u>531,196,547.78</u>

**(1) Changes in financing receivables and their fair value for the current period**

RMB

Items	Closing balance
Company	598,869,422.24
Fair value	<u>596,244,502.28</u>
Accounting change in fair value included in the comprehensive income	<u>(2,624,919.96)</u>

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

RMB

Items	Pledged amount at the end of the period
Bank acceptance bill	<u>40,000,000.00</u>

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

RMB

Items	Amounts Derecognized at the end of the year
Endorsed bank acceptance bill	1,308,273,481.00
Discounted bank acceptance bill	<u>157,656,990.53</u>
Total	<u>1,465,930,471.53</u>

## 7. ADVANCE PAYMENTS

### (1) Listed by aging

RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	414,740,988.03	99.78	686,003,745.08	99.096
1-2 years	776,474.96	0.19	4,219,015.49	0.609
2-3 years	101,031.33	0.02	2,016,474.00	0.291
Over 3 years	22,674.84	0.01	22,723.56	0.003
Total	<u>415,641,169.16</u>	<u>100.00</u>	<u>692,261,958.13</u>	<u>100.000</u>

At the end of the period, the Group had no advance payments with an aging of more than one year and an impairment amount.

### (2) Details of top five advance payments with the closing balances classified by the payees

At the end of the period, the balance of top five advance payments with the closing balance amounted to RMB245,461,288.73 (end of the period: RMB562,487,063.28), representing 59.06% (end of the period: 81.25%) of the total balance of advance payments.

## 8. OTHER RECEIVABLES

RMB

Items	Closing balance	Opening balance
Other receivable	<u>53,523,216.63</u>	<u>54,999,617.97</u>
Total	<u><u>53,523,216.63</u></u>	<u><u>54,999,617.97</u></u>

### (1) Disclosed by aging

RMB

Aging	Closing book balance
Within 1 ea	7,805,681.65
1-2 ea	40,415,490.03
2-3 ea	4,946,612.28
Over 3 ea	<u>394,616.14</u>
Total	<u><u>53,562,400.10</u></u>

### (2) Other receivables listed by classification by natures

RMB

Nature	Closing book balance	Opening book balance
Margin	45,834,976.30	52,633,813.76
Accounts receivable	4,800,000.00	
Deposits	293,291.73	293,731.73
Receivables	212,279.26	211,827.29
Other	<u>2,421,852.81</u>	<u>1,860,245.19</u>
Total	<u><u>53,562,400.10</u></u>	<u><u>54,999,617.97</u></u>



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

RMB

Name	Nature of amount	Closing balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
First	Margin	40,000,000.00	1-2 ea	74.68	
Second	Margin	4,966,520.15	1-2 ea	9.27	
Third	Accidental receivable	4,800,000.00	Within one ea	8.96	
Fourth	Margin	529,523.00	Within one ea	0.99	
Fifth	Deposit	212,291.73	More than 3 ea	0.40	
Total		<u>50,508,334.88</u>	/	<u>94.30</u>	

## 9. INVENTORIES

### (1) Inventories category

RMB

Items	Book balance	Closing balance Inventory impairment provision	Book value
Raw material	617,132,665.73	-	617,132,665.73
Low-value consumable	259,185,166.43	5,023,103.53	254,162,062.90
Work in progress	90,536,939.48	-	90,536,939.48
Finished good	539,622,977.37	4,552,128.52	535,070,848.85
Entered processing material	-	-	-
Total	<u>1,506,477,749.01</u>	<u>9,575,232.05</u>	<u>1,496,902,516.96</u>

Item	Book balance	Opening balance Inventory impairment provision	Book balance
Raw material	1,189,179,166.17		1,189,179,166.17
Low-value consumable	183,128,642.36	5,175,543.77	177,953,098.59
Work in progress	60,856,490.19		60,856,490.19
Finished good	855,214,953.98	6,734,180.64	848,480,773.34
Total	<u>2,288,379,252.70</u>	<u>11,909,724.41</u>	<u>2,276,469,528.29</u>

(2) *Inventory impairment provision*

RMB

Items	Opening balance	Inc ea ed	Dec ea ed	Closing balance
		amo ũ fo ŕ he pe iod	amo ũ fo ŕ he pe iod	
	P o ided	Re old		
Finished good	6,734,180.64	2,877,911.90	5,059,964.02	<b>4,552,128.52</b>
Low-valued consumable	5,175,543.77	3,845,610.26	3,998,050.50	<b>5,023,103.53</b>
Total	<u>11,909,724.41</u>	<u>6,723,522.16</u>	<u>9,058,014.52</u>	<b><u>9,575,232.05</u></b>

10. OTHER CURRENT ASSETS

RMB

Items	Closing balance	Opening balance
Prepaid VAT	<b>94,643,540.85</b>	232,222,691.43
Prepaid expense	<b>5,665,346.28</b>	14,355,212.88
Prepaid income tax	<b>9,231,253.23</b>	6,809,376.77
Prepaid rental income	<b>4,775,001.55</b>	412,844.04
Other	—	1,326,957.68
Total	<b><u>114,315,141.92</u></b>	<u>255,127,082.80</u>

## 11. LONG-TERM EQUITY INVESTMENT

RMB

Invested Company	Opening balance	Change during the period		Closing balance
		Income, gain and loss recognized during the period	Declared cash dividends	
Association Kaihong Flat	6,921,828.12	2,293,819.60		<b>9,215,647.72</b>
Kingston Financial Group	10,500,000.00			<b>10,500,000.00</b>
Jiangsu Financial Group	54,108,506.10	1,289,104.00	(843,750.00)	<b>54,553,860.10</b>
Total	<u>71,530,334.22</u>	<u>3,582,923.60</u>	<u>(843,750.00)</u>	<b><u>74,269,507.82</u></b>

## 12. INVESTMENT PROPERTIES

### *Investment properties with cost measurement model*

RMB

Items	House and buildings	Land use rights	Total
<b>I. Book value</b>			
1. Opening and closing balance	<u>27,486,623.54</u>	<u>7,525,892.36</u>	<u>35,012,515.90</u>
<b>II. Accumulated depreciation and accumulated amortization</b>			
1. Opening balance	14,410,615.35	1,799,669.52	16,210,284.87
2. Amount increased during the reporting period	633,932.04	81,803.16	715,735.20
(1) Provided amount	633,932.04	81,803.16	715,735.20
3. Closing balance	<u>15,044,547.39</u>	<u>1,881,472.68</u>	<u>16,926,020.07</u>
<b>III. Book value</b>			
1. Closing book value	12,442,076.15	5,644,419.68	18,086,495.83
2. Opening book value	<u>13,076,008.19</u>	<u>5,726,222.84</u>	<u>18,802,231.03</u>

The carrying amount of house and building and land use rights with a net value of RMB18,086,495.83 at the end of the period (at the end of the reporting period: RMB18,802,231.03) is pledged for borrowing.

## 13. FIXED ASSETS

### (1) Fixed assets condition

Items	RMB				Total
	House and building	Machinery and equipment	Transportation equipment	Other equipment	
<b>I. Book value</b>					
1. Opening balance	2,256,706,971.73	5,786,763,634.84	105,367,276.49	52,626,989.79	8,201,464,872.85
2. Amortization expense in the reporting period	1,038,977,839.39	2,123,699,811.23	21,448,674.61	10,885,886.99	3,195,012,212.22
(1) Provided	79,474.32	11,479,141.98	3,940,756.63	4,264,136.67	19,763,509.60
(2) Transferred from construction in progress	1,024,856,765.44	2,112,220,669.25	15,280,087.43	6,146,621.69	3,158,504,143.81
(3) Accrued in business combination	14,041,599.63		2,227,830.55	475,128.63	16,744,558.81
3. Amortization expense in the reporting period		29,638,141.75	5,586,052.50		35,224,194.25
(1) Provided		26,514,037.78	5,586,052.50		32,100,090.28
(2) Transferred from construction in progress		3,124,103.97			3,124,103.97
4. Difference on liquidation of foreign controlled financial assets	17,449,243.96	28,586,838.53	404,787.59	72,481.92	46,513,352.00
5. Closing balance	3,313,134,055.08	7,909,412,142.85	121,634,686.19	63,585,358.70	11,407,766,242.82
<b>II. Accumulated depreciation</b>					
1. Opening balance	428,787,993.80	1,345,595,767.21	52,095,053.25	38,471,319.69	1,864,950,133.95
2. Amortization expense in the reporting period	63,208,624.47	284,435,921.90	9,539,242.81	3,081,597.02	360,265,386.20
(1) Provided	60,261,755.36	284,435,921.90	8,322,991.00	2,878,319.18	355,898,987.44
(2) Accrued in business combination	2,946,869.11		1,216,251.81	203,277.84	4,366,398.76
3. Amortization expense in the reporting period		14,367,954.70	5,144,759.85		19,512,714.55
(1) Provided		13,729,933.45	5,144,759.85		18,874,693.30
(2) Transferred from construction in progress		638,021.25			638,021.25
4. Difference on liquidation of foreign controlled financial assets	475,219.13	1,504,144.39	48,847.24	3,945.00	2,032,155.76
5. Closing balance	492,471,837.40	1,617,167,878.80	56,538,383.45	41,556,861.71	2,207,734,961.37
<b>III. Impairment provision</b>					
1. Opening balance		19,876,437.96	275,923.26	82,866.49	20,235,227.71
2. Amortization expense in the reporting period					
(1) Provided					
3. Amortization expense in the reporting period		29,777.31			29,777.31
(1) Provided		29,777.31			29,777.31
(2) Transferred from construction in progress					
4. Closing balance		19,846,660.65	275,923.26	82,866.49	20,205,450.40
<b>IV. Book value</b>					
1. Closing book value	2,820,662,217.68	6,272,397,603.40	64,820,379.48	21,945,630.50	9,179,825,831.06
2. Opening book value	1,827,918,977.93	4,421,291,429.67	52,996,299.98	14,072,803.61	6,316,279,511.19

At the end of the current period, the fixed assets with a book value of RMB2,446,307,991.66 (end of the previous year: RMB1,796,949,877.60) were reduced collectively for short-term obsolescence and long-term obsolescence.

**(2) At the end of current period, the Group's temporarily idle fixed assets**

RMB

Items	Book value	Accumulated depreciation	Impairment provision	Book value
Machine 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	

At the end of the current period, the Group's temporarily idle fixed assets included the fixed assets of the subsidiary, Zhejiang Jiafeng. The Group made provision for impairment of related assets in accordance with the loss of the book value and the recoverable amount.

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

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

**(5) Fixed assets of the Group without property right certificate at the end of the current period**

RMB

Items	Book value	Reasons for failure to complete the property right certificate
Industrial glass block (no. h)	12,832,988.83	Property right certificate is still in process
110KV transmission line	7,535,215.02	Property right certificate is still in process
Anhui Phase II Project block	549,477,694.50	Property right certificate is still in process

## 14. CONSTRUCTION IN PROGRESS

### Items

RMB

Items	Closing balance	Opening balance
Construction in progress Engineering material	<b>1,455,294,164.14</b> <b>617,554,735.95</b>	2,867,765,142.38 199,442,725.12
Total	<b>2,072,848,900.09</b>	<b>3,067,207,867.50</b>

### Construction in progress

#### (1) Construction in progress

RMB

Items	Closing balance	Opening balance
Annual order of 1,200,000 pieces of PV component project	754,659,250.69	270,384,014.38
Annual production of 750,000 pieces of high and high-performance panel manufacturing project for solar equipment	41,447,544.97	823,934,022.33
Annual order of 750,000 pieces of PV component phase III	401,228,842.23	156,279,422.21
Annual production of 42 million pieces of PV backplane project	34,672,250.50	75,478,773.23
Production line technical renovation project	55,256,665.36	33,740,880.86
Annual order of 750,000 pieces of PV component phase II	18,748,570.88	1,129,878,953.18
Qiche	149,281,039.51	378,069,076.19
Total	<b>1,455,294,164.14</b>	<b>2,867,765,142.38</b>

(2) Change in major project in progress in the reporting half year

RMB

Project name	Budget	Opening amount	Increase in the current half year	Transfer	Transfer	Project cumulative investment accounted for the proportion of the budget	Project progress	Accumulated interest in the current half year	Including: the amount of interest in the current half year	Capitalization rate of interest in the current half year	Sources of funds	
				amount from fixed assets in the current half year	amount into fixed assets in the current half year							amount into others in the current half year
Annual project of 750,000 on of PV co-e glass project - phase II	1,405,235,500.00	1,129,878,953.18	211,005,699.18		1,322,136,081.48	18,748,570.88	94.09%	94.09%			Proceed of non-public issuance	
Annual project of 750,000 on of high brightness and high resolution panel manufacturing project for OLED	1,985,837,800.00	823,934,022.33	467,758,734.39		1,250,245,211.75	41,447,544.97	65.05%	65.05%	8,869,722.99	8,869,722.99	4.35%	Company capital bond
1,200,000 on of PV co-e glass project	2,244,595,500.00	270,384,014.38	484,275,236.31			754,659,250.69	33.62%	33.62%			Company capital	
Annual project of 750,000 on of PV co-e glass project - phase III	1,466,011,800.00	156,279,422.21	244,949,420.02			401,228,842.23	27.37%	27.37%			Company capital	
Annual project of 42 million on of PV backplane project	470,427,500.00	75,478,773.23	99,182,872.27		139,989,395.00	34,672,250.50	37.13%	37.13%			Proceed of non-public issuance	

(3) At the end of the reporting period, there is no indication of impairment of the Group's construction in progress, so no provision for impairment is made.

#### Engineering materials

RMB

Items	Book balance	Closing balance	
		Provision for impairment	Book value
Specialized equipment	419,747,327.78		419,747,327.78
Referring materials	97,274,681.59		97,274,681.59
Electric wire and cable	56,708,222.92		56,708,222.92
Steel and wire rod	14,977,577.30		14,977,577.30
Other	28,846,926.36		28,846,926.36
Total	617,554,735.95		617,554,735.95

Item	Book balance	Opening balance	
		Provision for impairment	Book value
Specialized equipment	93,343,324.42		93,343,324.42
Referring materials	78,024,378.03		78,024,378.03
Electric wire and cable	6,730,582.58		6,730,582.58
Steel and wire rod	2,105,446.45		2,105,446.45
Other	19,238,993.64		19,238,993.64
Total	199,442,725.12		199,442,725.12

## 15. RIGHT-OF-USE ASSETS

	<i>RMB</i>
<b>Items</b>	<b>Land</b>
<b>I. Book value</b>	
1. Opening balance	191,102,069.02
2. Amount increased in the current period	5,657,965.56
(1) Exchange difference on foreign currency financial statement translation	5,657,965.56
3. Closing balance	196,760,034.58
<b>II. Accumulated depreciation</b>	
1. Opening balance	21,031,196.80
2. Amount increased in the current period	3,086,706.44
(1) Provided	2,407,419.35
3. Exchange difference on foreign currency financial statement translation	679,287.09
4. Closing balance	24,117,903.24
<b>III. Book value</b>	
1. Closing book value	172,642,131.34
2. Opening book value	<u>170,070,872.22</u>

## 16. INTANGIBLE ASSETS

RMB

Items	Land use right	Emission on rights	Mining rights	Energy use rights	Software	Total
<b>I. Book value</b>						
1. Opening balance	469,457,768.42	51,365,606.04	232,964,000.00	144,731,091.46	7,595,886.72	906,114,352.64
2. Amortized in the reporting period	155,661,162.26	3,311,080.84	3,482,808,505.33		7,158.42	3,641,787,906.85
(1) Provided	155,661,162.26	3,311,080.84				158,972,243.10
(2) Acquired in business combination			3,482,808,505.33		7,158.42	3,482,815,663.75
3. Closing balance	625,118,930.68	54,676,686.88	3,715,772,505.33	144,731,091.46	7,603,045.14	4,547,902,259.49
<b>II. Accumulated amortization</b>						
1. Opening balance	65,991,809.40	28,804,914.09	144,989,611.68		3,619,221.38	243,405,556.55
2. Amortized in the reporting period	5,731,953.86	3,280,638.33	271,591,020.62		331,608.56	280,935,221.37
(1) Provided	5,731,953.86	3,280,638.33	232,727,028.02		327,233.86	242,066,854.07
(2) Acquired in business combination			38,863,992.60		4,374.70	38,868,367.30
3. Closing balance	71,723,763.26	32,085,552.42	416,580,632.30		3,950,829.94	524,340,777.92
<b>III. Book value</b>						
1. Closing book value	553,395,167.42	22,591,134.46	3,299,191,873.03	144,731,091.46	3,652,215.20	4,023,561,481.57
2. Opening book value	403,465,959.02	22,560,691.95	87,974,388.32	144,731,091.46	3,976,665.34	662,708,796.08

At the end of the reporting period, the land use right with the net value of RMB320,919,034.69 (at the end of the last year: RMB324,758,897.07) was adopted for mortgage to obtain borrowing.

## 17. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

### (1) *Deferred tax assets before offsetting*

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment	29,810,459.76	4,486,912.28	32,144,952.12	4,837,086.14
Provision for bad debts	76,278,402.10	12,092,787.29	54,975,356.64	8,999,635.21
Deferred expense	64,503,881.87	10,169,077.10	25,441,145.12	4,331,055.32
Depreciation difference for fixed assets	34,914,538.51	5,237,180.78	33,101,192.39	4,965,178.86
Share premium	27,829,233.33	4,174,385.00	16,200,234.30	2,430,035.15
Profit and loss arising from change in fair value	3,598,130.06	593,691.47		
TOTAL	<u>236,934,645.64</u>	<u>36,754,033.92</u>	<u>161,862,880.57</u>	<u>25,562,990.68</u>

### (2) *Deferred tax liabilities before offsetting*

RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Provision for impairment on acquisition of joint venture company	11,919,133.92	1,787,870.09	12,518,486.60	1,877,772.99
Accelerated depreciation of fixed assets	713,476,202.24	107,021,430.34	765,840,684.05	114,876,102.61
Trial production cost	55,206,014.74	8,280,902.21	59,015,677.76	8,852,351.67
Profit and loss arising from change in fair value	-	-	62,739.00	10,351.94
TOTAL	<u>780,601,350.90</u>	<u>117,090,202.64</u>	<u>837,437,587.41</u>	<u>125,616,579.21</u>

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

RMB

Items	Closing balance		Opening balance	
	Offset amount of deferred tax assets and liabilities at the end of the period	deferred tax assets or liabilities after offsetting	Offset amount of deferred tax liabilities at the end of the period	deferred tax assets or liabilities after offsetting
Deferred tax assets	32,302,660.14	4,451,373.78	21,400,325.38	4,162,665.30
Deferred tax liabilities	<u>(32,302,660.14)</u>	<u>84,787,542.50</u>	<u>21,400,325.38</u>	<u>104,216,253.83</u>

**(4) Deductible losses and other temporary difference of unrecognized deferred tax asset Items**

RMB

Items	Closing balance	Opening balance
Deductible losses	43,939,270.13	30,690,640.30
Other	<u>7,809,355.63</u>	<u>1,080,737.08</u>
Total	<u>51,748,625.75</u>	<u>31,771,377.38</u>

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

	<i>RMB</i>	
Items	Closing balance	Opening balance
2022	-	
2023	-	
2024	-	
2025	<b>14,334,627.90</b>	
2026	<b>11,015,764.48</b>	19,674,875.82
2027	<b>18,588,877.75</b>	11,015,764.48
Total	<b><u>43,939,270.13</u></b>	<b><u>30,690,640.30</u></b>

## 18. OTHER NON-CURRENT ASSETS

	<i>RMB</i>	
Items	Closing balance	Opening balance
Construction prepayment	<b>997,017,701.29</b>	789,953,029.11
Prepaid in expenses	<b>74,350,906.30</b>	74,350,906.30
Prepaid deposits for land	-	2,600,000.00
Total	<b><u>1,071,368,607.59</u></b>	<b><u>866,903,935.41</u></b>

## 19. SHORT-TERM BORROWINGS

RMB

Items	Closing balance	Opening balance
Mortgaged borrowing	1,089,899,000.00	1,513,906,500.00
Current borrowing	510,805,200.00	240,000,000.00
Bill discounting borrowing	365,547,866.84	106,790,000.00
Total	<u>1,966,252,066.84</u>	<u>1,860,696,500.00</u>

At the end of the reporting half year, the Group had no mortgage borrowing, has no current borrowing.

## 20. DERIVATIVE FINANCIAL LIABILITIES

RMB

Items	Closing balance	Opening balance
Derivative financial liabilities in respect of the specified hedging relation hip		
Including: Forward foreign exchange contracts	76,558.35	
Foreign exchange option contracts	3,521,571.71	
Total	<u>3,598,130.06</u>	

Note: The forward foreign exchange contracts and foreign exchange option contracts are not designated as hedging instruments, and the gain or loss arising from change in fair value are recognized directly in profit or loss in the reporting period.

## 21. BILLS PAYABLES

RMB

Classification	Closing balance	Opening balance
Bank acceptance bill	<u>967,943,844.79</u>	<u>1,036,982,577.72</u>
Total	<u><u>967,943,844.79</u></u>	<u><u>1,036,982,577.72</u></u>

## 22. TRADE PAYABLES

### (1) Trade payables

RMB

Items	Closing balance	Opening balance
Trade payable	<u>2,134,356,523.92</u>	<u>1,322,155,502.11</u>
Construction contract payable	<u>1,234,847,767.87</u>	<u>984,754,614.54</u>
Total	<u><u>3,369,204,291.79</u></u>	<u><u>2,306,910,116.65</u></u>

### (2) Significant trade payables with ageing over 1 year

RMB

Items	Closing balance	Reasons of outstanding or carry-over
Construction contract payable	60,269,233.78	Projects have not been completed and been paid
Trade payable	17,219,814.14	The payable is for a product, all disputes, and payments will be made after the disputes are resolved
Total	<u><u>77,489,047.92</u></u>	

## 23. CONTRACT LIABILITIES

RMB

Items	Closing balance	Opening balance
Advance payment from customer for goods	<u>119,823,950.23</u>	352,681,717.14
Total	<u><u>119,823,950.23</u></u>	<u>352,681,717.14</u>

## 24. PAYROLL PAYABLE

### (1) Listing of payroll payable

RMB

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
I. Short-term employee benefits	66,290,653.03	294,873,561.99	310,537,292.55	<u>50,626,922.47</u>
II. Post-employment benefits				
Defined contribution plan	<u>1,229,049.56</u>	<u>24,169,262.34</u>	<u>23,748,513.42</u>	<u>1,649,798.48</u>
Total	<u>67,519,702.59</u>	<u>319,042,824.33</u>	<u>334,285,805.97</u>	<u>52,276,720.95</u>

(2) *Listing of short-term remuneration*

	<i>RMB</i>			
Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wage allowance, bonus, allowance and subsidy	61,966,998.51	257,482,459.00	271,237,994.76	<b>48,211,462.75</b>
II. Staff welfare	(45,540.00)	12,794,977.98	12,749,437.98	-
III. Social insurance	764,463.84	13,474,140.26	12,648,161.01	<b>1,590,443.11</b>
Including: Medical insurance	852,653.87	11,565,483.93	11,045,090.58	<b>1,373,047.24</b>
Work-related injury insurance	(124,829.85)	1,632,192.71	1,339,514.49	<b>167,848.37</b>
Maternity insurance	36,639.82	276,463.62	263,555.94	<b>49,547.50</b>
IV. Housing fund	674,036.00	6,199,563.00	6,182,954.00	<b>690,645.00</b>
V. Education fund & labor union	<u>2,930,694.68</u>	<u>4,922,421.75</u>	<u>7,718,744.80</u>	<u><b>134,371.63</b></u>
Total	<u><u>66,290,653.03</u></u>	<u><u>294,873,561.99</u></u>	<u><u>310,537,292.55</u></u>	<u><u><b>50,626,922.49</b></u></u>

(3) *Listing of defined contribution plan*

Items	RMB			Closing balance
	Opening balance	Increase in the reporting period	Decrease in the reporting period	
1. Basic pension insurance	1,194,514.09	23,326,898.79	22,916,199.62	<b>1,605,213.26</b>
2. Unemployment insurance	34,535.47	842,363.55	832,313.80	<b>44,585.22</b>
Total	<u>1,229,049.56</u>	<u>24,169,262.34</u>	<u>23,748,513.42</u>	<b><u>1,649,798.48</u></b>

Defined contribution plan:

The Group participates in pension insurance and unemployment insurance schemes established by government agencies and insured. According to the scheme, the Group pays monthly fees of the plan at 14% and 0.5% of the employee's basic wage. Except for the above monthly paid fees, the Group does not undertake further payment obligations. The corresponding pension is recognized in profit or loss in the period in which it is incurred.

During the period from 1 January to 30 June 2022, the Group should pay a total of RMB22,916,199.62 and RMB832,313.80 of the pension insurance and unemployment insurance schemes respectively. As of 30 June 2022, the Group has RMB1,605,213.26 and RMB44,585.22, which have been accrued but not paid for the pension insurance and unemployment insurance schemes. The payable has been paid after the reporting period.

## 25. TAXES PAYABLE

RMB

Items	Closing balance	Opening balance
Enterprise income tax	137,540,553.53	11,387,361.66
VAT	60,173,597.79	11,359,752.88
Land use tax	10,598,995.91	9,461,877.50
City maintenance and construction tax	3,594,770.01	2,130,901.26
Education tax and local education tax	2,176,228.58	1,746,134.73
Individual income tax	444,435.38	643,392.80
Other	21,898,869.02	11,900,066.02
Total	<u>236,427,450.22</u>	<u>48,629,486.85</u>

## 26. OTHER PAYABLES

RMB

Items	Closing balance	Opening balance
Interest payable	7,398,469.04	4,225,184.38
Dividend payable	791,200.00	791,200.00
Other payable	672,485,580.43	131,648,032.65
Total	<u>680,675,249.47</u>	<u>136,664,417.03</u>

**(1) Interest payables**

	<i>RMB</i>	
Items	Closing balance	Opening balance
Interest for long-term borrowing which interest paid in installments and principal paid due to maturity	<b>4,707,174.52</b>	2,297,774.10
Interest payable for short-term borrowing	<b>1,310,472.60</b>	1,927,410.28
Interest payable for Convertible Bond	<b>1,380,821.92</b>	
Total	<b><u>7,398,469.04</u></b>	<b><u>4,225,184.38</u></b>

**(2) Dividends payables**

	<i>RMB</i>	
Items	Closing balance	Opening balance
Dividend on ordinary shares	<b>791,200.00</b>	791,200.00
Total	<b><u>791,200.00</u></b>	<b><u>791,200.00</u></b>

### (3) Other payables

RMB

Items	Closing balance	Opening balance
Employee accrued pension payments	520,947,600.00	
Warranty	74,245,605.06	77,755,114.87
Tax provision	23,755,790.41	15,828,272.51
Received health insurance	30,104,000.00	32,096,200.00
Other	23,432,584.96	5,968,445.27
Total	<u>672,485,580.43</u>	<u>131,648,032.65</u>

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

### 27. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

RMB

Items	Closing balance	Opening balance
Long-term borrowing due within 1 year	1,006,528,929.80	310,100,070.52
Long-term payable due within 1 year	52,220,000.00	
Lease liabilities due within 1 year	635,514.93	
Total	<u>1,059,384,444.73</u>	<u>310,100,070.52</u>

## 28. LONG-TERM BORROWINGS

### (1) Categories of long-term borrowings

	<i>RMB</i>	
Items	Closing balance	Opening balance
Pledged borrowing	<b>902,428,929.80</b>	998,412,983.63
Secured borrowing	<b>3,196,000,000.00</b>	1,278,800,000.00
Less: Pledged borrowing due within 1 year	<b>902,428,929.80</b>	303,864,555.59
Less: Secured borrowing due within 1 year	<b>104,100,000.00</b>	5,600,000.00
Total	<b><u>3,091,900,000.00</u></b>	<b><u>1,967,748,428.04</u></b>



### **(3) Description of conditions and timing of conversion for convertible bonds**

Approved by CSRC Approval [2022] No. 664, the Group issued 40 million convertible bonds with a nominal value of RMB100 on 20 March 2022. The annual coupon rate shall be 0.3% in the first year, 0.5% in the second year, 1.0% 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 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 Bond, under the interest rate shall be increased from the date of the interest, namely 20 March 2022, to 19 March 2028.

The conversion period of the A Share Convertible Bond, under the interest rate shall commence on the first trading date immediately following the end of the interest-month period after the date of the interest of the convertible bond (26 March 2022), and end on the maturity date of the convertible bond (28 November 2022, to 19 March 2028).

The initial conversion price of convertible corporate bond, under the interest rate is RMB43.94 per share. After the interest rate, in case of certain events, such as a distribution of cash dividends, conversion increase of share capital, increase of net assets (including an increase in share capital as a result of conversion of the convertible corporate bond, under the interest rate), rights issue and distribution of cash dividends, the price of the convertible share shall be adjusted accordingly. During the term of the A Share Convertible Corporate Bond, under the interest rate, the closing price of share of the Company shall be less than 15% of an average of an average of 30 consecutive trading days lower than 90% of the prevailing conversion price, the Board is entitled to propose a downward adjustment of the conversion price and, by majority of the Shareholders at the Shareholders' general meeting for their consideration and voting.

During the conversion period, the Company has the right to redeem all or part of the A Share Convertible Bond which has not been converted in whole or in part, at the end of the year, when in case of the closing price of A Share of the Company for a least 15 trading days of an 30 consecutive trading days are no less than 130% (including 130%) of the prevailing conversion price of the bond, the balance of the outstanding A Share Convertible Bond, under the interest rate is not less than RMB30 million.

Within 2 years prior to the maturity of the A Share Convertible Bond, the closing price of the Company's A Share is not less than 70% of the then Conversion Price for 30 consecutive trading days, the Bondholders are entitled to sell all or part of the A Share Convertible Bond held by them back to the Company at the face value plus the interest accrued then.

If the Company's actual change of the net proceeds from the Proposed Interest rate differential from the undertaking of the sale proceeds of the Offer Document, and each difference is considered by the CSRC as a change in the sale of the proceeds, the Bondholders will have a one-off right to sell all or part of the A Share Convertible Bond held by them back to the Company at the face value plus the interest accrued. Under the said scenario, the Bondholders may sell their A Share Convertible Bond back to the Company during the sell back declaration period. If the Bondholders do not exercise their sell back right during the sell back declaration period, such right will automatically lapse.

The fair value of the liability component is determined as the present value of an enterprise making interest payments for a similar bond, however, the attached purchase option. The residual amount is assigned to the equity component and included in the holder's equity.

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

Items	<i>RMB</i>		
	Debt composition	Equity composition	Total
Amount of convertible corporate bond issued	3,664,830,887.89	335,169,112.11	4,000,000,000.00
Discount and action fee	(21,144,974.47)	(1,933,825.20)	(23,078,799.67)
Balance on the date of issuance	3,643,685,913.42	333,235,286.91	3,976,921,200.33
Interest payable premium and discount amortization	(1,380,821.92)		(1,380,821.92)
Conversion fee for the half year	18,241,075.56		18,241,075.56
Balance at 30 June 2022	3,660,546,167.06	333,235,286.91	3,993,781,453.97

### 30. LEASE LIABILITIES

RMB

Classification	Closing balance	Opening balance
Lease liabilities	11,320,751.04	11,515,218.22
Less: Lease liabilities included in non-current liabilities due within one year	<u>635,514.93</u>	<u>635,514.93</u>
Net amount	<u><u>10,685,236.11</u></u>	<u><u>10,879,703.29</u></u>

### 31. DEFERRED REVENUE

RMB

Items	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Government grant	<u>25,441,145.12</u>	<u>45,804,800.00</u>	<u>6,742,063.25</u>	<u>64,503,881.87</u>
Total	<u><u>25,441,145.12</u></u>	<u><u>45,804,800.00</u></u>	<u><u>6,742,063.25</u></u>	<u><u>64,503,881.87</u></u>

Item in following :

Items	<i>RMB</i>			Asset-related/ revenue- related	
	Opening balance	Increase amount for the period	Decrease in the current period		Closing balance
Jiaxing City 2012 financial development fund annual plan of 170,000 tons of LOW E glass and deep processing project 2#Floating Kiln	133,333.06		100,000.02	33,333.04	Asset-related
Jiaxing City 2012 provincial energy-saving financial project 2 production line of float glass glass heat treatment phase II project high pressure container, boiler and steam turbine generator	190,291.55		49,999.98	140,291.57	Asset-related
Annual production of 15 million square meters of float glass, a high glass production project	424,778.42		250,000.02	174,778.40	Asset-related
Jiaxing City 2012 financial development fund 2*600/d glass melting furnace glass heat treatment phase I project phase construction technical information project	83,495.42		49,999.98	33,495.44	Asset-related
TCO glass condenser film project	603,783.23		603,783.23	0.00	Asset-related
Jiaxing City 2012 financial development fund bid annual plan of 15 million square meters of float glass, a high glass production project 1#Phosphorus Kiln	950,494.77		250,000.02	700,494.75	Asset-related

Items	Opening balance	Increase amount for the period	Decrease in the current period	Closing balance	Asset-related/revenue-related
2014 industrial, agricultural and mining equipment (central infrastructure, equipment) Flat Glass annual production of 5.8 million, a decrease in LOW-E glass deep processing equipment	2,790,000.00		465,000.00	<b>2,325,000.00</b>	Asset-related
Glass melting furnace equipment, technology equipment	4,679,443.73		586,666.74	<b>4,092,776.99</b>	Asset-related
Jiangsu Finance Bureau 2011 glass melting furnace equipment, heating equipment, equipment	739,999.84		184,999.98	<b>554,999.86</b>	Asset-related
The first phase of distributed PV equipment construction	4,014,720.00		167,280.00	<b>3,847,440.00</b>	Asset-related
The second phase of distributed PV equipment construction	1,134,115.59		46,607.52	<b>1,087,508.07</b>	Asset-related
Annual production of 5.8 million, a decrease in LOW-E glass deep processing equipment	4,234,724.00		409,812.00	<b>3,824,912.00</b>	Asset-related
Annual production of 12 million, a decrease in high-temperature quartz glass equipment	1,684,065.48		174,213.72	<b>1,509,851.76</b>	Asset-related
Grant for backbone processing equipment	2,877,900.00		172,674.00	<b>2,705,226.00</b>	Asset-related
Subsidy for industrial development of equipment	900,000.03	1,000,000.00	99,999.96	<b>1,800,000.07</b>	Asset-related
Subsidy for Industrial Incentive and making equipment in industrial, and industrial and processed equipment		3,600,000.00	187,826.08	<b>3,412,173.92</b>	Asset-related
Fenggang Company's government equipment and funded new kinetic energy equipment, agricultural and mining equipment, making economic development. Moreover, the government subsidy equipment		41,204,800.00	2,943,200.00	<b>38,261,600.00</b>	Asset-related
Total	<u>25,441,145.12</u>	<u>45,804,800.00</u>	<u>6,742,063.25</u>	<u><b>64,503,881.87</b></u>	

### 32. LONG-TERM PAYMENTS

RMB

Items	Opening balance	Closing balance
Payments for acquisition of mining rights		230,230,897.90
Less: Long-term payments due within one year		52,220,000.00
Long-term payments due after one year		178,010,897.90

### 33. SHARE CAPITAL

RMB

	Opening balance	Net share issued	Change	Closing balance
Total share capital	536,723,313.50			536,723,313.50

### 34. OTHER EQUITY INSTRUMENTS

RMB

Outstanding financial instruments	Opening balance		Increase in the reporting period		Decrease in the reporting period		Closing balance	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying value
Convertible preferred bond		40,000,000.00	333,235,286.91				40,000,000.00	333,235,286.91

### 35. CAPITAL RESERVE

RMB

Items	Opening balance	Inc ea e in the c en pe iod	Dec ea e in the c en pe iod	Closing balance
Share premi m	4,780,117,627.53			4,780,117,627.53
Q he capital ee e	52,650,634.30	15,842,999.03		68,493,633.33
Tq al	4,832,768,261.83	15,842,999.03		4,848,611,260.86

### 36. TREASURY STOCK

RMB

Items	Opening balance	Inc ea e fo the pe iod	Dec ea e fo the pe iod (No e 1)	Closing balance
Share-ba ed pa men	32,096,200.00		1,992,200.00	30,104,000.00
Tq al	32,096,200.00		1,992,200.00	30,104,000.00

Note 1: On 25 Ma 2022, the Compan achi ed the condj ion o emo e, the ale ee iç ion fo the fi g an of the 2020 Re iç ed A Share Inçen i e Scheme fo the ee ed pa of the fi , nlocking pe iod, and, he ea , ha e dec ea ed b RMB1,992,200.00 acco dingl .

### 37. OTHER COMPREHENSIVE INCOME

RMB

Items	Amount incurred in the current period				Amount attributable to minority shareholders after income tax	Closing balance
	Opening balance	Amount before income tax incurred in the current period	Less: income tax	Amount attributable to the Company after income tax		
I. Other comprehensive income, which will not be classified in profit or loss after tax						-
II. Other comprehensive income, which will be classified in profit or loss after tax	(7,613,180.72)	29,889,259.45		29,889,259.45		22,276,078.73
Exchange difference on foreign currency financial statement translation	(4,685,441.82)	29,586,440.51		29,586,440.51		24,900,998.69
Change in fair value of financial receivable	(2,927,738.90)	302,818.94		302,818.94		(2,624,919.96)
Total other comprehensive income	(7,613,180.72)	29,889,259.45		29,889,259.45		22,276,078.73

### 38. SPECIAL RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safe production cost	17,266,053.61	6,557,571.38	207,368.35	23,616,256.64
Total	<u>17,266,053.61</u>	<u>6,557,571.38</u>	<u>207,368.35</u>	<u>23,616,256.64</u>

### 39. SURPLUS RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share premium	268,361,656.75			268,361,656.75
Total	<u>268,361,656.75</u>			<u>268,361,656.75</u>

### 40. UNDISTRIBUTED PROFIT

RMB

Items	Current period	La	period
Opening balance of the undistributed profit	6,194,759,167.82	4,449,556,361.77	
Add: Net profit attributable to the shareholders of the parent company in the current period	1,002,747,876.79	1,261,029,989.03	
Less: Accumulated share premium			
Dividend payable			321,928,988.10
Closing balance of the undistributed profit	<u>7,197,507,044.61</u>	<u>5,388,657,362.70</u>	

## 41. OPERATING REVENUE AND OPERATING COST

### (1) Operating revenue and operating cost

Items	Amount for the period		Amount for the comparative period	
	Revenue	Cost	Revenue	Cost
Main business	7,285,660,785.13	5,647,016,606.15	4,006,038,420.77	2,239,800,101.33
Other business	18,830,553.83	3,492,062.29	21,984,067.79	5,411,353.97
Total	<u>7,304,491,338.96</u>	<u>5,650,508,668.44</u>	<u>4,028,022,488.56</u>	<u>2,245,211,455.30</u>

### (2) Revenue from contract

Contract classification	Total
By type of product	
PV glass	6,468,102,101.23
Floag glass	154,622,632.87
Homehold glass	180,626,503.87
Architectural glass	319,281,955.84
Other	161,935,169.23
Income from other business	19,922,975.92
By operating region	
The mainland of China	5,896,527,530.36
Asia and other countries and regions (excluding the mainland of China)	1,165,341,157.52
Europe	101,446,157.93
North America	128,647,285.93
Other	<u>12,529,207.22</u>

### (3) Performance obligations

The Group's main business activities are the production and sale of glass products. Generally, the only one performance obligation, to deliver good in the eleventh sale contract, and the consideration for the sale of the product is determined according to the fixed price agreed in the sale contract order. The Group recognizes the revenue at the time when the control of the eleventh product is transferred to the customer. The Group's revenue is derived from the sale of all products before the delivery of the good, and the normal credit period for delivery is 30 to 120 days after the acceptance of the good.

## 42. TAXES AND SURCHARGES

RMB

Items	Amount for the period	Amount for the period
Revenue	17,048,222.25	1,306,823.46
City maintenance and construction tax	4,164,387.44	4,653,788.99
Education tax	3,923,762.26	4,481,599.08
Stamp duty	3,967,262.78	1,208,385.13
Property tax	3,693,638.66	1,924,817.01
Environmental protection tax	2,964,478.81	1,909,737.79
Special fund for waste treatment and construction	2,485,816.01	1,320,568.28
Land use tax	6,809,342.58	3,968,742.69
Other	392,754.56	426,722.31
Total	<u>45,449,665.35</u>	<u>21,201,184.74</u>

### 43. SELLING EXPENSES

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Advertising and promotion	37,008,523.79	44,217,828.05
Employee compensation and welfare	6,421,048.50	5,780,602.46
Advertising expense	5,149,776.66	4,731,980.16
Depreciation and amortization	12,678.08	4,459.85
Other	1,058,146.31	1,707,952.14
Total	<u>49,650,173.34</u>	<u>56,442,822.66</u>

### 44. ADMINISTRATIVE EXPENSES

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Employee compensation and benefit	67,324,035.28	68,897,778.55
Depreciation and amortization	14,925,107.74	10,538,835.21
Green and environmental protection expense	5,829,406.63	3,592,433.81
Laboratory	8,149,166.34	4,361,248.05
Office expense	4,722,203.38	4,143,592.54
Traveling expense	1,148,929.54	1,023,170.67
Intermedia agency service fee	9,125,268.49	1,998,236.41
Transportation expense	1,122,452.13	1,105,866.39
Repair and maintenance fee	362,943.45	188,692.64
Other	13,690,082.76	11,269,219.21
Total	<u>126,399,595.74</u>	<u>107,119,073.48</u>

#### 45. RESEARCH AND DEVELOPMENT EXPENSES

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Employee remuneration and benefits	<b>55,813,432.48</b>	39,118,507.52
Direct material costs	<b>165,135,312.47</b>	134,017,800.27
Depreciation and amortization	<b>12,128,571.42</b>	11,096,518.97
Other	<b>21,977,320.23</b>	15,805,687.54
Total	<b><u>255,054,636.60</u></b>	<b><u>200,038,514.30</u></b>

#### 47. OTHER REVENUE

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Distributed PV power generation project gain	2,503,473.27	3,052,823.35
Deferred income amortization	6,742,063.25	6,234,579.97
Government gain	<u>31,622,824.40</u>	<u>3,049,188.99</u>
Total	<u><u>40,868,360.92</u></u>	<u><u>12,336,592.31</u></u>

#### 48. INVESTMENT INCOME (LOSS)

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Income from long-term investment under the equity method	3,582,923.60	2,834,046.74
Investment income from related real estate management	450,000.00	7,842,906.41
Derivative tool related to the specified hedging relationship	166,920.00	9,504,060.00
Including: Forward foreign exchange contract investment income	166,920.00	9,504,060.00
Investment income from equity investment in investment	<u>1,406,250.00</u>	<u>1,406,250.00</u>
Total	<u><u>4,199,843.60</u></u>	<u><u>21,587,263.15</u></u>

#### 49. GAINS AND LOSSES ARISING FROM CHANGES IN FAIR VALUE

	<i>RMB</i>	
	<b>Amount for the period</b>	Amount for the period
Derivative tool which the specified hedging relationship		
Including: Forward foreign exchange contract	(139,297.35)	769,335.76
Foreign exchange option contract	(3,521,571.71)	(929,377.38)
Total	<u>(3,660,869.06)</u>	<u>(160,041.62)</u>

#### 50. CREDIT IMPAIRMENT LOSSES

	<i>RMB</i>	
Items	<b>Amount for the period</b>	Amount for the period
Credit impairment gain (loss) on bill receivable	(6,427,253.22)	(751,658.54)
Credit impairment gain (loss) on trade receivable	(22,204,626.25)	31,247,735.89
Total	<u>(28,631,879.47)</u>	<u>30,496,077.35</u>

## 51. ASSETS IMPAIRMENT LOSSES

<i>RMB</i>		
Items	Amount for the period	Amount for the period
Inventories impairment losses	<u>(6,723,522.16)</u>	<u>(4,329,681.98)</u>
Total	<u><u>(6,723,522.16)</u></u>	<u><u>(4,329,681.98)</u></u>

## 52. GAINS (LOSS) ON DISPOSAL OF ASSET

<i>RMB</i>		
Items	Amount for the period	Amount for the period
Gain on disposal of fixed assets	1,375,064.85	1,017,352.08
Loss on disposal of fixed assets	<u>(10,526,063.59)</u>	<u>(1,967,369.20)</u>
Total	<u><u>(9,150,998.74)</u></u>	<u><u>(950,017.12)</u></u>

## 53. NON-OPERATING INCOME

<i>RMB</i>			
Items	Amount for the period	Amount for the period	Non-operating profit and loss in the current period
Government grants (Note 1)	813,591.12	3,031,418.86	813,591.12
Other	<u>1,278,512.69</u>	<u>323,710.32</u>	<u>1,278,512.69</u>
Total	<u><u>2,092,103.81</u></u>	<u><u>3,355,129.18</u></u>	<u><u>2,092,103.81</u></u>

Note 1: For details of government grants included in the current period profit or loss, please refer to Note 5. Government grants.

#### 54. NON-OPERATING EXPENSES

Items	Amount for the period	Amount for the period	RMB
			Non- recurring profit and loss in the current period
Environmental donation	2,153,838.80	96,215.63	2,153,838.80
Other	<u>100,532.01</u>	<u>613,545.07</u>	<u>100,532.01</u>
Total	<u><u>2,254,370.81</u></u>	<u><u>709,760.70</u></u>	<u><u>2,254,370.81</u></u>

#### 55. INCOME TAX EXPENSES

Items	Amount for the period	Amount for the period	RMB
			Non- recurring profit and loss in the current period
Current period income tax expense	148,981,006.01	174,526,224.63	
Income tax expense (credited) for the period	(34,612,628.52)	(3,163,584.23)	
Deferred income tax expense	<u>(19,717,419.82)</u>	<u>13,522,107.48</u>	
Total	<u><u>94,650,957.67</u></u>	<u><u>184,884,747.88</u></u>	

Reconciliation between income, a/c expense and accounting profit is as follows:

	<i>RMB</i>
<b>Items</b>	<b>Amount for the period</b>
Total profit	<b>1,097,398,834.46</b>
Income, a/c expense calculated at a rate of 15%	<b>164,609,825.15</b>
Effect of, bidiaie, o adapt-diffe en, a a e	<b>12,564,367.57</b>
Effect of non-ded, ç ible co, e pen e and lo e	<b>2,629,649.13</b>
Effect of non-taxable income	<b>(367,398.64)</b>
Effect on makeo e (ef nd) of he income, a fo la, pe iod	<b>(34,612,628.53)</b>
Tax effect on a incen i e	<b>(20,921,010.36)</b>
Effect of, e of ded, ç ible lo e on pre io l, n cogni ed defe ed income, a a e	<b>(1,335,061.98)</b>
Effect of ded, ç ible emp o a diffe ence o ded, ç ible lo e of, n cogni ed defe ed, a a e in he pe iod	<b>3,950,073.84</b>
Change in opening balance of defe ed, a a e /liabili e d, e o, he change in, a a e	<b>-</b>
Effect on e ea ch and de elopmen, co, pl, ded, ç ion	<b>31,866,858.51</b>
Income, a/c expense	<b><u>94,650,957.67</u></b>

## 56. ITEMS IN CASH FLOW STATEMENT

### (1) Other cash received and related to operating activities

	RMB	
Items	Amount in the current period	Amount in the last period
Government grant	80,744,688.79	10,133,431.20
Interest income	25,931,363.85	21,301,664.66
Margin	15,827,360.46	220,000.00
Other	1,278,512.69	2,502,872.22
Total	<u>123,781,925.79</u>	<u>34,157,968.08</u>

### (2) Other cash paid and related to operating activities

	RMB	
Items	Amount in the current period	Amount in the last period
Paid fee	189,877,482.10	386,948,191.87
Margin	72,653.66	21,481,763.42
Charitable donation expense	2,153,838.80	96,215.63
Handling charge	5,090,053.54	1,157,900.91
Other	4,974,227.81	5,331,515.31
Total	<u>202,168,255.91</u>	<u>415,015,587.14</u>

(3) *Other cash received and related to investment activities*

	<i>RMB</i>	
Items	Amount in the current period	Amount in the last period
Recovery of restricted monetary funds	-	30,120,339.59
Project margin	<u>14,489,983.85</u>	<u>10,865,600.00</u>
Total	<u><u>14,489,983.85</u></u>	<u><u>40,985,939.59</u></u>

(4) *Other cash paid and related to investment activities*

	<i>RMB</i>	
Items	Amount in the current period	Amount in the last period
Payment of restricted monetary funds	20,423,562.30	11,476,099.08
Cash paid for investment	-	-
Project margin	<u>26,426,400.00</u>	<u>13,690,200.00</u>
Total	<u><u>46,849,962.30</u></u>	<u><u>25,166,299.08</u></u>

(5) *Other cash received and related to fundraising activities*

RMB

Items	Amount in the current period	Amount in the latest period
Recovery of restricted monetary fund	<u>466,542,322.25</u>	459,117,039.95
Total	<u><u>466,542,322.25</u></u>	<u><u>459,117,039.95</u></u>

(6) *Other cash paid and related to fundraising activities*

RMB

Items	Amount in the current period	Amount in the latest period
Payment of restricted monetary fund	<u>495,034,111.04</u>	730,523,947.73
Change for non-public issuance	-	17,908,619.14
Expense on issuance of convertible corporate bond	<u>1,078,799.67</u>	94,339.63
Total	<u><u>496,112,910.71</u></u>	<u><u>748,526,906.50</u></u>

## 57. SUPPLEMENTARY INFORMATION FOR CASH FLOW STATEMENT

### (1) Supplementary information for cash flow statement

RMB

	Amount in the current period	Amount in the last period
<b>(1) Adjust net profit to cash flow from operating activities</b>		
Net profit	1,002,747,876.79	1,261,029,989.03
Add: Decrease in impairment provision	6,723,522.16	4,329,681.98
Decrease in impairment loss (gain)	28,631,879.47	(30,496,077.35)
Increase in operating assets	715,735.20	715,735.20
Depreciation of fixed assets	355,898,987.44	219,267,472.76
Depreciation of right-of-use assets	2,407,419.35	2,367,974.74
Amortization of intangible assets	242,066,854.07	11,906,352.80
Amortization of long-term prepaid expenses	1,261,756.85	1,145,392.36
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain)	9,150,998.74	950,017.12
Financial exchange loss (gain)	3,660,869.06	160,041.62
Financial expense	150,868,000.63	34,644,318.71
Increase in gain	(4,199,843.60)	(21,587,263.15)
Decrease in deferred income tax assets (increase)	(288,708.48)	2,228,072.31
Increase in deferred income tax liability (decrease)	(19,428,711.33)	11,294,035.17
Decrease in inventory (increase)	772,843,489.17	(648,200,026.51)
Increase of operating receivable (decrease)	(2,370,476,466.47)	(855,995,548.19)
Increase in operating payable	708,230,611.01	391,916,423.87
Other	15,451,138.81	11,475,363.71
Net cash flow from operating activities	<b>906,265,408.87</b>	<b>397,151,956.18</b>

### (2) Net changes in cash and cash equivalents

Balance of cash at the end of the period	3,244,825,371.34	2,190,106,192.69
Less: Balance of cash at the beginning of the period	2,101,730,679.46	1,146,171,930.13
Net increase in cash and cash equivalents	<b>1,143,094,691.88</b>	<b>1,043,934,262.56</b>

(2) *Component of cash and cash equivalents*

RMB

Items	Closing balance	Opening balance
I. Cash	<b>3,244,825,371.34</b>	2,101,730,679.46
Including: Cash on hand	<b>23,680.28</b>	37,595.74
Bank deposits available for payment	<b>3,244,801,691.06</b>	2,101,693,083.72
II. Cash equivalents	-	-
III. Cash and cash equivalents at the end of the year	<b><u>3,244,825,371.34</u></b>	<b><u>2,101,730,679.46</u></b>

58. ASSETS WITH RESTRICTED OWNERSHIP OR USE RIGHTS

RMB

Items	Book value at the end of the half year	Reasons for restriction
Monetary funds	778,425,138.48	Bill deposits, etc.
Financing receivable	39,882,313.71	Pledged to bank for obtaining credit facilities
Invested properties	18,086,495.83	Pledged to bank for obtaining credit facilities
Fixed assets	2,446,307,991.66	Pledged to bank for obtaining credit facilities
Intangible assets	320,919,034.69	Pledged to bank for obtaining credit facilities
Total	<b><u>3,603,620,974.37</u></b>	

## 59. FOREIGN CURRENCY MONETARY ITEM

Items	Closing balance		
	Foreign currency balance	Translation exchange rate	RMB amounts
Cash bank and on hand			
Including: USD	74,948,522.81	6.7114	503,009,516.00
EUR	4,767,740.42	7.0084	33,414,231.96
JPY	94,814,238.00	0.0491	4,658,792.41
HKD	266,033.35	0.8552	227,509.06
GBP	3,933.46	8.1365	32,004.59
AUD	<u>282,767.77</u>	<u>4.6145</u>	<u>1,304,831.87</u>
Total			<u>542,646,885.89</u>
Trade receivable			
Including: USD	86,599,759.89	6.7114	581,205,628.52
EUR	325,997.51	7.0084	2,284,720.95
AUD	<u>79,053.30</u>	<u>4.6145</u>	<u>364,791.45</u>
Total			<u>583,855,140.92</u>
Other receivable			
Including: HKD	<u>3,970.00</u>	<u>0.8552</u>	<u>3,395.10</u>
Total			<u>3,395.10</u>
Trade payable			
Including: USD	3,146,630.69	6.7114	21,118,297.21
EUR	<u>87,854.51</u>	<u>7.0084</u>	<u>615,719.56</u>
Total			<u>21,734,016.77</u>
Borrowing			
Including: USD	<u>187,462,098.79</u>	<u>6.7114</u>	<u>1,258,133,129.80</u>
Total			<u>1,258,133,129.80</u>

## 60. GOVERNMENT GRANTS

			<i>RMB</i>
Items	Asset-related/ revenue-related	Listed items	Amount for the year
Subsidies for encouraging enterprises to increase investment, granted by Fengang Company for carrying out the promotion of enterprises and providing and high-quality economic development	Asset	Deferred income	41,204,800.00
Rebates for dividends of companies for contribution, granted by Fengang Company for carrying out the promotion of enterprises and providing and high-quality economic development	Revenue	Deferred income	21,302,900.00
Enterprise subsidies for Industrial Internet	Asset	Deferred income	3,600,000.00
Fund from Jiang Economic and Information Bureau for local science and technology development, granted by the central government in 2022	Revenue	Deferred income	3,000,000.00

Items	Asset-related/ revenue-related	Listed items	Amount for the year
Dividend PV of the general project and	Revenue	Quarterly revenue	2,503,473.27
Special incentive for accelerating the development of foreign trade enterprise	Revenue	Quarterly revenue	2,099,000.00
Subsidy for promoting the development of the oblique industry	Asset	Deferred revenue	1,000,000.00
Reward for identification of municipal industry and information single champion building Economic and Information Base in 2022	Revenue	Quarterly revenue	750,000.00
Refund income from handling fee for individual income tax	Revenue	Quarterly revenue	613,380.32
Subject to Liaoning subsidy of the municipal economic industry development and guidance fund	Revenue	Quarterly revenue	519,000.00
Annual green manufacturing special fund project building Economic and Information Base in 2021	Revenue	Quarterly revenue	500,000.00
Subsidy in cash under the annual special equipment policy enterprise	Revenue	Quarterly revenue	400,000.00

Items	Asset-related/ revenue-related	Listed items	Amount for the year
Incentive and subsidy of the annual high-tech one science and technology new policies of Jiang Xi'ho High-tech Industrial Development Zone	Revenue	Quarterly revenue	300,000.00
Subsidy for leading talent under Ten Thousand Talent Program for Tech Start-ups of Jiang Economic and Information Belt	Revenue	Quarterly revenue	200,000.00
Quarterly	Revenue	Quarterly revenue / non-operating revenue	2,752,135.20
Total			<u>80,744,688.79</u>
Including: Government subsidy included in the current profit and loss			<u>34,939,888.79</u>

## 6. CHANGE IN COMBINATION SCOPE

### 1. Business combinations involving enterprises not under common control

#### (1) *Business combinations involving enterprises not under common control in the current period*

RMB

Name of acquirer	Date of acquiring the equity interest	Acquisition cost	Equity interest acquired (%)	Acquisition method	Acquisition date
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On 9 November 2021, the Company received the Interim Letter on the Information Disclosure of the Reorganization Plan of Flat Glass Group Co., Ltd. (Shanghai Stock Exchange Official Letter [2021] No. 2868, the same referred to as the Interim Letter) from the Shanghai Stock Exchange, details of which are set out in the Announcement of Flat Glass Group Co., Ltd. on Receiving the Interim Letter on Information Disclosure of Reorganization Plan of the Shanghai Stock Exchange (Announcement No.: 2021-111) disclosed by the Company on 10 November 2021. The Report Announcement of Flat Glass Group Co., Ltd. on the Interim Letter of the Shanghai Stock Exchange on the Information Disclosure of the Reorganization Plan of Flat Glass Group Co., Ltd. (Announcement No.: 2021-127) and the Announcement on the Revision of the Major Asset Purchase Plan of Flat Glass Group Co., Ltd. (Announcement No.: 2021-128) were disclosed on 15 December 2021.

The Company disclosed the Announcement on the Progress of Major Asset Reorganization of Flat Glass Group Co., Ltd. on 27 November 2021, 28 December 2021 and 27 January 2022 (see the Company's announcements, No. 2021-123, 2021-131 and 2022-003 for details, respectively).

After evaluation and audit, the final price of the transaction was determined to be RMB3,343,947,600, through negotiation of both parties based on the audit and evaluation of the Party. On the 2020 audit report of the Company, the 2020 financial report of the target company audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Nanjing Branch and with a reference to the final offer price of this transaction, all indicators do not exceed 50% of the total audited assets, net assets and operating income of the Company for 2020 after comparing the relevant financial indicators of the target assets of this transaction with financial indicators of the Company, failing to meet the standards for major asset reorganization specified in Article 12 under the Administrative Measures for Major Asset Reorganization of Listed Companies. The transaction does not constitute a connected transaction, nor does it constitute a major asset reorganization as stipulated in the Administrative Measures for Major Asset Reorganization of Listed Companies. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Article of Association, the transaction is subject to the deliberation of the Board and is not required to be submitted to the general meeting of the Company for review.

The Company held the 15th meeting of the 14th session of the board of directors on 13 February 2022, during which it decided and approved the Resolution on the Acquisition of Controlling Interest in a Major Associate Reorganization and the Termination Procedure of the Major Associate Reorganization and the Resolution on the Company's Acquisition of 100% Equity of Anhui Dahua Industrial Mining Co., Ltd.\* held by Anhui Fengha Mining Group Co., Ltd.\* and 100% Equity Interest of Anhui Sanli Mining Co., Ltd.\* according to which the Company has approved to purchase 100% equity of Anhui Dahua Industrial Mining Co., Ltd.\* (Dahua Mining) held by Anhui Fengha Mining Group Co., Ltd. and 100% equity interest of Anhui Sanli Mining Co., Ltd.\* by paying cash and undertaking liabilities, with a total transaction price of RMB3,343,947,600. For details, please refer to the Announcement on the Acquisition of 100% Equity of Anhui Dahua Industrial Mining Co., Ltd. and 100% Equity of Anhui

Evaluation on determination of fair value of company of combination, contingent consideration and its change :

According to the Appraisal Report on the Appraisal of the All Equity Value of Shareholder of Anhui Dahua Oriental Mining Co., Ltd. in October in the Proposed Equity Acquisition of Flat Glass Group Co., Ltd. (KunYuan Appraisal Report, [2022] No. 24) and the Appraisal Report on the Appraisal of the All Equity Value of Shareholder of Anhui Sanli Mining Co., Ltd. in October in the Proposed Equity Acquisition of Flat Glass Group Co., Ltd. (KunYuan Appraisal Report, [2022] No. 25) issued by Canxin Appraisal Co., Ltd. as of 31 December 2021, the net assets of Dahua Mining and Sanli Mining were determined to be RMB742,738,400 and RMB2,073,300,500, respectively, according to the asset-based method. Through negotiation between the parties, the acquisition price of 100% equity of Dahua Mining amounted to RMB740 million, and the acquisition price of 100% equity of Sanli Mining amounted to RMB2,065 million.

**(3) Identifiable assets and liabilities of acquiree at the acquisition date**

	<b>Anhui Dahua Oriental Mining Co., Ltd.</b>	
	<b>Fair value on the acquisition date</b>	<b>Carrying amount on the acquisition date</b>
Assets :	1,249,471,790.26	572,065,553.36
Cash at bank and on hand	1,127,564.56	1,127,564.56
Bill receivable	13,740,000.00	13,740,000.00
Advance payment	145,038.88	145,038.88
Other receivable	537,080.71	537,080.71
Other contract asset	17,752.39	17,752.39
Fixed asset	14,842,270.00	12,104,397.46
Intangible asset	1,219,062,083.72	544,393,719.36
Liability :	506,733,371.3	510,989,682.1
Short-term borrowing	13,740,000.00	13,740,000.00
Contract liability	9,000,000.00	9,000,000.00
Payable	256.45	256.45
Tax payable	6,099,925.37	6,099,925.37
Other payable	477,893,189.50	477,893,189.50
Provision		4,256,310.74
Minority interest		
Net asset acquired	<u>742,738,418.94</u>	<u>61,075,871.30</u>

**Anhui Sanli Mining Co., Ltd.**

	<b>Fair value on the acquisition date</b>	<b>Carrying amount on the acquisition date</b>
Assets:	2,504,277,807.58	557,471,639.81
Cash at bank and on hand	17,906,764.60	17,906,764.60
Bill receivable	247,187,416.40	247,187,416.40
Advance payment	31,666.46	31,666.66
Other receivable	4,802,780.12	4,802,780.12
Fixed asset	476,780.00	273,762.59
Intangible asset	2,233,872,400.00	286,380,097.05
Long-term deferred expense		889,152.39
Liability:	430,977,301.9	433,178,932.65
Trade payable	16,495,150.06	16,495,150.06
Contract liability	188,819.35	188,819.35
Tax payable	118,729,740.92	118,729,740.92
Other payable	70,519,112.54	70,519,112.54
Current liability due within one year	52,220,000.00	52,220,000.00
Long-term payable	172,824,479.03	172,824,479.03
Provision		2,201,630.75
Less: minority interest Net asset acquired	<u>2,073,300,505.68</u>	<u>124,292,707.16</u>

*Dee mination me hod of fair value of identifiable assets and liability*

With a reference to the object, purpose and information collected by the appraiser, it is determined, on the acquisition date, the income method, the value of all shareholders' equity of Dahua Mining and Sanli Mining, respectively. On the basis of the above appraisal, the conclusion of the acquisition method is determined as the appraisal conclusion of the appraisal object after full and comprehensive analysis of the appraisal preliminary value conclusion according to the actual condition and comprehensive consideration of the rationality of different appraisal methods and preliminary value conclusion.

## 7. INTERESTS IN OTHER ENTITIES

### 1. INTERESTS IN SUBSIDIARIES

Items	Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 30 June 2022 (%)		Acquisition method
					Direct	Indirect	
1	Zhejiang Flā Glass Co., Ltd.	Zhejiang	Zhejiang	Engaged in the manufacture and sale of a variety of household glass products	100		Equity investment
2	Zhejiang Jiafang Glass Co., Ltd.	Zhejiang	Zhejiang	Manufacture and sale of household glass	100		Equity investment
2.1	Flā (Hong Kong) Investment Limited	Hong Kong	Hong Kong	Investment		100	Equity investment
2.1.1	FLAT (AUSTRALIA) PTY LTD	Australia	Australia	Mining operation and sale of iron ore		100	Equity investment
3	Shanghai Flā Glass Co., Ltd.	Shanghai	Shanghai	A variety of glass processing	100		Equity investment
4	Anhui Flā Solar Glass Co., Ltd.	Anhui	Anhui	Manufacture, processing and sale of special glass	100		Equity investment
4.1	Fenggang Flā Natural Gas Pipeline Co., Ltd.	Anhui	Anhui	Natural gas technology development and natural gas pipeline installation and sale		100	Equity investment
4.2	Fenggang Flā New Energy Technology Co., Ltd.	Anhui	Anhui	Investment, construction, operation and maintenance of new energy power plant		100	Equity investment
4.3	Anhui Flā Supply Chain Management Co., LTD.	Anhui	Anhui	Supply chain management service		100	Equity investment
5	Anhui Flā Solar Material Co., Ltd.	Anhui	Anhui	Mining operation and sale of iron ore	100		Equity investment
6	Flā (Hong Kong) Investment	Hong Kong	Hong Kong	Glass Enterprise	100		Equity investment

Items	Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 30 June 2022 (%)		Acquisition method
					Direct	Indirect	
6.1	Fla (Việ nam) Compan Limj ed	Việ nam	Việ nam	Man- fac, e and ale of pho o o- aic gla	100		E- abli hmen
6.1.1	Fla (Việ nam) Impo, and E- po, T ade Limj ed	Việ nam	Việ nam	Impo, and e- po, ade	100		E- abli hmen
7	Jia ing Fla, Ne- Ene g Technolog Co., L, d.	Zhejiang	Zhejiang	In e- men, con, , c ion, ope y ion and main- enance of ne- ene g- po- e- han	100		E- abli hmen
8	Fla (Jia ing) Impo, and E- po, T ade Limj ed	Zhejiang	Zhejiang	Impo, and e- po, ade	100		E- abli hmen
9	Fla (Nan ong) Sola Gla Co., LTD	Jiang ,	Jiang ,	Man- fac, e and ale of pho o o- aic gla	100		E- abli hmen
10	Fla (S- ian) Sola Gla Co., LTD	Jiang ,	Jiang ,	Man- fac, e and ale of pho o o- aic gla	100		E- abli hmen
11	Shanghai Fla Technolog De elomen Co., LTD	Shanghai	Shanghai	Re ea ch and de elomen and- omo ion e ice fo ne- ma- e ial and ne- y- echnologie	100		E- abli hmen
12	Anh i Dah- a O ien- al Mining Co., L, d.	Anh i	Anh i	Q- a, y e mining and ale	100		Combina ion n- nde common con- ol
13	Anh i Sanli Mining Co., L, d.	Anh i	Anh i	Q- a, y e mining and ale	100		Combina ion n- nde common con- ol

## 2. INTEREST IN JOINT VENTURE OR ASSOCIATE

### (1) *Financial information summary of insignificant joint venture and associate*

RMB

	Closing balance/ Amount incurred in the current period	Opening balance/ Amount incurred in the last period
Associate:		
Total invested book value	74,269,507.82	19,948,888.40
Liability of associate calculated by holding percentage		
Net profit	3,582,923.60	2,834,046.74
Other comprehensive income	-	-
Total comprehensive income	<u>3,582,923.60</u>	<u>2,834,046.74</u>

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

The Group has no material restriction on the ability of associate to transfer capital to the Group.

### (3) *Contingent liabilities relating to investment of associates*

The Group had no contingent liability relating to investment of associate.

## 8. RISKS RELATED TO FINANCIAL INSTRUMENTS

At the end of the half year, major financial instruments of the Group include: cash bank and on hand, derivative financial assets, bill receivable, trade receivable, other receivable, derivative financial liability, bill payable and trade payable, and other receivable, lease liability and borrowing. Details of each financial instrument are set out below:

Item	<i>RMB</i>	
	Closing balance	Opening balance
Financial assets		
Cash bank and on hand	<b>4,023,250,509.82</b>	2,842,677,267.48
Trading financial assets	<b>700,000,000.00</b>	200,000,000.00
Derivative financial assets	-	62,739.00
Bill receivable	<b>2,016,706,300.57</b>	939,748,112.41
Trade receivable	<b>2,713,330,450.16</b>	1,105,759,571.75
Financing receivable	<b>596,244,502.28</b>	531,196,547.78
Other receivable	<b>53,523,216.63</b>	54,999,617.97
Total	<b><u>10,103,054,979.46</u></b>	<b><u>5,674,443,856.39</u></b>
Financial liabilities		
Derivative financial liability	<b>3,598,130.06</b>	
Bill payable	<b>967,943,844.79</b>	1,036,982,577.72
Trade payable	<b>3,369,204,291.79</b>	2,306,910,116.65
Other payable	<b>673,276,780.43</b>	132,439,232.65
Bond payable	<b>3,660,546,167.06</b>	
Lease liability (including derivative lease)	<b>11,320,751.04</b>	11,516,621.85
Long-term payable (including derivative lease)	<b>230,230,897.90</b>	
Borrowing	<b>6,072,079,465.68</b>	4,142,134,668.01
Total	<b><u>14,988,200,328.75</u></b>	<b><u>7,629,983,216.88</u></b>

The risks related to financial instruments and the risk management policies for mitigation of the Group are set out as follows. The management of the Company will manage and, where necessary, hedge the risk, in order to ensure that appropriate measures are taken to reduce the risk.

## 1. RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management objective of the Group is to obtain an appropriate balance between risk and return, to reduce negative effects caused by operating in a global market, and to maintain the value of shareholders and other stakeholders. Based on the objective, the basic strategic policy and analysis of potential risks related to the Group are appropriate risk limitation, 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 financial risks due to the change in interest rate and foreign exchange rate. The Group believes that the above risks during the year of the manner in which the rate is managed and measured have not been changed compared to the previous year.

#### 1.1.1. Foreign exchange risk

Foreign exchange risk effects of the risk of loss arising from the loss in the exchange rate. The operating economic environment of the Company and its major subsidiaries in China and Vietnam has the functional currency as RMB and VND. Some of the Group's transaction are conducted in currencies of the various functional currencies, such as USD, EUR, JPY, HKD, GBP and AUD, and are subject to the exchange rate of foreign exchange risk.

As at 30 June 2022, the Group's foreign currency assets and liabilities are set out below. The foreign exchange risk arising from the assets and liabilities of the foreign currency balance (see Note Foreign Currency) may impact the Group's operating results.

RMB

Item	Closing balance	Opening balance
Cash and cash equivalents	542,646,885.89	646,162,060.99
Trade receivable	583,855,140.92	264,346,799.86
Other receivable	3,395.10	3,245.87
Trade payable	21,734,016.77	44,332,571.48
Other	-	602,570.50
Boiling	<u>1,258,133,129.80</u>	<u>1,285,319,483.63</u>

The Group's closing monetary change movements and formulae are an hedging policy to reduce foreign exchange risk. Foreign exchange fluctuations can be reduced, eliminated or foreign exchange risk. For the year ended 30 June 2022, the Company entered into contracts in relation to foreign currency of RMB24,726,840.00 (equivalent to USD3,684,304.32).

### 1.1.2. Inflow and outflow

The Group's cash flow of financial instruments arising from change in inflow and outflow of bank borrowing and floating rate bank deposits. As at 30 June 2022, the Group's floating borrowing amounted to RMB4,991,348,129.80 (31 December 2021: RMB3,442,726,983.63). The management of the Group's closing monetary risk. The Group's policy is to maintain the floating rate of the borrowing portfolio and a management change in inflow and outflow.

## 1.2 Credit risk

As at 30 June 2022, the maximum credit risk exposure has mainly been the Group's credit loss provision on the loans of the Group's financial assets. Credit risk is the risk of default by the counterparty, which may result in the Group's financial assets being impaired or written off. The Group's credit risk is primarily concentrated in the loans and receivables, which are primarily due to the Group's credit risk management policy. The Group's credit risk is primarily concentrated in the loans and receivables, which are primarily due to the Group's credit risk management policy. The Group's credit risk is primarily concentrated in the loans and receivables, which are primarily due to the Group's credit risk management policy.

In order to reduce credit risk, the Group has established a credit risk management system. The Group has established a credit risk management system. The Group has established a credit risk management system. The Group has established a credit risk management system. The Group has established a credit risk management system. The Group has established a credit risk management system.

The Group's credit risk is primarily concentrated in the loans and receivables, which are primarily due to the Group's credit risk management policy. The Group's credit risk is primarily concentrated in the loans and receivables, which are primarily due to the Group's credit risk management policy.

As at 30 June 2022, the Group's accounts receivable balance is RMB1,550,421,839.55 (31 December 2021: RMB581,839,100.82), accounting for 55.58% of the Group's accounts receivable balance (31 December 2021: 50.18%). In addition, the Group has no other significant credit risk exposure concentrated on a single financial asset or financial asset group with similar characteristics.

### 1.3 Liquidity risk

In managing the liquidity risk, the Group's main aim and monitoring the cash and cash equivalents, has the management considered adequately the Group's operational need and mitigate the impact of fluctuations in cash flows. The management of the Group closely monitors the liquidity position and effectiveness of financing to finance the Group's operations. The management of the Group believes that the Group does not have an significant liquidity risk.

## 2. TRANSFER OF FINANCIAL ASSETS

### *Financial assets transferred but not derecognised as a whole*

At the end of the period, the Group endorsed bill receivable classified a financing receivable of RMB1,308,273,481.00 (At the end of last year: RMB1,493,899,701.86) of which, the Group has the accounts receivable; discounted bill receivable of RMB157,656,990.53 (At the end of last year: RMB154,836,626.87), of bank of China's credit fund. The Group believes that the risk and reward of the ownership of the endorsed or discounted bill receivable have been substantially transferred to the endorsing bank, the effective recognized, endorsed or discounted bill receivable. If the acceptor can't cash, then, according to relevant laws and regulations of China, the Group is held jointly liable for the bill receivable. The Group believes that the acceptor is of good reputation, the elimination risk of the acceptor's failure to cash, then, is not material. At the end of the period, if the acceptor fails to cash, then, is not material, i.e., the Group's main measure to evaluate the amount has the Group hold the endorsing bank in respect of the endorsed or discounted note. For all the bill receivable endorsed or discounted to bank, the management is jointly liable at the end of reporting year.

At the end of the period, the Group ended the amount of pre-issued bill receivable of RMB1,209,023,929.58 (At the end of last year: RMB662,916,166.12), of which the amount of the accounts payable, and discounted bill receivable of RMB15,547,866.84 (At the end of last year: RMB6,790,000.00), of bank of acceptance, are found. The Group believes that the gain, basically all risk and credit of the one-time of, concluded of discounted bill receivable (including electronic default), the effective continuation of recognition, concluded of discounted bill receivable as well as the carrying amount of electronic accounts payable, has been paid. After the end of the period of bill receivable, the Group does not gain an interest, concluded of discounted note, including selling, and financing of pledging, concluded of discounted note of an hidden part.

### 3. CAPITAL MANAGEMENT

The Group manages capital by optimizing the structure of liabilities and holding the interest, to ensure the liquidity within the Group, maintain operations while maximizing the holding return.

The capital structure of the Group consists of the Group's net debt and holding return.

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 and adjust the capital structure, the Group may identify the holding of additional capital from the holding. The Group has not made an adjustment of the objective, policies and procedures of capital management.

## 9. DISCLOSURE OF FAIR VALUE

### (1) Fair Value of the Closure Balance of Assets and Liabilities Measured at Fair Value

Items	<i>RMB</i>			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
<b>I. Continuous fair value</b>				
(I) Trading financial assets		62,739.00	200,000,000.00	200,062,739.00
(1) Bank deposits held for trading			200,000,000.00	200,000,000.00
(2) Derivative financial assets	62,739.00			62,739.00
(II) Financing receivable			531,196,547.78	531,196,547.78
<b>Total assets that continue to be measured at fair value</b>		62,739.00	731,196,547.78	731,259,286.78

**(2) The Basis for Determining the Market Value of the Item Continuing Measured at Level 1 fair Value**

The item continuing to be measured at the level 1 fair value effective of the end of the reporting period, which fair value is determined in the active market.

**(3) Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Second Level of Continuous and Non-continuous Fair Value Measurement**

RMB

Items	Fair value as at 30 June 2022	Valuation technique	Main input value
Derivative financial assets for trading	76,558.35	Discounted cash flow method	Forecasted change rate, discount rate
Trading financial assets for sale	3,521,571.71	Discounted cash flow method	Forecasted change rate, discount rate

**(4) Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Third Level of Continuous and Noncontinuous Fair Value Measurement**

RMB

Items	Fair value as at 30 June 2022	Valuation techniques	Significant unobservable inputs	Scope period
Trading financial assets bank cash management	700,000,000.00	Discounted cash flow method	Forecasted change rate, discount rate	3.70%
Financing receivable	596,244,502.28	Discounted cash flow method	Expected discount rate	1.00%

**(5) Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value**

The book value of financial assets and financial liabilities held by the Group does not consider to be measured at fair value in similar of the fair value.

## 10. RELATED PARTIES AND RELATED PARTY TRANSACTION

### 1. THE GROUP'S SUBSIDIARIES

Please refer to Note 1 in the financial statements.

### 2. THE GROUP'S JOINT VENTURE AND ASSOCIATE

The Group's joint venture and associate:

Name	Relationship with the Group
Jiaxing Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	Associate
Jiaxing Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司)	Associate

### 3. OTHER RELATED PARTIES OF THE GROUP

Enterprise name	Relationship with the connected party
Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	Controlled by one of the associates of the Company
Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	Controlled by one of the associates of the Company

#### 4. RELATED PARTY TRANSACTIONS

##### (1) Accepting labor service and purchasing products

RMB

Related party	Related party transaction	Amount in the current period	Amount in the last period
Jiaxing Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	Acceptance of service	123,486,566.66	111,135,494.36
Jiaxing Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司) (Note)	Purchase of natural gas	113,681,503.02	30,494,318.68

Note: Jiaxing Gas became an associate of the Group in June 2021. The reported amount of related transaction during the last financial period represents the amount of a pre-liquidation transaction that occurred after Jiaxing Gas became an associate of the Group until the end of last period.

##### (2) Related lease

RMB

Related party	Content of the related party transaction	Amount in the current period	Amount in the last period
Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	Home lease	4,249,814.64	3,880,265.34
Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	Pier lease	825,688.08	825,688.08

##### (3) Remuneration of key management personnel

RMB'000

Items	Amount in the current period	Amount in the last period
Remuneration of key management personnel	<u>369.54</u>	<u>364.63</u>

## 5. AMOUNTS DUE TO/FROM RELATED PARTIES

### (1) Receivables

<i>RMB</i>			
Items	Related parties	Closing balance	Opening balance
Advance payment	Jiaxing Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司)	859,709.94	2,343,468.83
Prepaid	Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	-	412,844.04
Prepaid	Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	4,427,279.35	

### (2) Payables

<i>RMB</i>			
Items	Related parties	Closing balance	Opening balance
Trade payable	Jiaxing Kaihong Food Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	44,831,804.59	28,449,581.64
Trade payable	Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	-	173,342.70
Trade payable	Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	414,844.04	

## 11. SHARE-BASED PAYMENTS

### 1. Details of share-based payments

#### 1. Restricted A Share Incentive Scheme

Previously, on the Resolution on Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. (Draft) and Jishima (Restricted A Share Incentive Scheme For 2020), the Resolution on Amendment Management Measure for the Implementation of the Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. was 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 Jishima and the Resolution on Amendment Management Measure for the Implementation of the Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. was considered and approved at the 2019 Annual General Meeting, 2020 First Annual General Meeting and 2020 First Half Annual General Meeting on 29 June 2020 and the Resolution on Adjusting the List of Participants and the Number of Restricted Share 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 Share to the Participants was considered and approved at the 23rd meeting of the fifth session of the Board held by the Company on 11 August 2020. The first grant date of restricted share was on 11 August 2020. A total of 15 participants, all subscribed for 4,600,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share and 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, subscribed for 4,600,000 RMB ordinary shares (A shares). The vesting period of each batch of restricted share 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 operation. The Company shall purchase and cancel the restricted share which are not applied for vesting, the vesting period which the agreed period of share cannot be lifted due to the failure to meet the condition for vesting, the vesting period. The purchase price is the grant price.

Approved by the Company's 2019 annual general meeting, the first Annual Meeting in 2020, and the first Half Annual Meeting in 2020, the Company held the second meeting of the third session of the board of directors on 25 March 2021, in which the Resolution on the Rescued Grant of the Rescued A Share To Participants was reviewed and approved. According to the resolution, the Company will grant the grant date on 25 March 2021 and grant 700,000 restricted A shares to 3 eligible participants, at the grant price of RMB14.23 per share. As of 25 July 2021, the Company has received a total of RMB9,961,000.00 of funds paid by 3 participants, a total of 700,000 RMB ordinary shares (A shares). The lock-up period 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, there have not been applied for unlocking or cannot be applied for unlocking due to failure to meet the unlocking condition during the aforementioned lock-up period, the Company will purchase and cancel the restricted shares from eligible participants in accordance with the principle of the incentive scheme.

The Company held the third meeting of the third session of the board of directors and the fourth meeting of the third session of the board of directors on 9 August 2021, reviewed and approved the Resolution About the First Grant of the 2020 Rescued A Share Incentive Scheme for the First Party of the First Unlocking Period for the Achievement of Removing the Sale Restriction Condition. According to the resolution, we lifted the sale restriction of the 920,000 restricted shares, the condition for lifting the restriction during the first lock-up period. The lifting of the restriction on shares has been approved by the Company's 2019 annual general meeting, the first Annual Meeting in 2020 and the first Half Annual Meeting in 2020.

The Company held the 23<sup>rd</sup> meeting of the independent members of the board of directors and the 20<sup>th</sup> meeting of the independent members of the board of supervisors on 1 June 2022, respectively, and approved the Resolution About the Financial Grant of the 2020 Restricted A Share Incentive Scheme for the Restricted Payment of the Financial Unlocking Period for the Achievement of Removing the Sale Restriction Condition. According to the resolution, the lifted the sale restriction of the 140,000 restricted shares, the condition for lifting the restriction during the financial unlock-period. The lifting of the restriction on sale has been approved by the Company's 2019 annual general meeting, the financial shareholders' meeting in 2020 and the financial shareholders' meeting in 2020.

*Unit: Share*

<b>2020 A-Share Restricted Share Incentive Scheme</b>	<b>2021 Share Option Incentive Scheme</b>
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Total adjustment or ending  
at the beginning of the period



## 12. COMMITMENTS AND CONTINGENCIES

### 1. Significant Matters of Commitments

As of the balance sheet date, the identifiable purchase of long-term assets contracted by the Group is as follows:

RMB

Items	Closing balance	Opening balance
Contracted but not confirmed in the financial statement purchase of build long-term assets commitments	<b>4,695,672,830.89</b>	4,966,230,139.24
Income tax commitments	-	3,343,947,640.64

### 2. Contingencies

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

### 13. OTHER SIGNIFICANT MATTERS

#### 1. SEGMENT REPORT

##### (1) *Basis and account policy of segment report*

According to the internal organizational structure, the management division 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, a chip, glass segment, float glass segment and mining product segment. The reporting segments are based on product category. The main products provided by each of the Group's reporting segments are PV glass, household glass, a chip, glass, float glass and mining product. The management of the Group regulates the allocation of operating expenses of the segments to determine the cost to be allocated to them and to evaluate their performance. The allocation does not include the effect of the assets and liabilities of the operating segments.

Segment reporting information is disclosed in accordance with the accounting policies and measurement methods adopted by each segment when reporting to management. It has confirmed and measured segment reporting information in accordance with China accounting standards.

## (2) Segment report information

RMB

	PV glass	Household glass	Architecture glass	Amount in the current period		Other business	Mutual offset among segments	Total
				Float glass	Mining products			
Segment operating income	6,468,102,101.23	180,626,503.87	319,281,955.84	154,622,632.87	161,935,169.23	19,922,975.92		7,304,491,338.96
Segment operating cost	4,979,453,429.31	140,807,844.37	259,332,168.10	149,299,046.80	118,124,117.56	3,492,062.30		5,650,508,668.44
Segment profit	1,488,648,671.92	39,818,659.50	59,949,787.74	5,323,586.07	43,811,051.67	16,430,913.62		1,653,982,670.52
Adjusted items:								
Lease and change								45,449,665.35
Selling expense								49,650,173.34
Administrative expense								126,399,595.74
Research and development expense								255,054,636.60
Financial expense								76,768,433.12
Including: Income expense								120,102,101.64
Income								25,481,363.85
Add: Other income								40,868,360.92
Income								4,199,843.60
Profit (loss)								

## 14. NOTES TO THE STATEMENTS OF THE PARENT COMPANY

### 1. TRADE RECEIVABLE

#### (1) Disclosed by the aging

	RMB
<b>Aging</b>	<b>Closing balance</b>
Within 1 ea	946,141,641.60
1-2 ea	21,768,719.73
2-3 ea	1,100,733.39
Over 3 ea	<u>1,868,381.21</u>
Total	<u><u>970,879,475.93</u></u>

#### (2) Disclosed by bad debt provision method

	RMB				
Classification	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Amount	Accrual Percentage (%)	
Bad debt provision portfolio					
Including:					
Loans	260,082,532.32	26.80	-	-	260,082,532.32
Normal	654,902,993.87	67.45	11,526,292.69	1.76	643,376,701.18
Concealed	53,921,147.75	5.55	20,307,227.08	37.66	33,613,920.67
Lo	<u>1,972,801.99</u>	<u>0.20</u>	<u>1,972,801.99</u>	<u>100.00</u>	<u>-</u>
Total	<u><u>970,879,475.93</u></u>	<u><u>/</u></u>	<u><u>33,806,321.76</u></u>	<u><u>/</u></u>	<u><u>937,073,154.17</u></u>

Classification	Book balance		Opening balance		Book balance
	Amount	Percentage (%)	Amount	Percentage (%)	
Bad debt provision by portfolio					
Including:					
Loans	163,791,056.47	44.02			163,791,056.47
Non-mal	151,140,825.52	40.62	3,808,748.80	2.52	147,332,076.72
Concealed	48,127,930.42	12.93	11,657,475.13	24.22	36,470,455.29
Loans	9,035,293.16	2.43	9,035,293.16	100.00	
Total	<u>372,095,105.57</u>	<u>/</u>	<u>24,501,517.09</u>	<u>/</u>	<u>347,593,588.48</u>

*Bad debt provision by portfolio*

RMB

Name	Trade receivables	Closing balance	
		Bad debt provision	Provision percentage (%)
Loans	260,082,532.32	-	-
Non-mal	654,902,993.87	11,526,292.69	1.76
Concealed	53,921,147.75	20,307,227.08	37.66
Loans	1,972,801.99	1,972,801.99	100.00
Total	<u>970,879,475.93</u>	<u>33,806,321.76</u>	<u>3.48</u>

**(3) Changes in credit loss provisions of trade receivables**

Classification	Opening balance	Change of amount in the reporting period		Closing balance
		Provision	Reversal	
Bad debt provision	24,501,517.09	9,304,804.67		<b>33,806,321.76</b>
Total	<u>24,501,517.09</u>	<u>9,304,804.67</u>		<u><b>33,806,321.76</b></u>

**(4) Details of top five trade receivables with the closing balances classified by the borrowers**

At the end of the reporting period, the top five trade receivable of the Group with the closing balance classified by the borrower amount to RMB589,618,034.52 (at the end of the reporting period: RMB209,629,403.13), accounting for 60.73% (at the end of the reporting period: 56.34%) of the total balance of trade receivable and the provision for credit loss of top five trade receivable amount to RMB7,589,373.89 (at the end of the reporting period: RMB1,644,474.68).

**2. OTHER RECEIVABLES**

Items	Closing balance	Opening balance
Dividend receivable	<b>148,731,538.16</b>	800,000,000.00
Other receivable	<u><b>1,594,052,533.27</b></u>	<u>1,037,334,934.64</u>
Total	<u><b>1,742,784,071.43</b></u>	<u>1,837,334,934.64</u>

### *Dividend receivables*

Items (Invested unit)	Closing balance	Opening balance
Zhejiang Jiafa Glass Co., Ltd.	<u>148,731,538.16</u>	800,000,000.00
Total	<u><u>148,731,538.16</u></u>	<u><u>800,000,000.00</u></u>

### *Other receivables*

#### *(1) Disclosed by aging*

Aging	Closing book balance
Within 1 year	1,262,838,619.62
1-2 years	315,731,700.00
2-3 years	21,000.00
Over 3 years	<u>15,461,213.65</u>
Total	<u><u>1,594,052,533.27</u></u>

#### *(2) Receivable classified by nature*

Nature	Closing book balance	Opening book balance
Amount due from related parties	1,593,362,013.65	1,031,644,847.53
Margin	306,000.00	5,306,000.00
Receivable	40,000.00	40,000.00
Deposit	81,000.00	81,000.00
Other	<u>263,519.62</u>	<u>263,087.11</u>
Total	<u><u>1,594,052,533.27</u></u>	<u><u>1,037,334,934.64</u></u>

(3) Detail of other receivable which the closing balance classified by the balance

RMB

Name	Amount nature	Closing balance	Percentage in the total Closing balance of other receivable (%)
First	Current account of related parties	1,102,544,013.65	69.17
Second	Current account of related parties	489,318,000.00	30.70
Third	Current account of related parties	1,500,000.00	0.09
Fourth	Margin	195,000.00	0.01
Fifth	Margin	100,000.00	0.01
Total		<u>1,593,657,013.65</u>	<u>99.98</u>

### 3. LONG-TERM EQUITY INVESTMENT

RMB

Items	Closing balance	Opening balance
Investment in subsidiaries	<b>4,148,137,343.00</b>	1,343,137,343.00
Investment in joint ventures and associates	<b>9,215,647.72</b>	6,921,828.12
Total	<u><b>4,157,352,990.72</b></u>	<u>1,350,059,171.12</u>

(1) *Investment in subsidiary*

	<i>RMB</i>			
Invested unit	Opening balance	Increased amount in the reporting period	Decreased amount in the reporting period	Closing balance
Zhejiang Flat Glass Co., Ltd.	10,000,000.00			10,000,000.00
Zhejiang Jiaflat Glass Co., Ltd.	150,000,000.00			150,000,000.00
Shanghai Flat Glass Co., Ltd.	70,000,000.00			70,000,000.00
Anhui Flat Solar Glass Co., Ltd.	1,000,000,000.00			1,000,000,000.00
Anhui Flat Solar Material Co., Ltd.	30,000,000.00			30,000,000.00
Flat (Hong Kong) Limited	66,137,343.00			66,137,343.00
Jiangsu Flat New Energy Technology Co., Ltd.	10,000,000.00			10,000,000.00
Flat (Jiangsu) Import and Export Trade Limited	7,000,000.00			7,000,000.00
Flat (Suzhou) Solar Glass Co., Ltd.				-
Flat (Nanjing) Solar Glass Co., Ltd.				-
Shanghai Flat Technology Development Co., Ltd.				-
Anhui Dahua Optical Mining Co., Ltd.		2,065,000,000.00		2,065,000,000.00
Anhui Sanli Mining Co., Ltd.		740,000,000.00		740,000,000.00
Total	<u>1,343,137,343.00</u>	<u>2,805,000,000.00</u>		<u>4,148,137,343.00</u>

(2) *Investment in joint venture and associate*

RMB

Investees	Opening balance	Increase (decrease)	Investment gain and loss recognized under the equity method	Closing balance
Associate Kaihong Flat	<u>6,921,828.12</u>	<u>2,293,819.60</u>		<u>9,215,647.72</u>
Total	<u>6,921,828.12</u>	<u>2,293,819.60</u>		<u>9,215,647.72</u>

4. OPERATING REVENUE AND COST

(1) *Operating revenue and operating cost*

RMB

Items	Amount for the period		Amount for the period	
	Revenue	Cost	Revenue	Cost
Main business	<u>2,108,235,900.68</u>	<u>1,720,656,556.48</u>	1,844,919,841.98	1,404,141,466.45
Other business	<u>255,958,513.04</u>	<u>230,936,762.36</u>	<u>172,047,060.48</u>	<u>133,865,447.59</u>
Total	<u>2,364,194,413.72</u>	<u>1,951,593,318.84</u>	<u>2,016,966,902.46</u>	<u>1,538,006,914.04</u>

(2) Revenue from contract

	RMB
Contract classification	Amount for the Period
Categories of goods	
PV gla	1,521,103,033.03
Floa gla	171,041,246.98
Ho ehold gla	96,298,432.07
A chi e e, al gla	319,793,188.60
O e	-
Income f om o he b, ine	<u>255,958,513.04</u>

5. INVESTMENT INCOME

	RMB	
Items	Amount for the Period	Amount for the Period
Income f om long- e m e, i in e, men, unde e e, i me hod	<u>2,293,819.60</u>	<u>2,834,046.74</u>
Total	<u>2,293,819.60</u>	<u>2,834,046.74</u>



## 2. RETURN ON EQUITY AND EARNING PER SHARE

The calculation form of the return on equity and earnings per share is prepared in accordance with the relevant provisions of Public Issuance of Securities of Securities Company Information Disclosure and Compilation Rule 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 equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	8.09	0.47	0.44
Net profit attributable to ordinary shareholders of the Company including non-controlling interest	7.87	0.46	0.42