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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 unaudited consolidated interim results 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 relevant 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 a preliminary announcement 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) and the Company (www.flatglass.com), and the 2022 Interim Report of the Company containing all the information required by the Listing Rules will be detached 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

At the date of this announcement, the executive directors of the Company are M. Ruan Hongliang, M. Jiang Jinhua, M. Wei Yezhong and M. Shen Qifeng, and the independent non-executive directors of the Company are M. Xupan, M. Hafflan and M. Ng Yackuen.

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Corporate Information

DIRECTORS

Executive directors

M . R an Hongliang
(*Chairman of the Board of Directors*)
M . Jiang Jinh a
M . Wei Yezhong
M . Shen Qif

Independent non-executive directors

M . X Pan
M . H a F lan
M . Ng Ya K en Ca men

SUPERVISORS

M . Zheng Wen ong
(*Chairman of the Board of Supervisors*)
M . Shen F an
M . Zh Q anming
M . Ni Li ing
M . Zhang H izhen

AUDIT COMMITTEE

M . X Pan (*Chairman*)
M . H a F lan
M . Ng Ya K en Ca men

REMUNERATION COMMITTEE

M . X Pan (*Chairman*)
M . R an Hongliang
M . H a F lan

NOMINATION COMMITTEE

M . X Pan (*Chairman*)
M . R an Hongliang
M . H a F lan

STRATEGIC DEVELOPMENT COMMITTEE

M . R an Hongliang (*Chairman*)
M . Wei Yezhong
M . X Pan

RISK MANAGEMENT COMMITTEE

M . R an Hongliang (*Chairman*)
M . Jiang Jinh a
M . H a F lan

COMPANY SECRETARY

M . R an Ze n

AUTHORISED REPRESENTATIVES

M . R an Hongliang
M . R an Ze n

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

1999 Y nhe Road
Xi zho Di t i c i
Jia ing
Zhejiang P o i n c e
Peo le' R e p b l i c o f C h i n a (t h e P R C)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6, 11/F, P o e i t P l a c e
6 Shing Yi S t r e e t , K ō n T o n g
K ō l o o n
Hong Kong

CORPORATE WEBSITE

www.flagonline.com.cn

LEGAL ADVISERS AS TO HONG KONG LAW

Mo gan, L ō i & B o c k i

AUDITORS

Deloitte To che To h m a t
C e r t i f i e d P u b l i c A c c o u n t a n t s L L P

PRINCIPAL BANKERS

Bank of China Limited, Jia ing B a n c h
China CITIC Bank C o o r a t i o n L i m i t e d,
Jia ing B a n c h
I n d u s t r i a l a n d C o m m e r c i a l B a n k o f
C h i n a L i m i t e d, Jia ing B a n c h
Bank of China Limited, F e n g a n g B a n c h
C i t i b a n k , N . A . , H o n g K o n g B a n c h
DBS Bank (Hong Kong) Limited

H SHARE REGISTRAR

T i c o I n e t o S e r v i c e L i m i t e d
17/F, F a E a i F i n a n c e C e n t r e
16 H a c o t R o a d
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
Gross profit	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 assets less 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
Undistributed 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, Chuzhou, Anhui Province in the PRC and Hai Hong, Vietnam. The Group mainly sell 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 ton of solar panels ultra-thin and ultra-high-transparent panel manufacturing project of Zhejiang Jiaxing Production Base entered the project of being the proceed from the issuance of 2021 A-share convertible corporate bond of the Company (II Project of Jiaxing Production Base), including 50 PV glass production line with a daily melting capacity of 1,200 ton, and were ignited and put into production in the first quarter of 2022, respectively.

In addition, other projects include construction of the Group's upgraded lead glass plant of the boom of PV industry's a vacuum hole and improving differentiated need of domestic solar glass-ize and thin glass.

2. Cold repair and reconstruction of the existing furnaces

In order to further increase the production efficiency, the Group has started the cold repair and reconstruction of one PV glass furnace at Jiaxing Production base, Zhejiang Province, the PRC with a daily melting capacity 600-ton, and it has finished the cold repair and ignited in the first quarter of 2022.

3. Successful bidding for the mining rights

In order to further increase the mining production and reduce the impact of the price fluctuation in natural gas and raw material on production and financial results of the Company, on August 2022, Anhui Flat Glass, a wholly-owned subsidiary of the Company and Chuzhou 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 bid for the mining right of the thirteenth segment of a natural gas mine for glass located at Lingshan-Maji Mining Zone, Fengyang County, Anhui Province, from Chuzhou Natural Resource and Planning Bureau through public listing-sale at a consideration of RMB3.38 billion.

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

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

The Company has completed the corresponding industrial and commercial registration procedures for the share change in February 2022. Target Companies have become wholly-owned subsidiaries of the Company, which respectively held a total of both 100% by the Company. The acquisition of the Target Companies were completed in 2022.

The strategy of the acquisition is mostly based on the long-term benefits. With the increasing customer orders, the Company's PV glass production capacity has expanded steadily, to the demand of the Company for natural gas, the main raw material used for PV glass production, has increased significantly. At the same time, with the rapid growth of PV glass industry, high-quality natural gas and high limited origin distribution will become a scarce resource. The lack of high-quality and stable natural gas and is the guarantee for the development of PV glass enterprise.

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 not 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) reviewed the application of the Company for the approval 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 approval of A share convertible bond has been approved and written approval from CSRC was received by the Company. Such public issuance of A share convertible bond amounted to RMB4 billion in terms of total value with a term of 10 years. The issuance of A share convertible bond was completed in March 2022. The A share convertible bond under this issuance were issued with a nominal value of RMB100 and were issued at a 1:1 ratio. 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 was also approved by 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. The relevant material 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 provided to eligible participants for their contribution to the Company to fulfil the mission of the corporate governance practice of the Company, establish and enhance the long-term incentive and constraint mechanism of the Company, attract and retain talent, fully mobilize the proactiveness and creativity of the senior and mid-level management and technical personnel of the Company, effectively promote the cohesion of the core team and the core competitiveness of the enterprise, effectively align the interests of shareholders, the Company and the core management team, enabling all parties to focus on the long-term development of the Company, and ensure the achievement of the development strategies and operation objectives of the Company.

b. Eligible participants of the Scheme

Participants of the Scheme are the senior and mid-level management and technical personnel of the Company. The Remuneration Committee has established a list of eligible core 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 at the date of this report, among which, the first grant of share option contract of 5,353,072 shares, representing approximately 0.25% of the total issued share capital of 2,146,893,254 shares of the Company at the date of this report and 90% of the total number of share options under the grant; the second share option contract of 594,786 shares, representing approximately 0.03% of the total issued share capital of 2,146,893,254 shares of the Company at the date of this report and 10% of the total number of share options under the grant.

d. Maximum entitlement of each participant under the Scheme

The total number of shares of the Company to be granted under the Scheme to any one of the above participants during the Validity Period will not exceed 1.00% of the Company's total share capital. The total number of target shares included in the Scheme during the Validity Period will not exceed 10.00% of the total share capital of the Company when the Scheme was submitted to the Shareholders' general meeting. The Reserved Share Option shall not exceed 20.00% of the total share option available under the Scheme. If the participants voluntarily waive the benefit granted due to reasonable reasons, the Board shall make corresponding adjustment to the number of share 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 fit and chance on either of 12 month from 19 November 2021 (Date of Grant). The exercise arrangement for the First Grant of Share Option and the Reserved Share Option shall be as follows:

The exercise arrangement 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 12th month from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 24th month from the Date of Grant.	20%
Second Exercise Period	Commencing from the first trading date after the expiry of the 24th month from the Date of Grant of the First Grant of Share Option, and ending on the last trading date of the 36th month from the Date of Grant.	20%

Exercise Arrangement	Exercise Period	Proportion of exercisable Share Options to the total number of Share Options granted
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 arrangement for the Reserved Share Option is:

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 12th month from the Date of Grant of the Reserved 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 24th month from the Date of Grant of the Restricted Share Option, and ending on the last trading date of the 36th month from the Date of Grant.	20%
Third Exercise Period	Commencing from the first trading date after the expiry of the 36th month from the Date of Grant of the Restricted 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 Restricted 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 Restricted Share Option, and ending on the last trading date of the 72th month from the Date of Grant.	20%

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

Upon the fulfillment of condition of the exercise of the Share Option, the Share Option shall be exercisable in full at once on expiry of 12 months from the Date of Grant.

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

The exercise amount payable on application or acceptance of the option and the exercise time element for which a payment must or may be made.

h. The basis of determining the exercise price

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

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

The Exercise Price of the Revised Share Option shall be adjusted to be identical to the Exercise Price under the First 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 options granted to the participants under the Scheme have been exercised or cancelled, and shall not be longer than 72 months.

j. Accounting policy adopted for the share options

The date of the grant is 19 November 2021. On each balance sheet date within the vesting period, the Company shall recognize the related expense according to the expense for the service accrued during the period and shall be recognized under Capital Reserve - Other Capital Reserve at the fair value of the share option on the Date of Grant based on the best estimate of the number of exercisable share option.

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

As for the accounting treatment after the exercise date, no adjustment shall be made to the confirmed cost and total expense.

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 11 Share-based Payment (企業會計準則第11號 股份支付) and the Accounting Standards for Business Enterprises No. 22 Recognition and Measurement of Financial Instruments (企業會計準則第22號 金融工具確認和計量), the Company uses the Black-Schole 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 target 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, three-year and above RMB deposit benchmark interest rate, respectively, of financial institution deposited 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 Incentive 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 a participant*

Except for Mr. Zhu Yiping (祝宇平), son of Mr. Zhu Qianming (祝全明), a Senior Director of the Company and 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 Share Option to the participants.

e. *Exercise price and exercise period*

RMB44.02 per share. In the event of capitalization 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 share registration of shares option 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 Share Option, please refer to the decision above.

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

RMB46.55 per share

g. *Source of share*

A share of the Company to be directly issued to the participant by the Company

h. *Vesting period*

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

The Participant of the Scheme may exercise share option on the expiration of the vesting period. The exercise date must be at any day within the Validity 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 Shares are listed.

The total outstanding share option was 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 was 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, making the adjusted number of participant was 283 with the adjusted first grant of share option was 5,245,472 share option.

The fair value of the 5,245,472 share options 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 to meet the vesting condition before becoming unconditionally entitled to the option, the total estimated fair value of the option is spread over the vesting period, taking into account the probability that the option will vest. The fair value of each share option granted is subjective and uncertain as the subject to the assumption described above and is limited to the model adopted. For the accounting policy of each share option, please refer to the section on "Share-based payment".

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 elevated, the supply and demand at home and abroad. As a result, silicon price was at a high level and continued to rise, even hitting a record high, leading to increasing pressure on the main industrial chain while comingling the demand for installation of domestic centralized distributed solar panels to a certain extent. However, the distributed solar panels were installed ten times. According to statistics of China Photovoltaic Industry Association, nearly 70% of the new installation in the first half of the year were distributed solar panels with relatively low price sensitivity.

Internationally, trade friction occurred from time to time in various countries and regions. For example, the export of modules from China to the United States is subject to Anti-dumping and Anti-countervailing Duty and Section 201 tariff, while export from Southeast Asia to the United States is subject to Section 201 tariff and WRO detention risk. In addition, from 1 April 2022, India imposed a new Basic Customs Duty (BCD) on import of solar cell and module, with a tariff rate of 40% for PV module and 25% for PV cell. Frequent international friction has also had an impact on the global development of the PV industry.

Amidst the volatile industry and international landscape, the Company also faced a high level of global competition 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 also increased in eight countries in April and May this year due to the ongoing 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 context that domestic and abroad, the PV industry continued to hold an unprecedented resilience to battle multiple challenges, with booming installed demand driving demand.

According to the statistics of China National Energy Administration and China Photovoltaic Industry Association, as of 30 June 2022, the domestic PV installation capacity was 30.88GW, representing an increase of 137.4% year-on-year, PV module production was 78.6GW, representing an increase of 74.3% year-on-year, and the total production amount of PV products (silicon wafers, cells, modules) was approximately US\$25.9 billion, representing an increase of 113% year-on-year; and overall PV installation demand continued to be in high growth. The main contributing factors: 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 strategy will be in place to 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 increasing, and increasing 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 formed market expectations. In the first half of 2022, the newly installed capacity of Brazil and India reached 3,010MW, representing an increase of 77.51% year-on-year, and 8.36GW, representing 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 ton/day at its Jiaxing Production Base in the first half of 2022. Meanwhile, the PV glass furnace with a daily melting capacity of 600 ton/day at its Jiaxing Production Base was also laid 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 driving demand will be further encouraged. As carbon neutrality has become a global consensus and new energy generation is becoming an inevitable trend, and growing trend, the PV industry has entered a mature stage of development and will continue to grow steadily in the coming years.

To keep abreast of the development of the industry and international market, the Company is accelerating the production capacity expansion of PV glass. Under the total production capacity of ordinary PV glass is 15,800 ton/day, and Phase III and Phase IV projects of Anhui production base are still under construction. In addition, the Phase V project of Anhui production base and the Nantong project are under a total. Under the total, the Company will speed up their construction progress.

Furthermore, the Company will consolidate its competitive advantage and leading position through constant optimization of the production structure of PV glass and further increasing the market share of thin 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 revenue reached a new high. For the six months ended 30 June 2022, the amount of operating revenue of the Group was RMB7,304.5 million, which increased by 81.34% as compared to the same period of 2021 of RMB4,028.0 million. On the other hand, the decrease in the average selling 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 shareholders of the parent company for the six months ended 30 June 2022 was RMB1,002.7 million, representing a decrease of 20.48% as compared to the same period of 2021 of RMB1,261.0 million.

Revenue

The following table set out the breakdown of 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
Floating glass	154,622.63	2.12	179,987.14	4.47
Household glass	180,626.50	2.47	178,247.09	4.43
Architectural glass	319,281.96	4.37	304,212.08	7.55
Mine and other	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>

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

For the six month 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 sale volume of the eleventh production capacity of PV glass, which was a partial offset by the decrease in average selling price. In terms of sale location, for the six month 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 significant increase compared with that from overseas 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 was in line with the eleventh capacity of the new production capacity of the Company.

Operating costs

The operating cost of the Group for the six month ended 30 June 2022 was RMB5,650.5 million, representing an increase of 151.67% as compared to the operating cost of RMB2,245.2 million for the same period of 2021. The increase was mainly due to the increase in sale volume of PV glass, a partial of which was enhanced by significant increase in cost of raw material and energy.

Gross profit and gross profit margin

The gross profit of the Group for the six month 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 month ended 30 June 2022 was 22.64%, representing a decrease of 21.62 percentage point 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 selling price of PV glass, and significant increase in cost of raw material and energy as compared with the same period of last year.

The following table set out the gross profit of main product of the Group:

Production type	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Gross profit RMB'000	Gross profit margin (%)	Gross profit RMB'000	Gross profit margin (%)
PV glass	1,488,648.70	23.02	1,527,909.50	45.95
Floating glass	5,323.60	3.44	74,290.40	41.28
Homehold glass	39,818.60	22.04	58,047.50	32.57
Architectural glass	59,949.80	18.78	95,553.10	31.41
Mineral products	43,811.10			

Financial costs

For the six-month period 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 six-month period ended 30 June 2021. The increase was mainly due to the increase in interest expense on borrowings.

Income tax expense

For the six-month period 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 six-month period ended 30 June 2021, which was mainly due to the decrease in income tax expense in the current period as a result of the decrease in total profit and certain preferential policies of income tax exemption.

EBITDA and net profit

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

For the six-month period 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 six months 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 equal to 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 six months 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 provide training to its employees. Not only joint management attend 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 decided periodically by reference to the market rate. After considering the performance of the Group and job performance of specific employees, the Group may award them a discretionary bonus.

The Group make 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 settled in RMB, United State dollar, Hong Kong dollar, Vietnam Dong and Japanese Yen, therefore, the Group's operating activities are mainly located in the PRC. Bank financing of the Group are settled in RMB and United State dollar for the 12 months ended 30 June 2022 with annual interest rate ranging from 1.30% to 4.65%. As the Group's trading currency of global certain sale, procurement and financing are not in the RMB but in foreign currency, the Group is exposed to foreign exchange risk. For the 12 months ended 30 June 2022, exchange risk did not have an material impact on the financial performance of the Group.

Furthermore, the Group monitor the interest rate risk, in particular from the variable-rate borrowing with DBS Bank (Hong Kong) Limited of US\$135 million. The Group will closely monitor interest rate movements and characterize appropriate interest rate contracts in due course to mitigate interest rate.

CAPITAL STRUCTURE

As at 30 June 2022, the Company issued a total of 2,146,893,254 shares, of which 1,696,893,254 were A shares and 450,000,000 were 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 and set forth in Appendix 14 to 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. Ruan Hongliang currently holds both positions. Throughout the Group's business history of over 20 years, Mr. Ruan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and 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 such plans, the Board considered that Mr. Ruan is the best candidate for both positions and the current arrangement is beneficial and in the interest 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) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transaction by the Directors and Supervisors of the Company. Directors and Supervisors of the Company are reminded of their obligation under the Model Code on a regular basis. Following specific enquiries by the Group, all of the Directors and Supervisors of the Company have confirmed that they had complied with the prescribed 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 interest and short position of Directors, Supervisors and chief executive of the Company in the share, convertible share, debenture of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the SFO)), as recorded in the register filed to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Division 7 and 8 of Part XV of the SFO (including interests or short positions which the Director or the chief executive were taken or deemed to have under such provision) and the Model Code contained in the Listing Rules, were as follows:

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

Note :

- (1) The calculation is based on the total number of 1,696,893,254 A Shares or 450,000,000 H Shares of the Company in issue 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 at 30 June 2022.
- (3) Mr. Ruan Hongliang is the son of Mr. Jiang Jinhua. As at 30 June 2022, Mr. Ruan Hongliang owns 462,926,174 A Shares and 485,000 H Shares. Mr. Jiang Jinhua owns 341,465,760 A Shares and 111,000 H Shares. Mr. Ruan Zhen is the son of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Mr. Jiang Jinhua. Mr. Ruan Zhen owns 369,335,004 A Shares and 973,000 H Shares. Mr. Zhao Xiaofei owns 5,057,487 A Shares. In addition, pursuant to a concealed agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Mr. Jiang Jinhua, Mr. Ruan Zhen and Mr. Zhao Xiaofei, each of Mr. Ruan Hongliang, Mr. Jiang Jinhua, Mr. Ruan Zhen and Mr. 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 share convertible bonds to Mr. Ruan Hongliang, Mr. Jiang Jinhua, Mr. Ruan Zhen and Mr. Zhao Xiaofei, respectively.
- (4) In March 2022, the Company completed the grant of 367,710 A share convertible bonds listed on the Shanghai Stock Exchange to Mr. Wei Yezong. The Mr. Wei Yezong exercised the right to convert such convertible bonds into A shares.
- (5) In March 2022, the Company completed the grant of 245,140 A share convertible bonds listed on the Shanghai Stock Exchange to Mr. Shen Qifeng. The Mr. Shen Qifeng exercised the right to convert such convertible bonds into A shares.

Save as disclosed above, as at 30 June 2022, to the knowledge of the Company, none of the Directors, senior officers and the chief executive of the Company had or was deemed under the SFO to have an interest or holding in any of the shares or the underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register or is required to be kept by the Company pursuant to section 352 of the SFO, or otherwise is required to be notified to the Company and the Stock Exchange pursuant to the Division 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial shareholders

As at 30 June 2022, the following information is disclosed to the Commission, other than Directors and chief executive of the Company, in the table, including the convertible securities of the Company which were required to be disclosed to the Commission under the provisions of Division 2 and 3 of Part XV of the SFO, which were recorded in the register required to be kept under section 336 of the SFO as follows:

Shareholder	Number of shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
M. R. An Ze ⁽³⁾	1,178,784,425 (L)	A Share	Beneficial ownership and acting in concert	69.47%	54.91%
	1,569,000 (L)	H Share		0.35%	0.07%
M. Zhao Xiaofei ⁽³⁾	1,178,784,425 (L)	A Share	Beneficial ownership and acting in concert	69.47%	54.91%
	1,569,000 (L)	H Share		0.35%	0.07%
JPMorgan Chase & Co. ⁽⁴⁾	63,029,896 (L)	H Share	Interest of controlled corporation, investment manager, executive in charge and approved lending agent	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. ⁽⁵⁾	54,791,000 (L)	H Share	Interest of controlled corporation	12.18%	2.55%
BlackRock, Inc. ⁽⁶⁾	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 ⁽⁷⁾	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	Investment manager	7.01%	1.47%
Schode PLC ⁽⁸⁾	27,236,000 (L)	H Share	Investment manager	6.05%	1.27%
Shanghai Greenland Asset Management Company Limited ⁽⁹⁾	27,042,000 (L)	H Share	Investment manager	6.01%	1.26%
Xizang Jingning Cooperative Management Company Limited ⁽⁹⁾	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 ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Citigroup Inc. ⁽¹⁰⁾	26,366,672 (L)	H Share	Interest of controlled	5.86%	1.23%
	9,247,099 (S)		cooperation and a loan	2.05%	0.43%
	16,813,949 (P)		lending agent	3.74%	0.78%
UBS Group AG ⁽¹¹⁾	25,014,145 (L)	H Share	Interest of controlled	5.56%	1.17%
	18,462,525 (S)		cooperation	4.10%	0.86%
CICC Pingcheng Investment Co., Ltd.	23,870,000 (L)	H Share	Beneficial interest	5.30%	1.11%
China International Capital Corporation Limited ⁽¹²⁾	22,573,000 (L)	H Share	Interest of controlled cooperation	5.02%	1.05%

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 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 at 30 June 2022.
- (3) M. R. an Hongliang is the spouse of M. Jiang Jinhua. 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 Zhen is the spouse of M. Zhao Xiaofei, and the daughter of M. R. an Hongliang and M. Jiang Jinhua. M. R. an Zhen owns 369,335,004 A Shares and 973,000 H Shares. M. Zhao Xiaofei owns 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 entitled 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 Zhen and M. Zhao Xiaofei, respectively.
- (4) JPMorgan Chase & Co. held beneficial and beneficial through a trustee of controlled cooperation, including holding of certain limited liability (cash settlement: 1,100 shares (beneficial)) and limited liability (beneficial settlement: 313,784 shares (beneficial)); cash settlement: 3,930,380 shares (long position) and 616,270 shares (beneficial).

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

Save as disclosed above, as at 30 June 2022, to the best of the knowledge of the Directors, the directors, the chief executive officer (other than the Director responsible for the chief executive officer of the Company) who had interest or holding in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained to be kept under section 336 of the SFO.

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

1. Issuance of A Share Convertible Bonds

To further enhance the capability and maintain the leading technology and scale advantage of the Company's core product PV glass, while enhancing the financial strength and meet the working capital requirement of the Company, the Company decided to issue A share convertible corporate bond in the PRC, with total proceeds of no more than RMB4 billion. The relevant resolution was approved at the Board meeting held on 16 June 2021, and was approved at the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H 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 date was RMB29.53 per share. The target interest of the A share convertible bond is a natural person, legal person, securities investment fund and other investor who meet the requirements under the law, and who has maintained securities account with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (except those prohibited by the state law and regulation in the PRC). It was reported to the China Securities Regulatory Commission (CSRC) on 8 November 2021 and it was approved by CSRC in March 2022. The issuance of A share convertible bond was completed in March 2022. The A share convertible bond under this issuance were with a nominal value of RMB100 and were issued at a par. The Company completed the issue of 40 million convertible bond. 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.

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to a total of 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 plate glass (including high-tech 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 plate glass (including high-tech panel 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 unutilized 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 intention of the prior disclosure.

2. *Non-public Issuance of A Shares*

In order to further increase the company's capital scale, meet the growing market demand of the home glass industry, provide customers with better quality products and efficient and timely service, further improve the company's comprehensive competitiveness, and consolidate and enhance the company's market position, on June 1, 2022, the Board proposed the proposed non-public issuance of A shares which was also approved by 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 June 29, 2022. On June 1, 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 includes including real estate investment fund management companies, real estate firms, listed companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the requirements of the CSRC and other cooperative bodies, individual and other institutional investors which satisfy the requirements of the relevant laws and regulations. The shares to be issued include the non-public issuance of 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 cooperative bonds has not been completed.

The total net proceeds from the non-public issuance of A Shares by the Company is expected to be amounted to a total of RMB6,000,000,000. As at 30 June 2022, the use of such proceeds were 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 ton of new energy cement high-strength cement manufacturing project	Annual production of 750,000 ton of new energy cement high-strength cement manufacturing project			193,000.00 ^{note 2}
Annual production of 1,500,000 ton of L-a-thin and L-a-high-strength cement manufacturing project	Annual production of 1,200,000 ton of new energy cement high-strength cement manufacturing project			227,000.00 ^{note 1, 3}
Working capital				180,000.00 ^{note 4}
Total				600,000.00

Note:

- The annual production of 1,500,000 ton of new energy cement L-a-thin and L-a-high-strength cement manufacturing project in the second column above will be implemented in Phase 1, and the investment in the project will be used for the first phase of the project.
- The proceeds of Non-Public Issuance of A Shares will be utilized according to the progress, and the project is expected to be completed before 2022.
- The proceeds of Non-Public Issuance of A Shares will be utilized according to the progress, and the project is expected to be completed before 2023.
- The proceeds of Non-Public Issuance of A Shares is used to set bank loan and business operation, which is expected to be used within 1 month of receiving the proceeds.

As at the date of the report, the Director confirms that the proceeds are expected to be used according to the intention set out in the prospectus.

Except as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2022 to 30 June 2022.

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 the related resolutions which were also approved by shareholders at the 2020 first extraordinary general meeting, the 2020 second A Share class meeting and the 2020 second H Share class meeting held on 10 August 2020. On 12 October 2020, the Issuance Approval Committee of the CSRC conducted a review of the Company's application for non-public issuance of A Shares. Pursuant to the result 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 other issuance fee (including all fee-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 date was RMB15.61 per share. The target audience including ecotech investment fund management companies, ecotech firms, listed companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the requirements of the CSRC and other corporate bodies, individual and other institutional investors 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 a total of 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 production with an annual production capacity of 750,000 ton project	56.38%	140,000	140,000	0
PV back lane glass production with an annual production capacity of 42 million square meters 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 intention previously disclosed.

2. Issuance of New H Shares under Specific Mandate

In order to provide long-term capital at a relatively low financing cost, promote the stable development and growth of the Company, and the increase in value of H shares and enhance the Company's access to international investment of strategic value, a full and optimize the company's capital structure, on 5 February 2021, the Company announced to issue a total of 76,000,000 new H shares, which were approved by the Board. The capital raised by the new H shares is intended to be used for the following purposes: (i) approximately 3.5% of the total issued share capital of the Company as at the date of the Board meeting; (ii) approximately 3.4% of the total issued share capital of the Company enlarged by this issuance; (iii) approximately 16.9% of the total issued H Shares of the Company as at the date of the Board meeting; and (iv) approximately 14.4% of the total issued H Shares of the Company enlarged by this issuance. This issuance was considered and approved at the 2021 first extraordinary general meeting, the 2021 first A share class meeting and the 2021 first H share class meeting held on 25 March 2021. The Company received the Approval Regarding the Issuance of Overseas Listed Foreign Investment Shares by Flat Glass Group Co., Ltd. (the Approval) issued by CSRC on 1 June 2021.

The new H Shares to be issued are ordinary listed foreign shares which shall be listed on the Main Board of the Stock Exchange with a par value of RMB0.25 each. On 5 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 taget price of the new H Shares will be defined in relation to (excluding the effect of which subscription has been or should be prohibited under applicable laws and regulations), who (together with their respective immediate beneficial owners) are independent, third parties and not connected persons (as defined under the Listing Rules) of the Company. Due to the change in the capital market condition, the Company has not completed the issuance of additional H shares within the one month from the date of the Approval. According to the announcement of the company dated 1 June 2022, the Approval has automatically become void. The effect of the proposed issuance of H shares is not applicable anymore.

Taxation

Holder 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 Shi [2015] No. 101) (《財政部、國家稅務總局、中國證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), for shares of listed companies acquired by individuals from public offering of shares in the market, where the holding period exceeds one year, the dividend shall be exempted from individual income tax; where the holding period is less than one month (inclusive), the full amount of dividend shall be counted as taxable income and where the holding period is more than one month and less than one year (inclusive), 50% of the dividend shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all income mentioned above. For dividend distributed by listed companies, where the holding period of individual shareholders is within one year (inclusive), the listed companies shall not withhold the individual income tax item on a full amount. The taxable, subject to individual shareholder, shall be calculated by China Securities Depository and Clearing Corporation Limited in accordance with the declaration of the holding period. Custodian of shares including securities companies will withhold the amount from individual accounts and transfer the tax to China Securities Depository and Clearing Corporation Limited. China Securities Depository and Clearing Corporation Limited shall transfer the tax to the listed companies within 5 working days of the next month, and the listed companies shall declare the tax to the competent tax authorities on receiving the tax amount within the tax to be reporting period in that month.

Resident enterprise shareholder of A shall enjoy a favorable enterprise income tax rate of dividend distribution.

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% pursuant to the provision 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 to PRC Resident Enterprise to QFII (Guo Shu 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 entitled to preferential tax treatment under a tax treaty (arrangement) shall apply to the competent tax authority for a rebate according to the relevant rule and regulation after the receipt of the dividend, and a rebate shall be effected under a tax treaty confirmation carried out by the competent tax authority.

For non-resident enterprise shareholder of A who is not the above-mentioned QFII, listed company shall withhold and pay enterprise income tax at a rate of 10% pursuant to the provision of the Tentative Measure for Administration of Withholding at the Source of Income Tax of Non-resident Enterprise (Guo Shu 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 Regulation of the State Administration of Taxation Concerning Question on Enterprise Income Tax on Dividend of B-share and Other Share Received by Non-resident Enterprise (Guo Shu 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 entitled to preferential tax treatment shall make application in accordance with the relevant provision of the tax treaty.

Pursuant to the provision of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai 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)), listed company shall withhold an income tax at the rate of 10% on dividend from the A-share of the company listed by Hong Kong investor (including enterprise and individual) through the SSE, and apply for withholding via the competent tax authority (before the Hong Kong Securities Clearing Company Limited is able to provide detailed chain of ownership and holding period to China Securities Depository and Clearing Corporation Limited, the effect of differentiated rate of taxation based on holding period shall temporarily not be implemented). For investor who is a tax resident of other country and whose country of domicile is a country which has entered into a tax treaty with the PRC relating a dividend tax rate of 10% or more than 10%, the enterprise and individual may appoint a withholding agent to apply to the competent tax authority of the listed company for the entitlement of the applicable tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to the tax treaty shall be refunded.

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

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

The shareholders of the Company shall also be entitled to a relief in accordance with the above provision.

Dividends

For the six month ended 30 June 2022, the Board recommended an ordinary interim dividend of RMB0.23 per share (before tax) (the 2022 Interim Dividend) and is subject to the approval by the 2022 third extraordinary general meeting of shareholders of the Company (2022 Third EGM) to be convened. After the date of the 2022 Third EGM is yet to be set, the Company will announce in due course the detail of the date of closure of register of members, 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 as 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 six 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	Note	30 June 2022	31 December 2021
Current assets:			
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 current assets	10	114,315,141.92	255,127,082.80
Total current assets		12,129,913,807.50	8,898,302,425.61
Non-current assets:			
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 prepaid expense		11,469,799.56	6,948,461.94
Deferred tax assets	17	4,451,373.78	4,162,665.30
Other non-current assets	18	1,071,368,607.59	866,903,935.41
Total non-current assets		16,628,524,128.64	11,184,614,674.89
Total assets		28,758,437,936.14	20,082,917,100.50

RMB

Items	Note	30 June 2022	31 December 2021
Current liabilities:			
Short-term borrowing	19	1,966,252,066.84	1,860,696,500.00
Derivative 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
Contract liabilities	23	119,823,950.23	352,681,717.14
Payroll payable	24	52,276,720.97	67,519,702.61
Tax payable	25	236,427,450.22	48,629,486.85
Other payable	26	680,675,249.47	136,664,417.03
Including: Interest payable		7,398,469.04	4,225,184.38
Dividend payable		791,200.00	791,200.00
Non-current liabilities due within one year	27	1,059,384,444.73	310,100,070.52
Other current liabilities		12,191,163.60	44,277,908.91
Total current liabilities		8,467,777,312.70	6,164,462,497.43
Non-current liabilities:			
Long-term borrowing	28	3,091,900,000.00	1,967,748,428.04
Bond payable	29	3,660,546,167.06	
Lease liabilities	30	10,685,236.11	10,879,703.29
Long-term payable	32	178,010,897.90	
Deferred income	31	64,503,881.87	25,441,145.12
Deferred tax liabilities	17	84,787,542.50	104,216,253.83
Total non-current liabilities		7,090,433,725.44	2,108,285,530.28
Total liabilities		15,558,211,038.14	8,272,748,027.71

RMB

Items	Note	30 June 2022	31 December 2021
Shareholders' equity			
Share capital	33	536,723,313.50	536,723,313.50
Other equity instrument	34	333,235,286.91	
Capital reserve	35	4,848,611,260.86	4,832,768,261.83
Legal Reserve		30,104,000.00	32,096,200.00
Other comprehensive income	37	22,276,078.73	(7,613,180.72)
Special reserve	38	23,616,256.64	17,266,053.61
Surplus reserve	39	268,361,656.75	268,361,656.75
Undistributed profit	40	7,197,507,044.61	6,194,759,167.82
Total equity attributable to shareholders of the parent company		<u>13,200,226,898.00</u>	<u>11,810,169,072.79</u>
Total shareholders' equity		<u>13,200,226,898.00</u>	<u>11,810,169,072.79</u>
Total liabilities and shareholders' equity		<u>28,758,437,936.14</u>	<u>20,082,917,100.50</u>

Balance Sheet of the Parent Company

RMB

Items	Note	30 June 2022	31 December 2021
Current assets:			
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
Advances to payees		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 current assets		14,699,155.04	20,480,374.08
Total current assets		7,033,744,992.04	3,856,128,954.80
Non-current assets:			
Long-term equity investment	3	4,157,352,990.72	1,350,059,171.12
Investment in other entities		–	–
Investment properties		–	–
Fixed assets		2,811,721,752.27	1,280,018,460.38
Construction 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 expenses		5,686,374.76	2,596,418.88
Deferred tax assets		–	–
Other non-current assets		5,292,653,398.94	4,622,171,949.91
Total non-current assets		12,917,224,594.79	8,956,268,955.78
Total assets		19,950,969,586.83	12,812,397,910.58

RMB

Items	Note	30 June 2022	31 December 2021
Current liabilities:			
Short-term borrowing		1,023,332,866.84	1,261,939,500.00
Derivative 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
Total current liabilities		4,558,976,835.72	3,504,245,982.21
Non-current liabilities:			
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 tax liabilities		4,905,810.86	8,557,857.51
Total non-current liabilities		6,332,893,727.49	808,781,535.67
Total liabilities		10,891,870,563.21	4,313,027,517.88

RMB

Items	Note	30 June 2022	31 December 2021
Shareholders' equity:			
Share capital		536,723,313.50	536,723,313.50
Other equity instrument		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>
Total shareholders' equity		<u>9,059,099,023.62</u>	<u>8,499,370,392.70</u>
Total liabilities and shareholders' equity		<u><u>19,950,969,586.83</u></u>	<u><u>12,812,397,910.58</u></u>

Consolidated Income Statements

RMB

Items	Note	For the six months ended 30 June 2022	For the six months ended 30 June 2021
I. Operating revenue	41	7,304,491,338.96	4,028,022,488.56
Less: Operating cost		5,650,508,668.44	2,245,211,455.30
Take and change	42	45,449,665.35	21,201,184.74
Selling expense	43	49,650,173.34	56,442,822.66
General and administrative expense	44	126,399,595.74	107,119,073.48
Research and development expense	45	255,054,636.60	200,038,514.30
Financial expense	46	76,768,433.12	13,720,261.74
Including: Interest expense		120,102,101.64	34,644,318.71
Interest income		25,481,363.85	21,301,664.66
Add: Other income	47	40,868,360.92	12,336,592.31
Investment income (loss)	48	4,199,843.60	21,587,263.15
Including: Gain on investment in associate and joint venture		3,582,923.60	2,834,046.74
Profit (loss) arising from change in fair value	49	(3,660,869.06)	(160,041.62)
Credit impairment loss	50	(28,631,879.47)	30,496,077.35
Asset impairment loss	51	(6,723,522.16)	(4,329,681.98)
Gain (loss) on disposal of assets	52	(9,150,998.74)	(950,017.12)
II. Operating profit		1,097,561,101.46	1,443,269,368.43
Add: Non-operating income	53	2,092,103.81	3,355,129.18
Less: Non-operating expense	54	2,254,370.81	709,760.70
III. Total profit		1,097,398,834.46	1,445,914,736.91
Less: Income tax expense	55	94,650,957.67	184,884,747.88
IV. Net profit		1,002,747,876.79	1,261,029,989.03
Net profit attributable to equity holders of parent company		1,002,747,876.79	1,261,029,989.03

Items	Note	For the six months ended 30 June 2022	For the six months ended 30 June 2021
V. Other comprehensive income, net of tax		29,889,259.45	(1,066,315.53)
Other comprehensive income, net of tax attributable to the owners of parent company		29,889,259.45	(1,066,315.53)
(1) Other comprehensive income that cannot be reclassified to profit or loss		-	(1,133,085.00)
Change in fair value of other equity instruments		-	(1,133,085.00)
(2) Other comprehensive income that will be reclassified to profit or loss		29,889,259.45	66,769.47
Exchange difference on foreign currency financial statements translation		29,586,440.51	

Income Statements of the Parent Company

RMB

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

RMB

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

Consolidated Statements of Cash Flow

RMB

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

RMB

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

Statements of Cash Flow of the Parent Company

RMB

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

RMB

Items	Note	For the six months ended 30 June 2022	For the six months ended 30 June 2021
III. Cash flow from financing activities:			
Cash received from capital contribution		–	2,509,960,996.79
Cash received from borrowing		3,149,547,866.84	691,399,876.83
Cash received relating to other financing activities		4,245,681,541.07	376,740,309.13
Subtotal of cash inflows		7,395,229,407.91	3,578,101,182.75
Cash paid for payment of borrowing		1,421,394,000.00	208,319,006.22
Cash paid for distribution of dividend, and profit or payment of interest		52,818,566.82	334,567,349.26
Cash paid relating to other financing activities		221,263,681.40	572,625,524.85
Subtotal of cash outflows		1,695,476,248.22	1,115,511,880.33
Net cash flow from financing activities		5,699,753,159.69	2,462,589,302.42
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		5,498,339.01	(990,178.53)
V. Net increase (decrease) in cash and cash equivalents			
		1,835,223,911.76	163,303,595.70
Add: Cash and cash equivalents at the beginning of the year		445,104,022.54	188,559,197.40
VI. Cash and cash equivalents at the end of the year			
		2,280,327,934.30	351,862,793.10

Consolidated Statements of Changes in Shareholders' Equity

	The half year for 2022							RMB		
	Equity attributable to the owners of the parent company									
Items	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. 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										
(I) Total comprehensive income	-	-	-	-	29,889,259.45	-	-	1,002,747,876.79	-	1,032,637,136.24
(II) Contribution of shareholders	-	333,235,286.91	15,842,999.03	-	-	-	-	-	-	349,078,285.94
I. Common share contribution	-	-	-	-	-	-	-	-	-	-
2. Contribution of shareholders in the period	-	-	-	(1,992,200.00)	-	-	-	-	-	333,235,286.91
3. Amount of share-based payment included in the period	-	-	15,842,999.03	-	-	-	-	-	-	15,842,999.03
(III) Profit distribution	-	-	-	(1,992,200.00)	-	-	-	-	-	1,992,200.00
I. Allocation of profit	-	-	-	(1,992,200.00)	-	-	-	-	-	1,992,200.00
(IV) Statement of financial position	-	-	-	-	-	6,350,203.03	-	-	-	6,350,203.03
I. Position of equity	-	-	-	-	-	6,557,571.38	-	-	-	6,557,571.38
2. Utilization of equity	-	-	-	-	-	(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	71,197,507,044.61	-	13,200,226,898.00

For the six months ended 30 June 2021
 E i . a . i . b . t a b l e . o . t h e p h a s e o f t h e a c c o u n t a n t

Items	Paid-in capital (o h a e c a i t a l)	O t h e r e i . i n : m e n t	C a p i t a l e e e	L e : T e a s t o c k	O t h e c o m p e n i e i n c o m e	S e c i a l e e e	S I e e e	U n d i : i b . c e d o f f i .	M i n o r i . i n c e e :	Total b a l a n c e e i .
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 compensation income					(1,066,315.55)			1,261,029,989.03		1,259,963,673.50
(II) Contribution of shareholders	26,411,116.50	(49,401,670.49)	2,767,546,281.74	9,961,000.00						2,734,594,727.75
1. Common share contribution	21,311,286.75		2,471,731,656.94	9,961,000.00						2,483,081,943.69
2. Contribution of shareholders										
3. Amount of share-based payment included in share	5,099,829.75	(49,401,670.49)	278,934,138.94							234,632,298.20
(III) Profit distribution			16,880,485.86	(690,000.00)				(321,928,988.10)		16,880,485.86
1. Allocation of shareholders				(690,000.00)				(321,928,988.10)		(321,238,988.10)
(IV) Special reserve						829,457.82				829,457.82
1. Provision of special reserve						843,834.60				843,834.60
2. Utilization of special reserve										
IV. Closing balance of the current half year	536,723,315.50		4,812,641,457.79	37,630,000.00	(27,405,191.68)	15,199,389.20	220,705,199.31	5,388,657,382.70		10,908,391,510.82

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	Less: Treasury stock	Other comprehensive income	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 by shareholders	-	333,235,286.91	15,842,999.03	-	-	-	-	349,078,285.94
1. Contribution of common share	-	-	-	-	-	-	-	-
2. Contribution of capital by other entities	-	333,235,286.91	-	-	-	-	-	333,235,286.91
3. Amount of share-based payment included in expense	-	-	15,842,999.03	-	-	-	-	15,842,999.03
(III) Profit distribution	-	-	-	(1,992,200.00)	-	-	-	1,992,200.00
2. Allocation to shareholders	-	-	-	(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 month ended 30 June 2021

Items	Balance sheet						Undistributed profits	Total equity
	Share capital	Other reserves	Capital reserve	Debt instruments	Lease liability	Other comprehensive income		
I. Opening balance of the current year	510,312,197.00	49,401,670.49	2,045,095,156.05	28,359,000.00	(5,964,567.44)	220,705,199.31	1,862,201,037.65	4,653,391,693.06
II. Increase/decrease for the current year								
(I) Total comprehensive income						1,971,851.19	317,696,075.01	319,667,926.20
(II) Contribution and withdrawal of capital holders	26,411,116.50	(49,401,670.49)	2,767,546,281.74	9,961,000.00				2,734,594,727.75
1. Common share contributions	21,311,286.75		2,471,731,656.94	9,961,000.00				2,483,081,943.69
2. Contribution of capital reserves								
instruments	5,099,829.75	(49,401,670.49)	278,934,138.94					234,632,298.20
3. Amount of share-based payments 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. Allocation to shareholders				(690,000.00)			(321,928,988.10)	(321,238,988.10)
III. Closing balance of the current year	<u>536,723,313.50</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 with its registered address at 1999 Yuhue Road, Xizhou District, Jiaxing, Zhejiang Province. On 29 December 2005, the Company was converted into a joint stock limited liability company and changed its name to Zhejiang Flat Glass & Mirror Co., Ltd.* (浙江福莱特玻璃镜业股份有限公司). On 23 March 2011, the Company was renamed a Flat Solar Glass Group Co., Ltd.* (福莱特光伏玻璃集团股份有限公司) and subsequently renamed a 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 listed for foreign share (H share) with a par value of RMB0.25 per share through global public offering. On the same date, the Company's shares were listed on The Stock Exchange of Hong Kong Limited.

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

On 11 August 2020, in accordance with the Proposal on Adjusting the List of Incentive Participants and the Number of Restricted Shares Granted on the First Grant of the Company's 2020 A-Share Restricted Shares Incentive Scheme and the Proposal on the First Grant of A-Share Restricted Shares to Incentive Participants, the Company granted restricted shares to 100 employees as incentive participants. A total of 15 incentive participants benefited for 4,600,000 RMB ordinary shares (A Share) with a par value of RMB0.25 each, and the grant price was RMB6.23 per share. After the completion of the above-mentioned 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 bond (the "Convertible Bond") with a par value of RMB100 each on 27 March 2020. The total amount of this issuance is RMB1,450,000,000.00 and the term is 6 years. Pursuant to the Rules Governing the Listing of Stock on Shanghai Stock Exchange and other relevant regulations and the Prospectus of A-share Convertible Corporate Bond through Public Issuance of Flat Glass Group Co., Ltd., the Convertible 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 fluctuations on 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. On 9 November 2020, the Company adjusted the conversion price to RMB13.48 per share based on the A-share dividend share incentive scheme and 2020 interim financial 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 at least 15 trading days out 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 term of convertible bond. On 23 December 2020, the Resolution on Early 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 early 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 converted shares amounted to 107,048,107 shares (including: conversion of 86,648,788.00 shares in 2020, which exercised the registered capital of RMB21,662,197.00 and capital increase of RMB1,162,828,718.24; and conversion of 20,399,319.00 shares, which exercised the registered capital of RMB5,099,829.75 and capital increase of 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 increase increased by RMB1,441,762,857.18.

Approved and adopted 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 Annual General Meeting of the Non-public Placement of Shares of Flat Glass Group Co., Ltd. (CSRC Annual [2020] No. 2648) issued by China Securities Regulatory Commission, the Company was permitted to issue not more than 450,000,000 RMB ordinary shares (A shares) by way of non-public placement. As of 7 January 2021, the Company has completed the non-public placement of 84,545,147 RMB ordinary shares (A shares) at a par value of RMB0.25 per share at an issue price of RMB29.57 per share with the total amount of funds raised of RMB2,499,999,996.79. The net proceeds were RMB2,483,081,943.69 after deducting the issue cost of RMB16,918,053.10, of which the amount of RMB21,136,286.75 and RMB2,461,945,656.94 were included in total share capital and capital reserve, respectively. All payment of subscription amount were made in Renminbi. Due to the non-public placement 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 fifth session of the Board, at which the Resolution in relation to the Revised Grant of the Restricted A Shares to Participants was approved and adopted to grant restricted shares to three participants. The participants are all subscribed for 700,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. Upon the completion of the above grant of restricted shares, the registered capital of the Company became RMB536,723,313.50.

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 through Public Issuance and the Announcement on A Share Convertible Corporate Bond through 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 value-added tax of RMB1,245,283.02. According to relevant regulations including the Rules Governing the Listing of Stock on Shanghai Stock Exchange and the opinion under the Prospectus of A Share Convertible Corporate Bond through Public Issuance, the Convertible Bond shall be 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 fluctuations on 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 de facto controller of the Company are Mr. Ruan Hongliang, Mr. Jiang Jinhua, Mr. Ruan Zhen and Mr. Zhao Xiaofei, of whom Mr. Ruan 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 by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (revised in 2014). In addition, the financial statements also include disclosures required by the Companies Ordinance and the Listing Rules of the stock exchange of Hong Kong.

Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since 30 June 2022 and is not aware of any event or condition that may cast 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 are measured at fair value, the financial statements are based on historical cost. If the assets are impaired, corresponding provision formation shall be made according to relevant regulations.

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

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

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

Level 1 includes the unadjusted quoted price of the same asset or liability in the active market that can be obtained on the measurement date.

Level 2 includes an input, other than quoted price included within Level 1, that is observable for the asset or liability, either directly or indirectly.

Level 3 includes an unobservable input for the asset or liability.

2. Going concern

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

(III) SIGNIFICANT ACCOUNTS POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of Compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and represent fully and completely the consolidated and the Company's financial position 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 raw materials for production to the realization of cash or cash equivalents. The Group's operating cycle usually takes approximately 12 months.

4. Functional Currency

The consolidated books of 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 ultimately controlled by the same party or parties both before and after the combination, and that control is not an interim control.

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

The cost that is attributable to the business combination is charged to profit or loss in the period in which the share is issued.

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

When the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as an asset called goodwill and is initially measured at cost. When the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall measure the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If after that measurement, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired in the combination, the difference is recognized in profit or loss.

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

6. Preparation of Consolidated Financial Statements

The scope of consolidation for the consolidated financial statement is determined based on control. Control refers to the fact that the investor has or exercises the right; it means that the investor enjoys a variable return by taking part in the relevant activities of the investee and is capable of using its power over the investee to influence the amount of return. In case of change in the relevant element included in the above-mentioned definition of control as a result of the change in fact and circumstance, the Group will conduct re-assessment.

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

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

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

No matter when the business combination occurs in the reporting period, a subsidiary acquired through a business combination involving enterprise-wide common control of the parent being absorbed under merger or absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when the first came under the common control of the ultimate controlling party. Their operating result and cash flow from the beginning of the earliest reporting period of or from the date when the 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 subsidiaries are determined in accordance with the Company's unified accounting policies and accounting period.

All significant accounts and transactions between the Company and its subsidiaries 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 shareholder's 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 share capital of the subsidiary, the balance is still allocated against minority interest.

An action is accounted for as an equity transaction when the purchase of minority interest in a subsidiary is the disposal of an investment in a subsidiary, does not result in the Group losing control over the subsidiary, and the carrying amount of equity attributable to the share 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 equivalents are short-term (maturity date 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 translated at the spot exchange rate on the date of transaction at initial recognition.

At the balance sheet date, foreign currency monetary item is translated into RMB using the spot exchange rate at the balance sheet date. Exchange difference arising from the difference between the spot exchange rate prevailing at the balance sheet date and those on initial recognition of the related balance sheet date are recognized in profit or loss for the period, except that: (1) exchange difference related to special borrowing denominated in foreign currency eligible for capitalization shall be capitalized into the cost of the related asset during the capitalization period; (2) exchange difference on hedging instrument for the purpose of hedging against foreign currency risk are accounted for using hedge accounting; and (3) exchange difference arising from change in carrying amount (other than amortized cost) of monetary item at fair value through comprehensive income are recognized in other comprehensive income.

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

8.2 Translation of foreign currency financial statements

For the purpose of preparing the consolidated financial statements, the foreign currency financial statements of overseas operation are translated into RMB financial statements using the following method: all assets and liabilities in the balance sheet are translated at the exchange rate at the balance sheet date; equity items completed at the exchange rate at the time of occurrence; all items in the income statement and items reflecting the amount of profit distribution are translated at the exchange rate approximating the foreign exchange rate prevailing at the date of the transaction; the difference between assets and the sum of liabilities and shareholder's equity after translation is recognized in other comprehensive income and included in shareholder's equity.

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

The opening balance and the actual figure of foreign exchange are entered at the translated amount in the foreign exchange's financial statements.

9. Financial Instruments

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

When a financial asset is exchanged or sold in a legal sale, a debt to be received and liabilities to be borne are recognized on the date of transaction, or a debt sold is derecognized on the date of transaction.

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

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

The effective interest rate is the rate that discounts estimated future cash flows through the expected duration of a financial asset or a financial liability to the carrying amount of the financial asset or to the amortized cost of the financial liability. In determining the effective interest rate, the expected cash flows are estimated on the basis of all contractual terms of the financial asset or financial liability (such as variable payments, extension, call option or other similar option), without taking into account the expected credit losses.

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

9.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of a io

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

The purpose of acquiring the financial asset is to sell the asset in the near future.

The relevant financial asset is part of a portfolio of identified financial instruments that are centrally managed on initial recognition, and the objective evidence of actual or recent short-term profit-taking model.

The relevant financial asset is a derivative, except for derivative defined under financial guarantee contract and derivative designated as effective hedging instrument.

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

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

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

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

9.1.1 Financial assets measured at amortised cost

Financial assets at amortised cost include essentially measured at amortised cost including the effective interest method. Gain or loss arising from derecognition, impairment or amortization are recognised in profit or loss.

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

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

For purchased or originated financial assets without credit impairment but with credit impairment incurred in subsequent period, the Group calculates and determines its interest income based on amortised cost of the financial assets and the effective interest rate in subsequent period. If the credit risk of the financial instrument improves in subsequent 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 impairment, the Group will determine the interest income based on the effective interest rate multiplied by the carrying amount of the financial assets.

9.1.2 Financial assets classified as FVTOCI

Except for impairment loss or gain related to financial assets at FVTOCI, interest income calculated using the effective interest method and exchange gain and loss are recognized in profit or loss, change in fair value of the financial assets are recognized in other comprehensive income. The amount of the financial assets included in profit or loss for each period shall be equal to the amount deemed a measured at amortized cost and included in profit or loss for each period. Upon de recognition of the financial assets, cumulative gain or loss is also recognized in other comprehensive income and transferred and reclassified into profit or loss for the period.

After the non-tradable equity instrument is designated as a financial asset at FVTOCI, the change in fair value of the financial asset are recognized in other comprehensive income. When the financial asset is de recognized, the cumulative gain or loss is also recognized in other comprehensive income and transferred from other comprehensive income and recognized in retained earnings. During the period that the Group holds the non-tradable 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 benefit associated with the dividend is likely to flow into the Group and the amount of the dividend can be reliably measured.

9.1.3 Financial assets at FVTPL

Financial assets at FVTPL shall be be enl measured at fair value. Gain or loss from change in fair value and dividend and interest income related to such financial assets shall be recognized in profit or loss.

9.2 Impairment of financial instruments

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

The group measures the loss allowance of all commercial acceptance, bill receivable and trade receivable forward to the income standard in accordance with the amount equivalent to lifetime ECL.

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

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

9.2.1 Significant increase in credit risk

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

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

- (1) Whether the external market indicators of credit risk for the same financial instrument or similar financial instrument with same expected life have changed significantly. The indicators include: credit spread, credit default swap price for borrower.
- (2) Whether the debtor's internal credit rating is actually downgraded or expected to be downgraded.
- (3) Adverse change in business, financial or economic condition that is expected to cause a significant change to the debtor's ability to meet its debt obligation.
- (4) Whether the actual or expected performance of the debtor has changed significantly.
- (5) Whether the regulatory, economic or technological environment in which the debtor is located has undergone significant adverse change.

If the credit risk of a significant increase in credit risk since above assessment, the credit risk of the financial instrument is considered to have increased significantly. When the contractual amount is at least more than 30 days (inclusive).

As at the balance sheet date, if the Group judge that the financial instrument does not have credit risk, the Group will assume that the credit risk of the financial instrument has not significantly increased since initial recognition. If the default risk of a financial instrument is low, and the borrower is highly capable of meeting its contractual cash flow obligation in the future, the financial instrument is considered to have a low credit risk even if there is a negative change in the economic situation and operating environment over a long period of time, but it may not necessarily reflect the borrower's performance of its contractual obligation.

9.2.2 Credit-impaired financial assets

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

- (1) Significant financial difficulty of the issuer or the debtor;
- (2) The debtor breaches the contract, such as default or overdue on interest or principal payment;
- (3) The creditor, for economic or contractual reasons relating to the financial difficulty of the debtor, grants to the debtor a concession that the creditor would not otherwise consider;
- (4) The debtor is likely to enter bankruptcy or other financial reorganization;
- (5) The active market for the financial asset has dried up due to the financial difficulty of the issuer or the debtor.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information provided internally obtained externally indicate that the debtor of the financial instrument is unable to fulfill its obligations (including the Group) in full without taking into account any guarantee obtained by the Group).

In the event of the above event, the Group assumes that default has occurred when the contractual payment for a financial instrument is at least 90 days (inclusive).

9.2.3 Determination of ECL

The Group determines impairment mainly to determine the credit loss of related financial instruments on the basis of combination of bill receivable, financing receivable, trade receivable and other receivable. The Group divides financial instruments into different groups based on common risk feature. The common credit risk feature adopted by the Group includes: type of financial instrument, credit rating, initial recognition date, etc.

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

For financial assets, the credit loss shall be the present value of the difference between the contractual cash flows to be received by the Group and the expected cash flows to be received.

As for the financial assets with credit impairment occurred on the balance sheet date but not charged 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 flows discounted at the original effective interest rate.

For a financial guarantee contract, the credit loss is the estimated amount made by the Group for the credit loss incurred by the contract holder, less the present value of the difference between the amount expected to be collected by the Group from the contract holder, debtor or other party.

The factors reflected in the Group's method of measuring ECL of financial instrument include: the probability-weighted average amount determined by evaluating a series of possible events; the time value of money; the measurable and reliable information about the event, current situation and future economic situation forecast that is available without undue effort on the balance sheet date.

9.2.4 Write-down of financial assets

When the Group no longer reasonably expects that the contractual cash flows of the financial assets can be recovered in whole or in part, the book balance of the financial assets shall be written down directly. Such write-down constitutes 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 over 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 issued 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 or its component as a financial liability or equity instrument at initial recognition.

9.4.1 Classification, recognition and measurement of financial liabilities

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

9.4.1.1 Financial liabilities at FVTPL

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

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

The purpose of undertaking relevant financial liabilities is mainly for the recent sale.

The relevant financial liabilities are part of a portfolio of identified financial instruments that are centrally managed on initial recognition, and the objective evidence of adopting a recent short-term profit-taking model.

The relevant financial liabilities are derivative, except for derivative defined under financial guarantee contract and

The Group made, on initial recognition, a financial liability at FVTPL if one of the following conditions is satisfied: (1) the designation eliminates or significantly reduces an accounting mismatch; (2) management and evaluate the financial liability portfolio of the portfolio of financial assets and financial liabilities at fair value based on the risk management or investment strategy stated in the official written document of the Group, and evaluate the management of the Group internally; or (3) a qualified hedge contract containing embedded derivative.

Held-for-trading financial liabilities are essentially measured at fair value, and any gain or loss arising from change in fair value and dividend income thereon are recorded on the financial liabilities are recognized in profit or loss for 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 de-recognition of the financial liability, the cumulative change in fair value attributable to change in own credit risk is also recognized in other comprehensive income if transferred to retained earnings. Dividend income thereon related to the financial liabilities are recognized in profit or loss for the period. If the treatment of the effect of change in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognize 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 for the period.

9.4.1.2 Other financial liabilities

Other financial liabilities other than financial liabilities arising from

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 as borrower and lender is signed to replace the original financial liability and the contractual terms of the new financial liability and the original financial liability are substantially different, the Group deems to extinguish the original financial liability and recognize 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 extinguished and the consideration paid (including any non-cash assets transferred on new financial liability assumed) is recognized in profit or loss for the period.

9.4.3 Equity instrument

Equity instrument are any contract that evidence a residual interest in the assets of the Group after deducting all of its liabilities. Equity instrument issued (including re-financing), exchanged, sold or cancelled by the Group are treated as change in equity. Change in fair value of equity instrument is not recognized by the Group. Transaction cost related to equity instrument are deducted from equity.

The Group recognizes the distribution to holders of the equity instrument as profit distribution, dividend paid do not affect total amount of shareholders' equity.

9.5 Derivative instruments and embedding derivatives

Derivative instrument including forward foreign exchange contract, currency swap contract and interest rate swap contract, etc. Derivative are initially measured at fair value on the signing date of the relevant contract and subsequently measured at fair value. The change in fair value of the derivative are recognized in 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 recorded in balance sheet when the Group has a legally enforceable right to offset the recognized financial assets and financial liabilities, and the Group intend to settle with net amount, or realize the financial assets and settle the financial liabilities in same time. Otherwise, the financial assets and financial liabilities will be recorded separately in balance sheet and will not be mutually offset.

9.7 Convertible bonds

The convertible bonds issued by the Group which contain liability and conversion option, shall be liability on initial recognition and recognized separately. Of which, conversion option for settlement of fixed amount of cash or other financial assets 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 current market price similar to those of bond without conversion option. The difference between the overall 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 other equity instrument.

In the subsequent measurement, the liability portion of convertible bonds are measured at amortized cost using the effective interest rate method. The value

10. Receivables

The method for determining expected credit loss of bill receivable and accounting treatment method :

See 9.2 for relevant accounting policies .

11. Account receivables

The method for determining expected credit loss of account receivable and accounting treatment method :

See 9.2 for relevant accounting policies .

12. Financing receivables

For note receivable classified as at FVTOCI, the portion within one year (inclusive) from the date of acquisition is treated as a financing receivable . For detail of the relevant accounting policies , please refer to 9.1, 9.2 and 9.3.

13. Other receivables

The method for determining expected credit loss of other receivable and accounting treatment method :

See 9.2 for relevant accounting policies .

14. Inventories

14.1 Classification of inventories

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

14.2 Pricing of inventories delivered

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

14.3 Determination of net realisable value of inventories

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

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

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

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

14.4 Inventory system

The inventory system is a perpetual inventory system.

14.5 Amortization of low-value consumables

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

15. Assets Held for Sale

A non-current asset is classified as an asset held for sale when the carrying amount of the asset is reduced in full through a sale plan action (including an exchange of non-monetary assets with commercial substance) rather than through continuing use.

Non-current assets are classified as held for sale when the following conditions are met: (1) an immediate sale can be made under the current conditions according to the practice of selling similar assets in similar transactions; and (2) it is highly probable that a sale will occur, that is, 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 classified as 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 assets and included in profit or loss for the period, and the provision for impairment of assets held for sale is made immediately. When there is an increase in the net amount of fair value less costs to sell of non-current assets held for sale at the balance sheet date, the amount is only written-off 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 group held for sale. The interest of liabilities and other expenses in the disposal group held for sale shall be continuously recognized.

The retirement benefit in a liability is classified in full as a liability held for sale. The actuarial retirement benefit liability is classified as held for sale will cease to calculate using 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 investor over the investee, who enjoys a variable return by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of return. Joint control refers to the joint control of one arrangement according to relevant 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 to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of the policies with other parties. In determining whether it is possible to exercise control or exercise significant influence over the investee entity, it has taken into account the potential voting rights factors such as the convertible bonds and the convertible warrants of the investee entity held by the investor and other parties.

16.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination in which enterprise includes common control, the initial investment cost is the attributable share of the carrying amount of the net assets of the acquiree in the consolidated financial statement of the ultimate controlling party at the date of combination. The difference between the initial investment cost of a long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. Where the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost is the attributable share of the carrying amount of the net assets of the acquiree in the consolidated financial statement of the ultimate controlling party 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 or investment in non-trading equity instrument designated as at FVTOCI is not subject to accounting treatment temporarily.

For a long-term equity investment acquired through a business combination not involving entities under common control, the initial investment cost is the combination cost at the date of acquisition. If the equity investment is held by the investor as a classified investment in non-trading equity instrument designated at FVTOCI, the difference between the fair value and carrying amount, together with the accumulated fair value increase, is included in other comprehensive income and transferred to retained earnings.

The intermediate expense incurred by the acquirer on change in effect of a dining, legal service, valuation and consulting service, etc. and other related administrative expense attributable to the business combination are recognized in profit or loss in the period in which they are incurred.

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

16.3 Subsequent measurement and recognition of profit or loss

16.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investment in subsidiary is always accounted for using the cost method in the financial statement of the Company. A subsidiary is an investee that is controlled by the Group.

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

16.3.2 Long-term equity investment accounted for by equity method

The Group's investment in associate is accounted for by equity method. Associate refers to invested entities to which the Group can exert a significant influence.

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

When adopting equity method accounting, the investment income and other comprehensive income shall be recognized separately according to the share of net profit or loss and other comprehensive income realized by the investee entity, and the carrying amount of long-term equity investment shall be adjusted at the same time; the carrying amount of long-term equity investment shall be reduced accordingly by calculating the portion to be enjoyed according to the profit or cash dividend declared by the investee entity; the carrying amount of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the ownership right and interest of the investee entity except net profit or loss, other comprehensive income and profit distribution. When recognizing the share of the net profit or loss of the investee entity, the net profit of the investee entity shall be adjusted and recognized on the basis of the fair value of the identifiable assets of the investee entity at the acquisition date. If the accounting policies and periods adopted by the investee entity are inconsistent with those of the Company, the financial statements of the investee entity shall be adjusted in accordance with the accounting policies and periods of the Company. The investment income and other comprehensive income shall be recognized accordingly. For an action between the Group and an associate, the assets of the investee do not constitute a business, and the realized gain and loss of internal transactions are offset by the shareholding attributable to the Group. On this basis, the investment gain and loss are recognized. However, the realized internal transaction losses between the Group and the investee entity shall not be offset if they belong to the impairment loss of the transferee assets.

The Group discontinues recognizing its share of net loss of the invested entity after the carrying amount of the long-term equity investment together with an long-term interest that in substance forms part of its net investment in the invested entity is reduced to zero. In addition, if the Group has incurred obligation to assume additional loss of the invested entity, estimated liability is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profit attributable is made by the invested entity, the Group resumes recognizing its share of the profit only after its share of the profit exceeds the share of loss previously not recognized.

16.4 Disposal of long-term equity investments

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

17. Investment Properties

Investment properties are properties held for the purpose of earning rental or capital appreciation, or both. Investment properties include leased land use right, land use right held and leased for an fee after appreciation, building leased out, etc.

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

The Group adopts the cost model for subsequent measurement of investment properties, and investment properties are depreciated or amortized based on the same policy consistent with house and building or land use right.

An investment property is derecognized on disposal or when the investment property is permanently impaired and no future economic benefit is expected from its disposal.

When an investment property is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the property net of the carrying amount and related taxes is 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 supply of services, for rental to others, for administrative purposes and have a 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 included for a fixed asset as 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 current 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%
Other 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 construction expenditure incurred during the construction period, capitalized borrowing cost before the construction is ready for its intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to fixed assets while it is ready for its intended use.

20. Borrowing Costs

The borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized when expenditure for the asset is being incurred, borrowing cost is being incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. The capitalization of qualifying asset ends construction or production ceases when the asset is ready for their intended use or sale. The remaining borrowing cost are recognized as expense in the period in which they are incurred.

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

21. Intangible assets

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

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

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

Class	Amortization method	Useful life (Years)	Residual Value Rate (%)
Land use right	Straight line method	42-50	
Pollutant discharge right	Straight line method	5-20	
Mining right	Output 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

Expenditure incurred in the research stage are recognized in profit or loss for the period.

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

- (1) The technical feasibility of completing the intangible asset so that it will be available for sale;
- (2) The intention to complete the intangible asset and sell it;
- (3) The availability of sufficient resources to complete the intangible asset and sell it, including the ability to prove that there is a market for the product or the intangible asset or the intangible asset itself has a market, and to demonstrate if the intangible asset will be sold internally;
- (4) Adequate technical, financial and other resources to complete the development of the intangible asset and to sell the intangible asset;
- (5) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the expenditure cannot be distinguished between the research stage and 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 only include the total expenditure incurred from the time when the capitalization conditions are met to the time when the intangible asset reaches the intended use. The expenditure that have been entered into profit and loss before the capitalization conditions are met for the same intangible asset in the development process will not be adjusted.

22. Impairment of Long-term Assets

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

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

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

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

23. Long-term Deferred Expenses

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

24. Contract Liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration in advance) from the customer. Contract assets and contract liabilities include common contract arrangements entered on a net basis.

25. Employee Compensation

(1) Accounting for short-term employee compensation

In the accounting period in which an employee has rendered service, the Group recognizes the short-term employee compensation attributable increased liabilities, and include in profit or loss for the period related accounts. The employee benefits are increased by the Group and recognized in profit or loss for the period related accounts based on the actual amount when actually 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, as well as labor union dues, pension and employee education fees provided by the Group are calculated according to the prescribed proportion base and percentage during the accounting period in which the employee provide service to the Group, and the corresponding liabilities are recognized, and included in profit or loss for the period related accounts.

(2) Accounting for post-employment benefits

Post-employment benefits are all defined contribution plans.

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

(3) Accounting for termination benefits

When the Group provide termination benefits to employees, employee compensation liabilities arising from termination benefits are recognized in profit or loss at the earlier of the following date: when the Group cannot negotiate all withheld termination benefits provided because of an employee termination plan or a labor contract, or when the Group confirm the cost or expense related to the extinguishing or ending the payment of dismissal benefits.

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 instrument granted, the increase in expense received will be recognized accordingly following the increase in fair value of the equity instrument. If the modification increases the number of the equity instrument granted, the increase in fair value of the equity instrument will be recognized accordingly as the increase in expense received. The increase in fair value of the equity instrument refers to the difference in fair value on the date of modification before and after the modification in respect of the equity instrument. If the modification reduces the total fair value of the share-based payment or adopts a form that is unfavorable to employees to modify the terms and conditions of the share-based payment plan, accounting treatment will be continued to be conducted in respect of the expense received and the modification will be deemed to have never occurred, unless the Group had cancelled a total of the equity instrument granted.

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

28. Revenue

The Group's revenue is mainly derived from the sale of glass products, which mainly include hollow glass, household glass, architectural glass, float glass and mining products, etc. Revenue from other business mainly consists of 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 underlying the contractual performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

For the performance 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 brought by the Group while performing obligation; (2) the customer can control the good under construction during the performance of the Group; (3) the good produced during the performance of the Group has a replaceable price, and the Group has the right to receive payment for the part of the completed performance of a contract throughout the contract period. Otherwise, the Group will recognize revenue at the time point when the customer obtains control over the relevant good or service.

29. Government Grants

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

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

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

Such grants are government grants that are related to fixed assets that have a long useful life.

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

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

Assets are directly related to the revenue increased during the period, such government grants are government grants related to revenue.

A government grant related to revenue is used to compensate for eligible costs, revenue and loss in the reporting period is recognised as deferred income, and is included in profit or loss for the period directly over the period in which the eligible costs, revenue or loss are recognised. The government grant related to revenue is used to compensate for eligible costs, revenue and loss is also included in profit or loss for the period directly.

The government grant related to the Group's daily activities are included in other income/offset the eligible cost and revenue according to the nature of economic business. Otherwise, government grants are included in non-operating income or revenue.

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income tax expense consists of current income tax expense and deferred income tax expense.

30.1 Current income tax

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

30.2 Deferred income tax assets and deferred income tax liabilities

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

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

For deductible losses and tax credits in a benefit area that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.

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

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rate that is expected to apply to the period when the assets are realized or the liabilities settled according to the provisions of tax laws.

Current and deferred income tax expense or income are recognized in profit or loss for the period, except when they arise from an action or event that is directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from a business combination, in which case they are adjusted to the carrying amount of goodwill.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is probable that sufficient taxable profit will not be available to offset the benefits of deferred income tax assets. An upward revision is made to the extent that it becomes probable that sufficient taxable profit will be available.

30.3 Offsetting of income tax

When the Group has a legal right to settle on a net basis and intend either to settle on a net basis or to realize the assets and settle the liabilities (imkanes 1), current tax assets and current tax liabilities are offset and are entered on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities (imkanes 1), in each financial period in which significant amount of deferred tax assets or liabilities are expected to be realized, deferred tax assets and deferred tax liabilities are offset and are entered on a net basis.

31. Lease

Lease is defined as a contract that the lessee can fetch the right-of-use of an asset to the lessee within a certain period of time in exchange for consideration.

For a contract entered into or changed after the date of initial adoption, the Group assesses whether the contract (or a group of contracts) contains lease on the commencement or changing date of the contract. The Group does not reassess the terms and condition of the contract after changed.

31.1 The Group as lessee

31.1.1 Separation of lease

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

31.1.2 Right-of-use assets

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

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

The Group accounts depreciation for the right-of-use assets according to the relevant depreciation regulation of Accounting Standard for Business Enterprise No. 4 Fixed Assets. Right-of-use assets are depreciated within the remaining useful life when the Group is reasonably certain to obtain the ownership of leased assets at the end of the lease term. The depreciation is provided during the period between the lease term and the remaining useful life of the leased assets, if it is not.

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

31.1.3 *Lease liability*

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

The lease payments refer to the amount paid by the Group to the lessor in relation to the right to use the leased asset during the lease term, including fixed payments and in-substance fixed payments.

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

31.1.4 *Short-term lease and low-value lease*

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

31.2 *The Group as lessor*

31.2.1 *Classification of lease*

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

In addition to the above change, if there are other change in the financial assets or financial liabilities, for which interest income or expense is determined by the effective interest rate method, the Group shall account for the change caused by the interest rate benchmark reform in accordance with the above regulation, and then in accordance with the Accounting Standard for Business Enterprise No. 22 Recognition and Measurement of Financial Instruments to a extent where the other change will result in recognition of the financial assets or financial liabilities.

According to Interpretation No. 14, the Group handled the new benchmark interest rate reform related business from 1 January 2021 to 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 Standard for Business Enterprise in 2021 issued by the Accounting Department of the Ministry of Finance on 1 November 2021, the Group's management of good service before the transfer of control over the good service to the customer does not constitute a single item for the performance of the customer contract. The transaction cost arising from the transaction service of the performance obligation is regarded as the contract performance cost, and amortized and included in the current profit and loss on the same basis as the recognition of revenue from good service, and included 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 is calculated on the taxable amount minus the deductible input-VAT for the current period)	13%
Urban construction and maintenance Tax	Taxable amount	7%
Education charge	Taxable amount	3%
Local educational charge	Taxable amount	2%
Property tax	Cost of property / rental income	Note 1
Resource tax	Quantity of mining product sold	7%
Enterprise income tax (EIT)	Taxable income	Note 2
Environmental protection tax	Pollutant emission	RMB1.2 per RMB1.4 per pollutant equivalent

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

Note 2: EIT rate for the Company and subsidiaries:

Name	Tax rate (%)
The Company	15%
浙江福萊特玻璃有限公司	25%
Zhejiang Flat 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 Flat Glass Co., Ltd.	
安徽福萊特光伏玻璃有限公司	15%
Anhui Flat Solar Glass Co., Ltd.	
安徽福萊特光伏材料有限公司	25%
Anhui Flat Solar Material Co., Ltd.	
福萊特(香港)有限公司	Note 1
Flat (Hong Kong) Limited	
嘉興福萊特新能源科技有限公司	25%
Jiaxing Flat New Energy Technology Co., Ltd.	
福萊特(越南)有限公司	0%
Flat (Vietnam) Company Limited	

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

2. Tax Preferences

The Company

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

Zhejiang Jiafu Glass Co., Ltd.

On 4 December 2019, Zhejiang Jiafu Glass Co., Ltd. obtained the High Technology Enterprise Certificate (No. GR201933001492) jointly awarded 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 awarded 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 Implementing Preferential Enterprise Income Tax Policies for Public Infrastructure and Environmental Protection, Energy and Water Saving Projects (Cai hui [2012] No. 10), Jiaxing Flat New Energy Technology Co., Ltd. is exempted from EIT for the first year to the third year from the tax year in which the first operation income is obtained, and the EIT is reduced by 50% in the fourth to sixth years.

Flat (Vietnam) Company Limited

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

(V) NOTES TO THE CONSOLIDATED STATEMENTS

1. CASH AT BANK AND ON HAND

	<i>RMB</i>	
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: total amount denominated abroad	<u>174,785,147.22</u>	<u>238,902,274.63</u>

2. TRADING FINANCIAL ASSETS

	<i>RMB</i>	
Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	700,000,000.00	200,000,000.00
Including: Bank wealth management products	<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

RMB

Items	Closing balance	Opening balance
Derivative financial assets with specified hedging relation		
Including: Forward foreign exchange contracts (Note)	-	62,739.00
Total	<u>-</u>	<u>62,739.00</u>

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

4. BILLS RECEIVABLES

(1) Bills receivables by category

RMB

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 payment 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
Endorsed bank acceptance bill	1,209,023,929.58
Discounted bank acceptance bill	15,547,866.84
Total	<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				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Accrual 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
Total	<u>2,025,844,651.84</u>	<u>/</u>	<u>9,138,351.27</u>	<u>/</u>	<u>2,016,706,300.57</u>

Classification	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Accrual 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
Total	<u>942,459,210.46</u>	<u>/</u>	<u>2,711,098.05</u>	<u>/</u>	<u>939,748,112.41</u>

Bill receivable ¥ high credit loss provision portfolio

RMB

Name	Bills receivables	Closing balance	
		Bad debt provision	Accrual Percentage
Loan	1,506,620,147.82	-	-
No mal	<u>519,224,504.02</u>	<u>9,138,351.27</u>	<u>1.76</u>
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 ¥ high credit rating holds the bank acceptance bill and the credit is not significant credit risk, 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	<u>2,711,098.05</u>	<u>9,138,351.27</u>	<u>2,711,098.05</u>	<u>9,138,351.27</u>
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	<u>2,711,098.05</u>	<u>9,138,351.27</u>	<u>2,711,098.05</u>	<u>9,138,351.27</u>
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
Aging		
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		<u>7,584,933.61</u>
Total		<u><u>2,789,334,982.48</u></u>

(2) Disclosed by classification of credit impairment provision method

		RMB			
Classification	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Bad debt provision		
			Amount	Acrual Percentage (%)	
Bad debt provision b o portfolio					
Including:					
No mal	2,727,724,480.34	97.79	48,007,950.85	1.76	2,679,716,529.49
Conce ned	53,921,147.75	1.93	20,307,227.08	37.66	33,613,920.67
Lo	<u>7,689,354.39</u>	<u>0.28</u>	<u>7,689,354.39</u>	<u>100.00</u>	<u>-</u>
Total	<u><u>2,789,334,982.48</u></u>	<u><u>/</u></u>	<u><u>76,004,532.32</u></u>	<u><u>/</u></u>	<u><u>2,713,330,450.16</u></u>

Classification	Book balance		Opening balance		Book value
	Amount	Percentage (%)	Amount	Accrual	
				Percentage (%)	
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>

Credit impairment provision portfolio

RMB

Name	Closing balance		
	Trade receivables	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	Change in amount for the half year			Closing balance
	Opening balance	Provision	Transferred	
Bad debt provision	<u>53,799,906.07</u>	<u>25,544,063.32</u>	<u>3,339,437.07</u>	<u>76,004,532.32</u>
Total	<u>53,799,906.07</u>	<u>25,544,063.32</u>	<u>3,339,437.07</u>	<u>76,004,532.32</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 with the closing balance classified by the borrower 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 total balance of trade receivable. The credit loss provision of top five trade receivable 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	596,244,502.28	531,196,547.78
Total	<u>596,244,502.28</u>	<u>531,196,547.78</u>

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

RMB

Items	Closing balance
Cost	598,869,422.24
Fair value	<u>596,244,502.28</u>
Accumulated change in fair value included in other 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 important 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), decreasing 59.06% (end of the period: 81.25%) of 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
Accrued interest receivable	4,800,000.00	
Debit	293,291.73	293,731.73
Receivable	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 month	8.96	
Fourth	Margin	529,523.00	Within one month	0.99	
Fifth	Debit	212,291.73	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
Ruǎn wu cailiao	617,132,665.73	-	617,132,665.73
Laozhi - cheng			
can yong	259,185,166.43	5,023,103.53	254,162,062.90
Wu kuo cheng	90,536,939.48	-	90,536,939.48
Wan cheng	539,622,977.37	4,552,128.52	535,070,848.85
Wan cheng cailiao	-	-	-
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
Ruǎn wu cailiao	1,189,179,166.17		1,189,179,166.17
Laozhi - cheng			
can yong	183,128,642.36	5,175,543.77	177,953,098.59
Wu kuo cheng	60,856,490.19		60,856,490.19
Wan cheng	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*

Items	<i>RMB</i>			Closing balance
	O ening balance	Inc ea ed amo nt fo the e iod P o ided	Dec ea ed amo nt fo the e iod Re old	
Fin hed good	6,734,180.64	2,877,911.90	5,059,964.02	4,552,128.52
L o - al ed con mable	<u>5,175,543.77</u>	<u>3,845,610.26</u>	<u>3,998,050.50</u>	<u>5,023,103.53</u>
Total	<u>11,909,724.41</u>	<u>6,723,522.16</u>	<u>9,058,014.52</u>	<u>9,575,232.05</u>

10. OTHER CURRENT ASSETS

Items	<i>RMB</i>	
	Closing balance	O ening balance
Pe id VAT	94,643,540.85	232,222,691.43
E o tta ebalance	5,665,346.28	14,355,212.88
Pe id income ta	9,231,253.23	6,809,376.77
Pe id ental income	4,775,001.55	412,844.04
Other	<u>—</u>	<u>1,326,957.68</u>
Total	<u>114,315,141.92</u>	<u>255,127,082.80</u>

13. FIXED ASSETS

(1) Fixed assets condition

RMB					
Items	House and building	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
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. Amount increased in the 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) Purchased	79,474.32	11,479,141.98	3,940,756.63	4,264,136.67	19,763,509.60
(2) Transfer 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) Acquired in business combination	14,041,599.63		2,227,830.55	475,128.63	16,744,558.81
3. Amount decreased in the period		29,638,141.75	5,586,052.50		35,224,194.25
(1) Disposal		26,514,037.78	5,586,052.50		32,100,090.28
(2) Transfer from construction in progress		3,124,103.97			3,124,103.97
4. Difference on translation of foreign currency financial statements	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
II. Accumulated depreciation					
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. Amount increased in the 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) Acquired in business combination	2,946,869.11		1,216,251.81	203,277.84	4,366,398.76
3. Amount decreased in the period		14,367,954.70	5,144,759.85		19,512,714.55
(1) Disposal		13,729,933.45	5,144,759.85		18,874,693.30
(2) Transfer from construction in progress		638,021.25			638,021.25
4. Difference on translation of foreign currency financial statements	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
III. Impairment provision					
1. Opening balance		19,876,437.96	275,923.26	82,866.49	20,235,227.71
2. Amount increased in the period					
(1) Provided					
3. Amount decreased in the period		29,777.31			29,777.31
(1) Disposal		29,777.31			29,777.31
(2) Transfer from construction in progress					
4. Closing balance		19,846,660.65	275,923.26	82,866.49	20,205,450.40
IV. Book value					
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 reporting year: RMB1,796,949,877.60) were recorded as collateral for short-term borrowings and long-term borrowings.

(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 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 lower 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
Inflating glass work (no. 1)	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 work	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	1,455,294,164.14	2,867,765,142.38
Engineering material	617,554,735.95	199,442,725.12
Total	<u>2,072,848,900.09</u>	<u>3,067,207,867.50</u>

Construction in progress

(1) Construction in progress

RMB

Items	Closing balance	Opening balance
Annal production of 1,200,000 ton of PV composite glass project	754,659,250.69	270,384,014.38
Annal production of 750,000 ton of flat thin and flat high energy radiation panel manufacturing project for installation	41,447,544.97	823,934,022.33
Annal production of 750,000 ton of PV composite glass project - phase III	401,228,842.23	156,279,422.21
Annal production of 42 million square meters of PV backplane project	34,672,250.50	75,478,773.23
Production line technical information project	55,256,665.36	33,740,880.86
Annal production of 750,000 ton of PV composite glass project - phase II	18,748,570.88	1,129,878,953.18
Other	<u>149,281,039.51</u>	<u>378,069,076.19</u>
Total	<u>1,455,294,164.14</u>	<u>2,867,765,142.38</u>

(2) Change in major construction projects in progress in the current 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 closing budget	Project progress	Accumulated interest in the current half year	Including: the amount of capitalization 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						
Annulment of 750,000,000 of PV cooperative projects - 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
Annulment of 750,000,000 of Tashin and Tashin high energy panel manufacturing projects - Phase I	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's own funds/ Convertible bond
1,200,000,000 of PV cooperative projects	2,244,595,500.00	270,384,014.38	484,275,236.31			754,659,250.69	33.62%	33.62%			Company's own funds
Annulment of 750,000,000 of PV cooperative projects - Phase III	1,466,011,800.00	156,279,422.21	244,949,420.02			401,228,842.23	27.37%	27.37%			Company's own funds
Annulment of 42 million share of PV backbone projects	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 was no indication of impairment of the Group's construction in progress, so no provision for impairment was made.

Engineering material

RMB

Items	Book balance	Closing balance	Book value
		Provision for impairment	

15. RIGHT-OF-USE ASSETS

	<i>RMB</i>
Items	Land
I. Book value	
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
II. Accumulated depreciation	
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
III. Book value	
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
I. Book value						
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. Amount increased in the current period	155,661,162.26	3,311,080.84	3,482,808,505.33		7,158.42	3,641,787,906.85
(1) Purchased	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
II. Accumulated amortization						
1. Opening balance	65,991,809.40	28,804,914.09	144,989,611.68		3,619,221.38	243,405,556.55
2. Amount increased in the current 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
III. Book value						
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 current 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 acquired for the purpose of obtaining business licenses.

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 credit loss	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 payment	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 investment in a joint stock 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
Provision for doubtful accounts	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 assets and liabilities at the end of the period	deferred tax assets or liabilities after offsetting
Deferred tax asset	32,302,660.14	4,451,373.78	21,400,325.38	4,162,665.30
Deferred tax liability	<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 loss	43,939,270.13	30,690,640.30
Other	<u>7,809,355.63</u>	<u>1,080,737.08</u>
Total	<u><u>51,748,625.75</u></u>	<u><u>31,771,377.38</u></u>

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

RMB

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

18. OTHER NON-CURRENT ASSETS

RMB

Items	Closing balance	Opening balance
Contingent liability	997,017,701.29	789,953,029.11
Paid-in-kind	74,350,906.30	74,350,906.30
Paid-in-kind for land	—	2,600,000.00
Total	<u>1,071,368,607.59</u>	<u>866,903,935.41</u>

19. SHORT-TERM BORROWINGS

RMB

Items	Closing balance	Opening balance
Mortgaged borrowing	1,089,899,000.00	1,513,906,500.00
Credit 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 current half year, the Group had no mortgage borrowing that were overdue.

20. DERIVATIVE FINANCIAL LIABILITIES

RMB

Items	Closing balance	Opening balance
Derivative financial liabilities without the specified hedging relation		
Including: Forward foreign exchange contract	76,558.35	
Foreign exchange option contract	3,521,571.71	
Total	<u>3,598,130.06</u>	

Note: Unsettled forward foreign exchange contract and foreign exchange option contract are not designated as hedging instrument, and the gain or loss arising from change in fair value are recognized directly in profit or loss in current period.

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 current period	Decrease in the current period	Closing balance
I. Short-term employee benefits	66,290,653.03	294,873,561.99	310,537,292.55	50,626,922.47
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 benefits	61,966,998.51	257,482,459.00	271,237,994.76	48,211,462.75
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	1,590,443.11
Including: Medical insurance	852,653.87	11,565,483.93	11,045,090.58	1,373,047.24
Work-related injury insurance	(124,829.85)	1,632,192.71	1,339,514.49	167,848.37
Maternity insurance	36,639.82	276,463.62	263,555.94	49,547.50
IV. Housing fund	674,036.00	6,199,563.00	6,182,954.00	690,645.00
V. Education fund & labor union	<u>2,930,694.68</u>	<u>4,922,421.75</u>	<u>7,718,744.80</u>	<u>134,371.63</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>50,626,922.49</u></u>

(3) Listing of defined contribution plan

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

Defined contribution plan:

The Group's participation pension insurance and unemployment insurance scheme established by government agencies are defined. According to the scheme, the Group pays a monthly fee to the plan at 14% and 0.5% of the employee's basic wage. Except for the above monthly paid fee, the Group does not undertake the payment obligation. The corresponding expense is recognized in profit or loss in the period in which the expense is incurred.

During the period from 1 January to 30 June 2022, the Group holds a total of RMB22,916,199.62 and RMB832,313.80 to the pension insurance and unemployment insurance scheme respectively. As of 30 June 2022, the expense of RMB1,605,213.26 and RMB44,585.22 that had been accrued but not paid for the pension insurance and unemployment insurance scheme. The payable has been paid after the end of the 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

Items

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*

RMB

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

(2) *Dividends payables*

RMB

Items	Closing balance	Opening balance
Dividend on ordinary share	<u>791,200.00</u>	791,200.00
Total	<u><u>791,200.00</u></u>	<u><u>791,200.00</u></u>

(3) *Other payables*

RMB

Items	Closing balance	Opening balance
Employee benefit provision		
Warrant	520,947,600.00	
Taxation premium	74,245,605.06	77,755,114.87
Restricted share incentive scheme	23,755,790.41	15,828,272.51
Other	30,104,000.00	32,096,200.00
	<u>23,432,584.96</u>	<u>5,968,445.27</u>
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 borrowings	902,428,929.80	998,412,983.63
Secured borrowings	3,196,000,000.00	1,278,800,000.00
Less: pledged borrowings due within 1 year	902,428,929.80	303,864,555.59
Less: secured borrowings due within 1 year	104,100,000.00	5,600,000.00
Total	<u>3,091,900,000.00</u>	<u>1,967,748,428.04</u>

29. BONDS PAYABLES

(1) Bonds payables

Item	RMB	
	Closing balance	Opening balance
Bond payable	3,660,546,167.06	SCN1.5

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

A bond by CSRC Approval [2022] No. 664, the Group issued 40 million convertible bond 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 that interest shall be paid on an annual basis shall be adopted and the principal shall be repaid and the interest for the last year shall be paid. The term of the A Share Convertible Corporate Bond under the issuance shall be in effect from the date of the issuance, namely 20 March 2022 to 19 March 2028.

The conversion period of the A Share Convertible Bond under the issuance shall commence on the first trading date immediately following the expiry of the 12-month period after the date of the issuance 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 issuance is RMB43.94 per share. After the issuance, in case of certain events such as distribution of share dividend, conversion increase of share capital, issuance of new shares (including an increase in the share capital as a result of conversion of the convertible corporate bond under the issuance), rights issue and distribution of cash dividend, the price of the convertible share shall be adjusted accordingly. During the term of the A Share Convertible Corporate Bond under the issuance, the closing price of share of the Company on at least 15 trading days out of an 30 consecutive trading days are less than 90% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to the Shareholders at the Shareholders' general 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 have not been converted into shares based on the actual level of the accrued interest then in case of the closing price of A Share of the Company for at least 15 trading days out of an 30 consecutive trading days are no less than 130% (including 130%) of the prevailing conversion price of the the balance of the outstanding A Share Convertible Bond under the interest is less than RMB30 million.

Within 2 years prior to the maturity of the A Share Convertible Bond, if the closing price of the Company's A Share is 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 Pooled Finance is materially different from the undertaking of the use of proceeds set out in the Offering Document, and such difference is considered by the CSRC as a change in the use 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 was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached callable feature. The residual amount was assigned to the equity component and included in the holder's equity.

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

	<i>RMB</i>		
Items	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
Direct transaction 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	(1,380,821.92)		(1,380,821.92)
Premium and discount amortization	18,241,075.56		18,241,075.56
Conversion share for the half year			
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	Increase in the current period	Decrease 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 management :

RMB

Items	Opening balance	Increase amount for the period	Decrease in the current period	Closing balance	Asset-related/revenue-related
Jiaxing Cit. 2012 first batch of industrial development fund grant amount of 170,000 million of LOW E glass and deep processing project. 2#Float Kiln	133,333.06		100,000.02	33,333.04	Asset-related
Jiaxing Cit. 2012 provincial energy-saving financial grant. 2# production line of finance float glass waste heat utilization Phase II project. With floating construction of waste heat boiler and steam turbine generator.	190,291.55		49,999.98	140,291.57	Asset-related
Annual production of 15 million square meters of photo-catalytic anti-fog glass production project.	424,778.42		250,000.02	174,778.40	Asset-related
Jiaxing Cit. 2012 first batch of industrial development fund grant. 2*600/d glass melting finance float glass waste heat recovery generation project. Have construction technical information project.	83,495.42		49,999.98	33,495.44	Asset-related
TCO anti-fog condensation film project grant.	603,783.23		603,783.23	0.00	Asset-related
Jiaxing Cit. 2012 first batch of industrial development fund bid grant amount of 15 million square meters of photo-catalytic anti-fog glass project. 1#Photo-catalytic 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 initial information and adding item (central information item.) Flat Glass annual production of 5.8 million square meters LOW-E glass deep processing project.	2,790,000.00		465,000.00	2,325,000.00	Asset-related
Glass melting furnace flue gas denitification technology project grant.	4,679,443.73		586,666.74	4,092,776.99	Asset-related
Jiaxing Finance Bureau 2011 glass melting furnace flue gas waste heat recovery generation project grant.	739,999.84		184,999.98	554,999.86	Asset-related
The first batch of distributed PV project construction grant.	4,014,720.00		167,280.00	3,847,440.00	Asset-related
The second batch of distributed PV project construction grant.	1,134,115.59		46,607.52	1,087,508.07	Asset-related
Annual production of 5.8 million square meters LOW-E glass deep processing project.	4,234,724.00		409,812.00	3,824,912.00	Asset-related
Annual production of 12 million square meters of high-temperature soda glass project.	1,684,065.48		174,213.72	1,509,851.76	Asset-related
Grant for back lane processing workshop	2,877,900.00		172,674.00	2,705,226.00	Asset-related
Subsidy for promoting the development of bobbin industry.	900,000.03	1,000,000.00	99,999.96	1,800,000.07	Asset-related
Subsidy for Industrial Internet and making enterprise innovation, standardized and accelerated.		3,600,000.00	187,826.08	3,412,173.92	Asset-related
Fengang Company's government development and funded new kinetic energy to promote the information and adding of enterprise, making economic development. Shandong Province's government subsidized enterprise investment.		41,204,800.00	2,943,200.00	38,261,600.00	Asset-related
Total	25,441,145.12	45,804,800.00	6,742,063.25	64,503,881.87	

32. LONG-TERM PAYMENTS

RMB

Items	Opening balance	Closing balance
Payment for acquisition of mining right		230,230,897.90
Less: Long-term amortization within one year		52,220,000.00
Long-term amortization after one year		178,010,897.90

33. SHARE CAPITAL

RMB

	Opening balance	Increase or decrease for the period (+,-)		Closing balance
		Net share issued	Other	
Total share capital	536,723,313.50			536,723,313.50

34. OTHER EQUITY INSTRUMENTS

RMB

Outstanding financial instrument	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 corporate bond		40,000,000.00	333,235,286.91				40,000,000.00	333,235,286.91

35. CAPITAL RESERVE

RMB

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
Share premium	4,780,117,627.53			4,780,117,627.53
Other capital reserve	52,650,634.30	15,842,999.03		68,493,633.33
Total	<u>4,832,768,261.83</u>	<u>15,842,999.03</u>		<u>4,848,611,260.86</u>

36. TREASURY STOCK

RMB

Items	Opening balance	Increase for the reporting period	Decrease for the reporting period (Note 1)	Closing balance
Share-based payment	32,096,200.00		1,992,200.00	30,104,000.00
Total	<u>32,096,200.00</u>		<u>1,992,200.00</u>	<u>30,104,000.00</u>

Note 1: On 25 May 2022, the Company achieved the condition to remove the sales restriction for the full amount of the 2020 Restricted A Share Incentive Scheme for the reporting period of the full unlocking reporting period, and the total share decreased by RMB1,992,200.00 accordingly.

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 that will not be reclassified in profit or loss after a date						-
II. Other comprehensive income that will be reclassified in profit or loss after a date	(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	<u>(7,613,180.72)</u>	<u>29,889,259.45</u>		<u>29,889,259.45</u>		<u>22,276,078.73</u>

38. SPECIAL RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safe deposit collection 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
Statutory reserve	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	Last period
Opening balance of the undistributed profit	6,194,759,167.82	4,449,556,361.77
Add: Net profit attributable to shareholders of the parent company in the current period	1,002,747,876.79	1,261,029,989.03
Less: Accumulated losses in the current period		
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

RMB

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

RMB

Contract classification	Total
By type of product	
PV glass	6,468,102,101.23
Floating 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 continental region (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 relevant 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 relevant product is transferred to the customer. The Group's revenue deals with

43. SELLING EXPENSES

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Amplifying fame charge	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 benefits	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

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

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47. OTHER REVENUE

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

48. INVESTMENT INCOME (LOSS)

	<i>RMB</i>	
Items	Amount for the period	Amount for the period
Income from long-term equity investment under the cost method	3,582,923.60	2,834,046.74
Investment income from structured wealth management	450,000.00	7,842,906.41
Derivative tool without 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		1,406,250.00
Total	<u>4,199,843.60</u>	<u>21,587,263.15</u>

49. GAINS AND LOSSES ARISING FROM CHANGES IN FAIR VALUE

	<i>RMB</i>	
	Amount for the period	Amount for the period
Derivative tool without 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	Amount for the period	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

RMB

Items	Amount for the period	Amount for the period
Inventories impairment loss	<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

RMB

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

RMB

Items	Amount for the period	Amount for the period	Non-operating income and expense in the current period
Government grant (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 detail of government grant included in current period financial statements, please refer to Note Government grant.

54. NON-OPERATING EXPENSES

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

55. INCOME TAX EXPENSES

Items	RMB	
	Amount for the period	Amount for the period
Current period income tax expense	148,981,006.01	174,526,224.63
Income tax made over (under) for the period	(34,612,628.52)	(3,163,584.23)
Deferred income tax expense	(19,717,419.82)	13,522,107.48
Total	<u>94,650,957.67</u>	<u>184,884,747.88</u>

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

RMB

Items	Amount for the period
Total profit	1,097,398,834.46
Income tax expense calculated at tax rate of 15%	164,609,825.15
Effect of subsidiary to adjust differential tax rate	12,564,367.57
Effect of non-deductible cost, expense and loss	2,629,649.13
Effect of non-taxable income	(367,398.64)
Effect on make-or-buy (refund) of the income tax for the period	(34,612,628.53)
Tax effect on tax incentive	(20,921,010.36)
Effect of the of deductible loss on the unrecognized deferred income tax asset	(1,335,061.98)
Effect of deductible temporary difference of deductible loss of unrecognized deferred tax asset in the period	3,950,073.84
Change in opening balance of deferred tax asset/liability due to the change in tax rate	-
Effect on research and development cost deduction	31,866,858.51
Income tax expense	<u>94,650,957.67</u>

56. ITEMS IN CASH FLOW STATEMENT

(1) Other cash received and related to operating activities

Items	<i>RMB</i>	
	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

Items	<i>RMB</i>	
	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	A	Amount in the	Amount in the
c	1	current period	last period
Receiv of e d ict ed moneta fund		-	30,120,339.59

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

	<i>RMB</i>	
Items	Amount in the current period	Amount in the last 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*

	<i>RMB</i>	
Items	Amount in the current period	Amount in the last period
Payment of restricted monetary fund	495,034,111.04	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

	Amount in the current period	Amount in the latest period
<i>RMB</i>		
<i>(1) Adjust net profit to cash flow from operating activities</i>		
Net profit	1,002,747,876.79	1,261,029,989.03
Add: Asset impairment provision	6,723,522.16	4,329,681.98
Credit impairment loss (gain)	28,631,879.47	(30,496,077.35)
Investment asset amortization	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 expense	1,261,756.85	1,145,392.36
Loss of disposal of fixed assets, intangible assets and other long-term assets (gain)	9,150,998.74	950,017.12
Fair value change loss (gain)	3,660,869.06	160,041.62
Financial expense	150,868,000.63	34,644,318.71
Investment 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 liabilities (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	<u>906,265,408.87</u>	<u>397,151,956.18</u>
<i>(2) Net changes in cash and cash equivalents</i>		
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	<u>1,143,094,691.88</u>	<u>1,043,934,262.56</u>

(2) *Component of cash and cash equivalents*

RMB

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

58. **ASSETS WITH RESTRICTED OWNERSHIP OR USE RIGHTS**

RMB

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

59. FOREIGN CURRENCY MONETARY ITEM

Items	Closing balance		
	Foreign currency balance	Translation exchange rate	RMB amounts
Cash at 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><u>542,646,885.89</u></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><u>583,855,140.92</u></u>
Other receivable			
Including: HKD	<u>3,970.00</u>	<u>0.8552</u>	<u>3,395.10</u>
Total			<u><u>3,395.10</u></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><u>21,734,016.77</u></u>
Borrowing			
Including: USD	<u>187,462,098.79</u>	<u>6.7114</u>	<u>1,258,133,129.80</u>
Total			<u><u>1,258,133,129.80</u></u>

60. GOVERNMENT GRANTS

<i>RMB</i>			
Items	Asset-related/ revenue-related	Listed items	Amount for the year
Subsidie for encouraging entrepreneurship to increase investment, granted by Fengang Company for collaborating new media to promote entrepreneurial information and upgrading and high-quality economic development	Asset	Deferred expense	41,204,800.00
Reward for dividend entrepreneurship to complete contribution, granted by Fengang Company for collaborating new media to promote entrepreneurial information and upgrading and high-quality economic development	Revenue	Other expense	21,302,900.00
Entrepreneurial subsidies for Industrial Internet Theme Entrepreneurial Information	Asset	Deferred expense	3,600,000.00
Fund from Jiaxing Economic and Information Bureau for local science and technology development granted by the central government in 2022	Revenue	Other expense	3,000,000.00

Items	Asset-related/ revenue-related	Listed items	Amount for the year
Distributed PV of the generation project grant	Revenue	Other revenue	2,503,473.27
Special incentive for accelerating the development of foreign trade enterprise	Revenue	Other revenue	2,099,000.00
Subsidy for promoting the development of the robot industry	Asset	Deferred revenue	1,000,000.00
Rebate for identification of municipal industry and information fund single champion building Economic and Information Belt in 2022	Revenue	Other revenue	750,000.00
Refund income from handling fee for individual income tax	Revenue	Other revenue	613,380.32
Subjective liability subsidy of the municipal science industry development and guidance fund	Revenue	Other revenue	519,000.00
Annual green manufacturing special fund project building Economic and Information Belt in 2021	Revenue	Other revenue	500,000.00
Subsidy in cash under the annual special treatment policy for enterprise	Revenue	Other revenue	400,000.00

Items	Asset-related/ revenue-related	Listed items	Amount for the year
Incubation and bidding of the annual high-tech zone science and technology policy at Jiaxing Xizhou High-tech Industrial Development Zone	Revenue	Other revenue	300,000.00
Subsidies for leading talent under Ten Thousand Talent Program for Tech Star of Jiaxing Economic and Information Belt	Revenue	Other revenue	200,000.00
Other	Revenue	Other revenue / non-operating revenue	2,752,135.20
Total			<u>80,744,688.79</u>
Including: Government subsidies 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	The basis of acquisition
						100% of the equity interest of the acquiree

On 9 November 2021, the Company received the Initial Letter on the Information Disclosure of the Reorganization Plan of Flat Glass Group Co., Ltd. (Shanghai Stock Exchange Official Letter [2021] No. 2868, hereinafter referred to as the Initial Letter) from the Shanghai Stock Exchange, details of which are set out in the Announcement of Flat Glass Group Co., Ltd. on Receiving the Initial 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 Related Announcement of Flat Glass Group Co., Ltd. to the Initial 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 announcement, 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 results. Pursuant to the 2020 audit report of the Company, the 2020 financial results of the target company as audited by Deloitte Touche Tohmatsu Certified Public Accountant LLP, Nanjing Branch and with reference to the final total 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 combining the relevant financial indicators of the target assets of this transaction with financial indicators of the Company, failing to meet the standard for major asset reorganization specified

The Company held the 15th meeting of the 11th session of the board of directors on 13 February 2022, during which it decided and approved the Resolution on the Acquisition not Constituting a Major Asset Reorganization and the Termination Procedure of the Major Asset Reorganization and the Resolution on the Company's Acquisition of 100% Equity of Anhui Dahua Oriental Mining Co., Ltd.* held by Anhui Fenghua Mining Group Co., Ltd.* and 100% Equity Interest of Anhui Sanli Mining Co., Ltd.*, according to which, the Company was approved to purchase 100% equity of Anhui Dahua Oriental Mining Co., Ltd.* (Dahua Mining) held by Anhui Fenghua Mining Group Co., Ltd. and 100% equity interest of Anhui Sanli Mining Co., Ltd.* bearing cash and undertaking liabilities, with a total transaction price of RMB3,343,947,600. For detail, please refer to the Announcement on the Acquisition of 100% Equity of Anhui Dahua Oriental Mining Co., Ltd. and 100% Equity of Anhui

Explanation on determination of fair value of cost of combination, contingent consideration and its change:

According to the Asset Appraisal Report on the Appraisal of the All Equity Value of Shareholder of Anhui Dahua Oriental Mining Co., Ltd. Included in the Pooled Equity Acquisition of Flat Glass Group Co., Ltd. (KunYuan Appraisal Report [2022] No. 24) and the Asset Appraisal Report on the Appraisal of the All Equity Value of Shareholder of Anhui Sanli Mining Co., Ltd. Included in the Pooled Equity Acquisition of Flat Glass Group Co., Ltd. (KunYuan Appraisal Report [2022] No. 25) issued by KunYuan 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 all parties, the transaction price of 100% equity of Dahua Mining amounted to RMB740 million, and the transaction price of 100% equity of Sanli Mining amounted to RMB2,065 million.

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

	Anhui Dahua Oriental Mining Co., Ltd.	
	Fair value on the acquisition date	Carrying amount on the acquisition date
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
Less: minority interest		
Net assets acquired	<u>742,738,418.94</u>	<u>61,075,871.30</u>

	Anhui Sanli Mining Co., Ltd.	
	Fair value on the acquisition date	Carrying amount on the acquisition date
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 assets	476,780.00	273,762.59
Intangible assets	2,233,872,400.00	286,380,097.05
Long-term deferred expenses		889,152.39
Liabilities:	430,977,301.9	433,178,932.65
Trade payable	16,495,150.06	16,495,150.06
Contract liabilities	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
Contract liabilities 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 assets acquired	<u>2,073,300,505.68</u>	<u>124,292,707.16</u>

Determination method of fair value of identifiable assets and liabilities

With a reference to the object, scope and information collected by the appraiser, it is determined to adopt the asset-based method and the income method to evaluate the value of all shareholders' equity of Dahua Mining and Sanli Mining, respectively. On the basis of the above appraisal, the conclusion of the asset-based method is determined as the appraisal conclusion of the appraisal object after full and comprehensive analysis of the appraisal elimination value conclusion according to the actual condition and comprehensive consideration of the rationality of different appraisal method and elimination 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 Flat Glass Co., Ltd.	Zhejiang	Zhejiang	Engaged in the manufacture and sale of architectural household glass products.	100		Establishment.
2	Zhejiang Jiafang Glass Co., Ltd.	Zhejiang	Zhejiang	Manufacture and sale of household glass.	100		Establishment.
2.1	Flat (Hong Kong) Investment Limited	Hong Kong	Hong Kong	Investment.		100	Establishment.
2.1.1	FLAT (AUSTRALIA) PTY LTD	Australia	Australia	Mining operation and sale of iron ore.		100	Establishment.
3	Shanghai Flat Glass Co., Ltd.	Shanghai	Shanghai	Architectural glass processing.	100		Establishment.
4	Anhui Flat Solar Glass Co., Ltd.	Anhui	Anhui	Manufacture, processing and sale of special glass.	100		Establishment.
4.1	Fenggang Flat National Gas Pipeline Co., Ltd.	Anhui	Anhui	Natural gas technology development and natural gas pipeline installation and sale.		100	Establishment.
4.2	Fenggang Flat New Energy Technology Co., Ltd.	Anhui	Anhui	Investment, construction, operation and maintenance of new energy plants.		100	Establishment.
4.3	Anhui Flat Supply Chain Management Co., LTD.	Anhui	Anhui	Supply chain management service.		100	Establishment.
5	Anhui Flat Solar Material Co., Ltd.	Anhui	Anhui	Mining operation and sale of iron ore.	100		Establishment.
6	Flat (Hong Kong) Limited	Hong Kong	Hong Kong	Glass E-commerce.	100		Establishment.

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. (Vie.nam) Com an Limi.ed	Vie.nam	Vie.nam	Man fac. e and ale of ho.o ola.ic gla	100		E tabli hmen.
6.1.1	Fla. (Vie.nam) Im o : and E o : T ade Limi.ed	Vie.nam	Vie.nam	Im o : and e o : : ade	100		E tabli hmen.
7	Jia ing Fla. N\$ Ene g Technolog Co., L.d.	Zhejiang	Zhejiang	In e tmen., con : ction, o e a ion and main.enance of n\$ ene g \$ e lan.	100		E tabli hmen.
8	Fla. (Jia ing) Im o : and E o : T ade Limi.ed	Zhejiang	Zhejiang	Im o : and e o : : ade	100		E tabli hmen.
9	Fla. (Nan.ong) Sola Gla Co., LTD	Jiang	Jiang	Man fac. e and ale of ho.o ola.ic gla	100		E tabli hmen.
10	Fla. (S ian) Sola Gla Co., LTD	Jiang	Jiang	Man fac. e and ale of ho.o ola.ic gla	100		E tabli hmen.
11	Shanghai Fla. Technolog De elo ment Co., LTD	Shanghai	Shanghai	Re ea ch and de elo ment and omo ion e ice fo n\$ mate ial and n\$ technologie	100		E tabli hmen.
12	Anh i Dah a O ien.al Mining Co., L.d.	Anh i	Anh i	Q a site mining and ale	100		Combina ion no. nde common con. ol
13	Anh i Sanli Mining Co., L.d.	Anh i	Anh i	Q a site mining and ale	100		Combina ion no. 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
Limited total number calculated by shareholding 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 liabilities 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 at bank and on hand, derivative financial assets, bill receivable, trade receivable, other receivable, derivative financial liabilities, bill payable and trade payable, and other receivable, lease liabilities and bonds. Detail of each financial instrument are set out below:

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

The risks related to financial instruments and the risk management policies for risk mitigation of the Group are stated as follows. The management of the Company will manage and evaluate the risks in order to ensure that the measures are taken as a prudent.

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 risks to a low level, and to maximize interest of shareholders and other stakeholders. Based on the objective, the basic strategy is to confirm and analyze all potential risks related to the Group, to set an 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 its 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 same managed and measured have not been changed compared to the previous year.

1.1.1. Foreign exchange risk

Foreign exchange risk refers to the risk of loss arising from the loss in the exchange rate. The operating economic environment of the Company and its major subsidiaries in China and Vietnam have functional currencies are RMB and VND. Some of the Group's transaction are settled in currencies other than functional currencies such as USD, EUR, JPY, HKD, GBP and AUD, and are subject to the exchange rate risk.

As at 30 June 2022, the Group's foreign currency assets and liabilities are not below. The foreign exchange risk arising from the assets and liabilities of the foreign currency balance (see Note Foreign Currency Item) mainly affect 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 closely monitors the change at the moment and form late relevant hedging policies to reduce foreign exchange risk. Foreign exchange fluctuations can be used to eliminate foreign exchange risk. For the year ended 30 June 2022, the Company entered into contracts in relation to foreign currency exchange of RMB24,726,840.00 (equivalent to USD3,684,304.32).

1.1.2. Interest rate risk

The Group is at risk to the change in cash flow of financial instrument arising from change in interest rate primarily related to floating rate 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 closely monitors interest rate risk. The Group's policy is to maintain the floating rate of the borrowing within an arrangement such as interest rate swap.

1.2 Credit risk

As at 30 June 2022, the maximum credit risk exposure that may cause the Group's credit loss is mainly due to the loss of the Group's financial assets caused by the failure of the other party to fulfill its obligation and the financial guarantee undertaken by the Group (including a available collateral or other credit enhancement), specifically: cash at bank and on hand, bill receivable, trade receivable, trade receivable financing, other receivable, etc., and derivative financial assets that are not included in the scope of impairment assessment, etc. At the balance sheet date, the carrying amount of the Group's financial assets have been entered into maximum credit risk exposure.

In order to reduce credit risk, the Group has established a team responsible for determining the credit limit and conducting credit appraisal. At the same time, the Group's other monitoring procedure to ensure that necessary measures are taken to reduce credit risk. In addition, the Group also ensures the recovery of financial assets on each balance sheet date to ensure that adequate credit loss provision is made for the relevant financial assets. As a result, the management of the Group believes that the credit risk assumed by the Group has been significantly reduced.

The Group's cash at bank and on hand are deposited in bank with higher credit rating, so cash at bank and on hand is subject to lower credit risk.

As at 30 June 2022, the Group's accounts receivable balance with the top five customers was 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 maintain and monitor the cash and cash equivalents that the management consider adequate to meet the Group's operational need and mitigate the impact of fluctuation in cash flows. The management of the Group closely monitor the liquidity situation and expect to have sufficient source of financing to finance the Group's operation. The management of the Group believe 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) to its related parties to settle the accounts payable; discounted bill receivable of RMB157,656,990.53 (At the end of last year: RMB154,836,626.87) to bank to obtain cash funds. The Group believe that the risk and reward of the financial assets of such endorsed or discounted bill receivable have been substantially transferred to the related or discounting bank, therefore derecognized such endorsed or discounted bill receivable. If the acceptor can't cash such note, according to relevant laws and regulation of China, the Group is held joint liability for such bill receivable. The Group believe that at the acceptor is of good estimation, the elimination risk of the acceptor's failure to cash the note is on materiality. At the end of the period, if the acceptor fail to cash such note on materiality, i.e. the Group's maximum exposure to loss is equivalent to the amount that the Group hold at the related or discounting bank in respect of such endorsed or discounted note. For all the bill receivable endorsed to related or discounted to bank, the maturity is within 1 year after the end of reporting year.

At the end of the period, the Group endorsed the amount entered under bill receivable of RMB1,209,023,929.58 (At the end of last year: RMB662,916,166.12) to its subsidiaries to settle the accounts payable, and discounted bill receivable of RMB15,547,866.84 (At the end of last year: RMB6,790,000.00) to bank to obtain cash funds. The Group believes that it retains substantially all risk and reward of the ¥ net liability of such endorsed or discounted bill receivable (including elements of default), therefore continues to recognize such endorsed or discounted bill receivable as well as the carrying amount of related accounts payable that have been settled. After the endorsement or discounting of bill receivable, the Group does not retain an right to the such endorsed or discounted note, including selling, transferring or pledging such endorsed or discounted note to any third party.

3. CAPITAL MANAGEMENT

The Group manages capital by optimizing the structure of liabilities and shareholder's equity to ensure that entities within the Group maintain operation while maximizing shareholder return.

The capital structure of the Group consists of the Group's net debt and shareholder's equity.

The Group is not subject to external mandatory capital management requirements.

The Group manages and adjusts the capital structure based on change in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend to shareholders to obtain additional capital from shareholders. The Group has not made an adjustment to 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

RMB

Items	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value				
(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
Total assets that continue to be measured at fair value		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 reflects its market value in the market, which fair value is quoted 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 in t al e
De i ai e financial a et fo¥ a d fo eign e change cont act	76,558.35	Di co nted ca h flo¥ method	Fo¥ a d e change a e, di co n. a e
T ading financial a et Fo eign e change o tion cont act	3,521,571.71	Di co nted ca h flo¥ method	Fo¥ a d e change a e, di co n. a e

(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
T ading financial a et bank¥ eal h management od ct	700,000,000.00	Di co nted ca h flo¥ method	Fo¥ a d e change a e, di co n. a e	3.70%
Financing ecei able	700,000,000.00	Di co nted ca h flo¥ method	Fo¥ a d e change iTabic	

10. RELATED PARTIES AND RELATED PARTY TRANSACTION

1. THE GROUP'S SUBSIDIARIES

Please refer to "Interim 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 actual controllers of the Company
Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	Controlled by one of the actual controllers of the Company

4. RELATED PARTY TRANSACTIONS

(1) Accepting labor service and purchasing products

<i>RMB</i>			
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. Therefore, the increased amount of related transaction during the last statistical period represents the amount of transaction that occurred after Jiaxing Gas became an associate of the Group until the end of the last period.

(2) Related lease

<i>RMB</i>			
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)	House 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

<i>RMB0'000</i>			
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

RMB

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
Other receivables	Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	-	412,844.04
Other receivables	Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	4,427,279.35	
		<u>4,427,279.35</u>	<u>2,756,312.87</u>

(2) Payables

RMB

Items	Related parties	Closing balance	Opening balance
Trade payable	Jiaxing Kaihong Flat 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	
		<u>44,831,804.59</u>	<u>28,622,924.34</u>

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

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

The Company held the 23rd meeting of the 11th session of the board of directors and the 20th meeting of the 11th session of the board of supervisors on 1 June 2022 to review and approve the Resolution About the First Grant of the 2020 Restricted A Share Incentive Scheme for the Restricted Part 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 140,000 restricted shares that met the condition for lifting the restriction during the first lock-up period. The lifting of restriction on sale has been authorized by the Company's 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020.

Unit: Share

	2020 A-Share Restricted Share Incentive Scheme	2021 Share Option Incentive Scheme
Total restricted share outstanding at the beginning of the period	140,000	1,000,000

2. Equity settled share-based payments

RMB

	Restricted A Share Incentive Scheme for 2020	Share option incentive scheme 2021
Method for determining the fair value at the grant date	Open market quotation of the grant date	Black-Schole Model

13. OTHER SIGNIFICANT MATTERS

1. SEGMENT REPORT

(1) Basis and account policy of segment report

According to the internal organizational structure, management system 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 architectural glass segment, float glass segment and mining products segment. The reporting segments are based on product categories. The main products provided by each of the Group's reporting segments are PV glass, household glass, a architectural glass, float glass and mining products. The management of the Group regularly evaluate the operating results of the segments to determine the resources to be allocated to them and to evaluate their performance. The evaluation does not include the results of the assets and liabilities of the operating segments.

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards 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

	Amount in the current period							Total
	PV glass	Household glass	Architecture glass	Float glass	Mining products	Other business	Mutual offset among segments	
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 operating income	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
Less: Tax and charge								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: Interest expense								120,102,101.64
Income tax expense								25,481,363.85
Add: Other income								40,868,360.92
Investment income								4,199,843.60
Profit (loss)								

14. NOTES TO THE STATEMENTS OF THE PARENT COMPANY

1. TRADE RECEIVABLE

(1) *Disclosed by the aging*

	<i>RMB</i>
Aging	Closing balance
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>

Classification	Book balance		Opening balance		Book balance
	Amount	Percentage (%)	Bad debt provision		
			Amount	Percentage (%)	
Bad debt provision portfolio					
Including:					
Loan	163,791,056.47	44.02			163,791,056.47
Normal	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
Lo	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 portfolio

RMB

Name	Trade receivables	Closing balance	
		Bad debt provision	Provision percentage (%)
Loan	260,082,532.32	—	—
Normal	654,902,993.87	11,526,292.69	1.76
Concealed	53,921,147.75	20,307,227.08	37.66
Lo	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*

RMB

Classification	Opening balance	Change of amount in the reporting period		Closing balance
		Provision	Reversal	
Bad debt provision	<u>24,501,517.09</u>	<u>9,304,804.67</u>		<u>33,806,321.76</u>
Total	<u>24,501,517.09</u>	<u>9,304,804.67</u>		<u>33,806,321.76</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 amounted to RMB589,618,034.52 (as at the end of the reporting period: RMB209,629,403.13), accounting for 60.73% (as 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 amounted to RMB7,589,373.89 (as at the end of the reporting period: RMB1,644,474.68).

2. OTHER RECEIVABLES

RMB

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

Dividend receivables

Items (Invested unit)	Closing balance	Opening balance
Zhejiang Jiaflat 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) Other receivable classified by nature

Nature	Closing book balance	Opening book balance
Amount due from subsidiaries	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
Debit	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 to finance receivable ¥ in the closing balance classified by the book type

		RMB	
Name	Amount nature	Closing balance	Percentage in the total Closing balance of other receivable (%)
First	Contract account of related party	1,102,544,013.65	69.17
Second	Contract account of related party	489,318,000.00	30.70
Third	Contract account of related party	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 subsidiary	4,148,137,343.00	1,343,137,343.00	
Investment in joint venture and associate	9,215,647.72	6,921,828.12	
Total	<u>4,157,352,990.72</u>	<u>1,350,059,171.12</u>	

(1) *Investment in subsidiary*

Invested unit	<i>RMB</i>			Closing balance
	Opening balance	Increased amount in the concern period	Decreased amount in the concern period	
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
Jiaxing Flat New Energy Technology Co., Ltd.	10,000,000.00			10,000,000.00
Flat (Jiaxing) Import and Export Trade Limited	7,000,000.00			7,000,000.00
Flat (Suzhou) Solar Glass Co., Ltd.				-
Flat (Nantong) Solar Glass Co., Ltd.				-
Shanghai Flat Technology Development Co., Ltd.				-
Anhui Dahua Oriental 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	Investment	Closing balance
		gain and loss recognized under the cost method	
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	2,108,235,900.68	1,720,656,556.48	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
Float gla	171,041,246.98
Household gla	96,298,432.07
Architectural gla	319,793,188.60
Other	-
Income from other business	<u>255,958,513.04</u>

5. INVESTMENT INCOME

RMB

Items	Amount for the Period	Amount for the Period
Income from long-term investments under the cost method	<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 adopted in accordance with the relevant provision of Public Issuance 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-recurring item	<u>7.87</u>	<u>0.46</u>	<u>0.42</u>