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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 2021**

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 2021. This announcement containing the full text of the 2021 Interim Report of the Company, which 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 preliminary announcement of interim results.

PUBLICATION OF 2021 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.flatgroup.com), and the 2021 Interim Report of the Company containing all the information required by the Listing Rules will be despatched to shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

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

Jiaxing, Zhejiang Province, The People's Republic of China, 9 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Mr. Wei Yezhong and Mr. Shen Qifu, and the independent non-executive directors of the Company are Ms. Xu Pan, Ms. Hua Fulan and Ms. Ng Yau Kuen Carmen.



FGG 福萊特玻璃集團股份有限公司
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INTERIM REPORT

2021

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Corporate Information

DIRECTORS

Executive directors

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

Independent non-executive directors

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

SUPERVISORS

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

AUDIT COMMITTEE

Ms. Xu Pan *(Chairman)*
Ms. Hua Fulan
Ms. Ng Yau Kuen Carmen

REMUNERATION COMMITTEE

Ms. Xu Pan *(Chairman)*
Mr. Ruan Hongliang
Ms. Hua Fulan

NOMINATION COMMITTEE

Ms. Xu Pan *(Chairman)*
Mr. Ruan Hongliang
Ms. Hua Fulan

STRATEGIC DEVELOPMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Wei Yezhong
Ms. Xu Pan

RISK MANAGEMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Ms. Jiang Jinhua
Ms. Hua Fulan

COMPANY SECRETARY

Ms. Ruan Zeyun

AUTHORISED REPRESENTATIVES

Mr. Ruan Hongliang
Ms. Ruan Zeyun

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6, 11/F, Prosperity Place
6 Shing Yip Street, Kwun Tong
Kowloon
Hong Kong

CORPORATE WEBSITE

www.flatgroup.com.cn

LEGAL ADVISERS AS TO HONG KONG LAW

Morgan, Lewis & Bockius

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

PRINCIPAL BANKERS

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

H SHARE REGISTRAR

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

Financial Summary

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Operating revenue	4,028,022	2,496,204
Cost of sales	2,092,826	1,544,251
Gross profit	1,935,196	951,953
Total profit	1,445,915	565,333
Income tax expense	184,885	104,526
Net profit	<u>1,261,030</u>	<u>460,806</u>

	As at	As at
	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets	9,104,169	6,696,524
Current assets	8,096,393	5,569,277
Current liabilities	4,676,422	3,330,801
Net current (liabilities) assets	3,419,971	2,238,476
Total assets less current liabilities	12,524,140	8,935,000
Net assets	10,908,892	7,234,743
Share capital	536,723	510,312
Reserves	10,372,169	6,724,431
Total equity	<u>10,908,892</u>	<u>7,234,743</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 sales of various glass products, including PV glass, float glass, architectural glass and household glass. The production facilities of the Group are strategically located in Jiaxing, Zhejiang Province, and Fengyang County, Chuzhou, Anhui Province in the PRC and Haiphong, Vietnam. The Group mainly sells glass products to customers in countries including China, Vietnam, Singapore, Korea, Japan, Malaysia, India, Germany, Canada, Turkey and the United States.

1. Domestic expansion in Anhui Province, the PRC

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

In addition, other than the expansion plan as disclosed above, other projects under construction of the Group are progressed steadily as a result of the boom of PV industry as a whole and improving differentiated needs of downstream customers for large-size and thin glass.

2. Overseas expansion in Haiphong Vietnam

Two PV glass furnaces with a daily melting capacity of 1,000 tons in the PV glass production base in Haiphong, Vietnam were ignited and put into production at the end of 2020 and in the first quarter of 2021, respectively.

3. 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 furnaces at Jiaxing Production base, Zhejiang Province, the PRC with a daily melting capacity 600-ton in the second quarter of 2021.

4. Update on issuance of new H shares

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

5. Update on A Share Convertible Bonds issuance

On 16 June 2021, the Company announced the plan to issue A share convertible bonds in the PRC for a total amount of not more than RMB4,000 million (“A Share Convertible Bonds”) which are convertible into new A shares of the Company (“A Shares”). The proposal in relation to the public issuance of A Share Convertible Bonds is required to be submitted to the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H shareholders class meeting of the Company for approval.

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

On 25 May 2021, the Company announced the reserved grant of 700,000 shares of restricted A shares to three participants at a grant price of RMB14.23 per share. On 5 July 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP examined the reserved grant of restricted A shares actually paid by the participants and issued the Capital Verification Report (Yan) Zi (21) No.00428. As at 25 June 2021, the Company received a total of RMB9,961,000 in cash from three participants for subscription of 700,000 shares of RMB Ordinary Shares (A Shares). The procedures for registration and custody at China Securities Depository and Clearing Corporation Limited Shanghai Branch of the additional restricted A Shares of the Company issued under the reserved grant of the restricted A share incentive scheme were completed on 20 July 2021.

INDUSTRY OVERVIEW

Domestic demand was lower than expected, but favorable policies promoted the development of the industry

In the first half of 2021, due to the continuous price rise of bulk commodities, the increase of logistics costs and the mismatch of production capacity in the photovoltaic industry chain, the price of PV modules increased rapidly, which affected the market development of China's photovoltaic industry to a certain extent. According to the statistics from China Photovoltaic Industry Association, additional installation capacity in January to June this year amounted to 14.1GW, representing a year-on-year increase of 22.6%, of which the capacity of centralized PV power station amounted to approximately 5.3GW, representing a year-on-year decrease of 24.2%, reflecting a rate of domestic development was lower than expected.

2021 is the first year for moving ahead to General Secretary Xi's goal of "we aim to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060". Since then, the development of photovoltaic industry has got rid of the dependence on financial subsidies, achieving market-oriented development, and the industry supporting policies have been continuously improved. On 20 May 2021, the National Energy Administration issued the Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (《關於2021年風電、光伏發電開發建設有關事項的通知》) which stipulates the requirement for strengthening the weight guidance mechanism of renewable energy power consumption responsibility, establishing multiple grid connection guarantee mechanisms such as guaranteed grid connection and market-oriented grid connection, and accelerating the construction of stock projects. On 11 June 2021, the National Development and Reform Commission issued the Notice on Matters Relevant to the 2021 Feed-In-Tariff Policy for New Energy (《關於2021年新能源上網電價政策有關事項的通知》), which proposes that the Central Treasury will no longer subsidize the newly filed centralized PV power plants, commercial and industrial distributed PV and newly approved onshore wind power projects, and the feed-in-tariff will be implemented according to the local benchmark price of coal-fired power generation and can be formed voluntarily by participating in market-oriented transactions. On 20 June 2021, the National Energy Administration issued the Notice on Submitting the County (City, District) Roof Distributed PV Development Pilot Scheme (《關於報送整縣(市、區)屋頂分散式光伏開發試點方案的通知》) to promote the pilot county (city, district) distributed PV projects throughout the country. With the advancement of multiple policies, the domestic installation capacity in June 2021 has been improved, with an additional installation capacity of 3.2GW this month, including household installation capacity of 1.7GW, representing an increase of 12% month on month.

The demand in overseas is booming as a whole

Overseas demand has maintained a booming trend since the beginning of 2021. According to the statistics of the net zero emission tracking table of the Energy & Climate Intelligence Unit in the UK, as of June 2021, more than 130 countries and regions around the world have proposed the climate goal of “zero carbon” or “carbon neutrality”. On 19 February 2021, the United States officially returned to be the party to the Paris Agreement on climate change, further accelerating the process of carbon neutralization in the world.

PV power generation is one of the major forms of renewable energy. With the continuous reduction of the cost of PV power generation, the overseas photovoltaic market is developing rapidly with a strong demand. According to the statistics from China Photovoltaic Industry Association, in the first half of 2021, the export of domestic PV products in January to May was approximately US\$9.86 billion, representing a year-on-year increase of 35.6%; while the export of PV modules was 36.9GW, with a year-on-year increase of 35.1%, of which India witnessed a continuous growth than expected, and the installation capacity in the first half of the year was close to 5GW. The installation capacity in the United States showed a significant growth, with a cumulative installation capacity from January to May exceeding 10GW, representing a year-on-year increase of 40%.

Business outlook and prospects

Looking ahead into the second half of 2021, with the decline of the price of the photovoltaic industry chain, the support from domestic favorable policies and the recovery of the global economy, the demand of the domestic end market is gradually improving, and the demand of the overseas market continues to be strong. Under the goal of carbon neutrality, the global PV power generation application market will continue to achieve robust growth in 2021.

In terms of the Company’s PV glass business, the rapid rise in the prices of bulk commodities, polysilicon and other raw materials and international sea freight in the first half of 2021 promoted the increase in the price of PV modules, resulting in the weak demand in the PV power generation end market; meanwhile, the price of PV glass has reduced significantly since March 2021, due to new production capacity in the PV glass industry was released in the fourth quarter of 2020 and the first half of 2021. The decline in the price of photovoltaic glass is bound to affect the profitability of the Company’s solar glass business segment, especially in the second quarter of 2021.

However, the adjustment to the price PV glass has promoted rapidly-increasing demand of downstream photovoltaic module enterprises for large-sized and thin PV glass products. Therefore, through the optimization the product structure, the Company invests more in the market promotion of the Company's large-sized and thin PV glass products and improves the business performance. At the same time, the Company will speed up the production of new PV glass production lines and the upgrading of existing PV glass production lines and raise the production proportion of thin glass and large-sized glass, so as to ensure the sustainable development ability and competitiveness of the Company in the global PV glass market.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the amounts of operating revenue and net profit of the Group were RMB4,028.0 million and RMB1,261.0 million, respectively, which increased by 61.37% and 173.65% respectively, as compared to the same period of 2020 of RMB2,496.2 million and RMB460.8 million.

Revenue

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

Product type	Six months ended 30 June 2021		Six months ended 30 June 2020	
	RMB'000	(%)	RMB'000	(%)
PV glass	3,324,923	82.54%	2,128,414	85.27%
Float glass	179,987	4.47%	4,514	0.18%
Household glass	178,247	4.43%	125,017	5.01%
Architectural glass	304,212	7.55%	183,942	7.37%
Mineral products	18,669	0.46%	38,149	1.53%
Other business ⁽¹⁾	21,984	0.55%	16,168	0.64%
Total	4,028,022	100.0%	2,496,204	100.0%

Note:

(1) Other business refers to rental income and disposal income of waste material.

Location	Six months ended 30 June 2021 RMB'000	Six months ended 30 June 2020 RMB'000
PRC	2,739,991	1,609,232
Other overseas countries		
Other countries in Asia (exclude PRC)	982,573	669,513
Europe	84,797	73,761
North America	212,166	131,289
Others	8,496	12,409
Total	<u>4,028,022</u>	<u>2,496,204</u>

For the six months ended 30 June 2021, the revenue of sales of the Group amounted to RMB4,028.0 million, increased by 61.37% as compared with the same period of 2020. Among them, the revenue of PV glass for the current period increased by 56.22% as compared with the previous period, mainly due to two aspects: (1) benefited from the expansion of production capacity and increased demand for bi-facial dual-glass module, the sales volume of PV glass as the major product of the Company increased as compared with the same period of last year; (2) although the price of PV glass declined in the second quarter of 2021, the average price was higher than the same period of last year. The revenue of float glass for the current period increased by 3,887.31% compared with the same period of previous year, mainly due to two aspects: (1) the decrease of production and sales volume of float glass in the same period of 2020 as a result of the cold repair for a daily melting capacity of 600-ton float glass furnace at the end of 2019; (2) the increase of production and sales volume of float glass in 2021 as a result of the furnace which has undergone cold repair was ignited and put into production in August 2020, as well as a rise in selling price as compare to the same period of last year. The revenue of household glass and architectural glass for the current period increased by 42.58% and 65.38%, respectively, as compared with the same period of last year, mainly due to two aspects: (1) lower revenue for the same period of 2020 as a result of the epidemic; (2) the increase in sales volume and selling price in the first half of 2021 as compared with the same period of last year.

Cost of sales

The cost of sales of the Group increased by 35.52% from RMB1,544.3 million for same period of previous year to RMB2,092.8 million for the six months ended 30 June 2021. The increase in cost of sales was primarily due to the increase in sales volume of PV glass and the rise in unit costs.

Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2021 was RMB1,935.2 million, representing an increase of 103.28% from RMB952.0 million in the same period of last year.

The gross profit margin of the Group for the six months ended 30 June 2021 was 48.04%, representing an increase of 9.9 percentage points from the gross profit margin of 38.14% in the same period of last year.

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

Production type	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Gross profit RMB'000	Gross profit margin (%)	Gross profit RMB'000	Gross profit margin (%)
PV glass	1,671,940	50.29	852,365	40.05
Float glass	74,964	41.65	333	7.38
Household glass	62,936	35.31	28,039	22.43
Architectural glass	98,347	32.33	35,190	19.13
Mineral products	10,438	55.91	22,036	57.76
Other business	16,573	75.39	13,991	86.54
Total	<u>1,935,198</u>	<u>48.04</u>	<u>951,954</u>	<u>38.14</u>

Sales expenses

For the six months ended 30 June 2021, the sales expenses amounted to RMB208.8 million, representing an increase of 53.19% from RMB136.3 million for the six months ended 30 June 2020. The increase was mainly due to two aspects: (1) the increase in sales volume of PV glass in the first half of 2021 as compared with the same period of 2020; (2) the increase of domestic and foreign freight unit price.

Administrative expenses

For the six months ended 30 June 2021, the administrative expenses of the Group was RMB107.1 million, representing an increase of 90.2% from RMB56.3 million for the six months ended 30 June 2020. The increase was mainly due to the increase in remuneration and benefits as a result of the increase in the number of employees of the Group as well as the increase in the management expenses recognized in respect of the share incentive.

Research and development costs

For the six months ended 30 June 2021, the research and development costs of the Group was RMB200.0 million, representing an increase of 100.40% from RMB99.8 million for the six months ended 30 June 2020. The increase was mainly due to the increase of research and development projects, including the research and development of process technology of the light transmission rate for ultra-thin glass, large-sized glass and remaining competitive in the market.

Financial costs

For the six months ended 30 June 2021, the financial costs of the Group amounted to RMB13.7 million, representing a decrease of 67.69% from RMB42.4 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease in interest rate on borrowings and the increase in interest income.

Income tax expense

For the six months ended 30 June 2021, the income tax expenses of the Group amounted to RMB184.9 million, representing an increase of 76.94% from RMB104.5 million for the six months ended 30 June 2020, which was mainly due to the increase in profits before tax. In addition, the actual tax rate decreased from 18.49% for the six months ended 30 June 2020 to 12.78% in the same period of 2021, which was mainly due to the application of 15% income tax rate by Anhui Flat Solar Glass Co., Ltd , a major subsidiary of the Group, as a result of obtaining the “High-tech Enterprise Certificate” in August 2020.

EBITDA and net profit

For the six months ended 30 June 2021, the EBITDA of the Group (earnings before interests, taxes, depreciation and amortization) increased by RMB890.1 million from RMB804.6 million for the six months ended 30 June 2020 to RMB1,694.7 million. The Group’s EBITDA margin was 42.07% for the six months ended 30 June 2021 as compared with 32.23% for the same period of 2020.

For the six months ended 30 June 2021, the net profit increased by RMB800.2 million from RMB460.8 million for the same period of 2020 to RMB1,261.0 million.

Assets and equity

As at 30 June 2021, the total assets amounted to RMB17,200.6 million, which increased by RMB4,934.8 million, or 40.23% from RMB12,265.8 million as at 31 December 2020. It was mainly due to the proceeds for the non-public issuance of A shares was available and the increase in undistributed profit. As at 30 June 2021, the total equity amounted to RMB10,908.9 million, which increased by RMB3,674.2 million, or 50.79% from RMB7,234.7 million as at 31 December 2020.

Financial resources and liquidity

As at 30 June 2021, the current ratio was 1.73 as compared with 1.67 as at 31 December 2020.

For the six months ended 30 June 2021, the Group's main sources of funding were cash from operating activities, proceeds for the non-public issuance of A shares and bank borrowings.

Asset-liability ratio

As at 30 June 2021, the Group's asset-liability ratio (asset-liability ratio equals to total debt divided by total asset as of the end of the year or period multiplied by 100%) was 36.58%, decreased by 4.44 percentage as compared to 41.02% as at 31 December 2020.

Capital commitment

For the six months ended 30 June 2021, the capital commitment of the Group was RMB4,395.4 million, mainly arising from the construction of the PV production bases in Jiaxing, Zhejiang Province, and Anhui Province, the PRC and Haiphong, Vietnam.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total of 4,860 employees and most of them were based in the PRC, with a total employee remuneration amounting to RMB230.7 million for the six months ended 30 June 2021, representing 5.73% of the Group's operating revenue for the same period.

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

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

CREDIT RISK AND FOREIGN EXCHANGE RISK

Transactions of the Group are mainly settled in RMB, United States dollars, Hong Kong dollars, Vietnam Dong and Japanese yen, whereas, the Group's operating activities are mainly located in the PRC. Bank financing of the Group was settled in RMB and United States dollars for the six months ended 30 June 2021 with annual interest rates ranging from 1.05% to 3.90%. As the Group's trading currency of global certain sales, procurement and financing are not in the RMB but in foreign currencies, the Group is exposed to foreign exchange risk. For the six months ended 30 June 2021, such risks did not have any material impact on the financial performance of the Group.

Furthermore, the Group monitors the interest rate risk, in particular from the variable-rate borrowings with DBS Bank (Hong Kong) Limited of US\$180 million. The Group will closely monitor interest rate risk exposures and purchase appropriate interest rate swap contracts in due course to mitigate risk exposures.

CAPITAL STRUCTURE

As at 30 June 2021, the Company issued a total of 2,146,193,254 shares, of which 1,696,193,254 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 as 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 2021 to 30 June 2021 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 position. 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 operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Board considers that Mr. Ruan is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Company and the shareholders as a whole.

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors of the Company. Directors and supervisors of the Company are reminded of their obligations 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 required standard set out in the Model Code throughout the period from 1 January 2021 to 30 June 2021.

Interests and Short Positions of Directors, Supervisors and Chief Executives

As at 30 June 2021, the interests and short positions of Directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short position which the Directors or the chief executive were taken or deemed to have under such provisions) 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⁾	1,118,772,000	A shares	Beneficial owner and parties acting in concert	65.96%	52.13%
	1,319,000	H shares	Beneficial owner and parties acting in concert	0.29%	0.06%
Ms. Jiang Jinhua ⁽³⁾	1,118,772,000	A shares	Beneficial owner and parties acting in concert	65.96%	52.13%
	1,319,000	H shares	Beneficial owner and parties acting in concert	0.29%	0.06%
Mr. Wei Yezhong	6,600,600(L)	A shares	Beneficial owner	0.39%	0.31%
	9,000,000(S)	A shares	Beneficial owner	0.53%	0.42%
Mr. Shen Qifu	10,400,400	A shares	Beneficial owner	0.61%	0.48%
Supervisors					
Mr. Zheng Wenrong	46,801,800	A shares	Beneficial owner	2.76%	2.18%
Mr. Shen Fuquan	31,201,200	A shares	Beneficial owner	1.84%	1.45%
Mr. Zhu Quanming	17,701,200(L)	A shares	Beneficial owner	1.04%	0.82%
	13,500,000(S)	A shares	Beneficial owner	0.80%	0.63%

Notes:

- (1) The calculation is based on the total number of 1,696,193,254 A shares or 450,000,000 H shares of the Company in issue as at 30 June 2021.
- (2) The calculation is based on the total number of 1,696,193,254 A shares and the total number of 450,000,000 H shares (i.e. a total of 2,146,193,254 shares) in issue as at 30 June 2021.
- (3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. Mr. Ruan Hongliang owns 439,358,400 A shares and 485,000 H shares. Ms. Jiang Jinhua owns 324,081,600 A shares and 111,000 H shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A shares and 723,000 H shares. Mr. Zhao Xiaofei owns 4,800,000 A shares. In addition, pursuant to a concert party agreement dated 19 September 2016 entered into between Mr. Ruan Hongliang (“Mr. Ruan”), Ms. Jiang Jinhua (“Ms. Jiang”), Ms. Ruan Zeyun (“Ms. Ruan”) and Mr. Zhao Xiaofei (“Mr. Zhao”), each of Mr. Ruan, Ms. Jiang, Ms. Ruan and Mr. Zhao is considered to be interested in 1,118,772,000 A shares and 1,319,000 H shares under the SFO.

Save as disclosed above, as at 30 June 2021, to the knowledge of the Company, none of the Directors, supervisors and the chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the shares or the underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial shareholders

As at 30 June 2021, the persons or corporations who has an interest or short position in the shares, underlying shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholder	Number of shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Ms. Ruan Zeyun ⁽³⁾	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	65.96%	52.13%
	1,319,000	H Shares		0.29%	0.06%
Mr. Zhao Xiaofei ⁽³⁾	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	65.96%	52.13%
	1,319,000	H Shares		0.29%	0.06%
JPMorgan Chase & Co. ⁽⁴⁾	36,930,074(L)	H Shares	Interest of controlled	8.20%(L)	1.72%(L)
	11,681,330(S)		corporation, investment	2.59%(S)	0.54%(S)
	1,218,449(P)		manager, security interest in shares and approved lending agent	0.27%(P)	0.06%(P)
Pacific Asset Management Co., Ltd.	31,525,000(L)	H Shares	Investment manager	7.01%(L)	1.47%(L)
Morgan Stanley ⁽⁵⁾	28,799,505(L)	H Shares	Interest of controlled	6.39%(L)	1.34%(L)
	30,422,122(S)		corporation	6.76%(S)	1.42%(S)
BlackRock, Inc. ⁽⁶⁾	27,800,487(L)	H Shares	Interest of controlled	6.18%(L)	1.30%(L)
	185,000(S)		corporation	0.04%(S)	0.01%(S)
Citigroup Inc. ⁽⁷⁾	27,104,440(L)	H Shares	Interest of controlled	6.02%(L)	1.26%(L)
	8,077,426(S)		corporation and	1.79%(S)	0.38%(S)
	19,939,352(P)		approved lending agent	4.43%(P)	0.93%(P)
Shanghai Greenwoods Asset Management Company Limited ⁽⁸⁾	27,042,000(L)	H Shares	Investment manager	6.01%(L)	1.26%(L)
Xizang Jingning Corporate Management Company Limited ⁽⁸⁾	27,042,000(L)	H Shares	Interest of controlled corporation	6.01%(L)	1.26%(L)

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⁾
Newton Investment Management Limited	26,174,000(L)	H Shares	Investment manager	5.82%(L)	1.22%(L)
The Bank of New York Mellon Corporation ⁽⁹⁾	25,448,785(L)	H Shares	Interest of controlled corporation	5.66%(L)	1.19%(L)
	23,134,857(P)			5.14%(P)	1.08%(P)
CICC Pucheng Investment Co., Ltd.	23,870,000(L)	H Shares	Beneficial interest	5.30%(L)	1.11%(L)
China International Capital Corporation Limited ⁽¹⁰⁾	22,573,000(L)	H Shares	Interest of controlled corporation	5.02%(L)	1.05%(L)

Notes:

- (1) The calculation is based on the total number of 1,696,193,254 A shares or 450,000,000 H shares of the Company in issue as at 30 June 2021.
- (2) The calculation is based on the total number of 1,696,193,254 A shares and the total number of 450,000,000 H shares (i.e. a total of 2,146,193,254 shares) in issue as at 30 June 2021.
- (3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. Mr. Ruan Hongliang owns 439,358,400 A shares and 485,000 H shares. Ms. Jiang Jinhua owns 324,081,600 A shares and 111,000 H shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A shares and 723,000 H shares. Mr. Zhao Xiaofei owns 4,800,000 A shares. In addition, pursuant to a concert party agreement dated 19 September 2016 entered into between Mr. Ruan Hongliang (“Mr. Ruan”), Ms. Jiang Jinhua (“Ms. Jiang”), Ms. Ruan Zeyun (“Ms. Ruan”) and Mr. Zhao Xiaofei (“Mr. Zhao”), each of Mr. Ruan, Ms. Jiang, Ms. Ruan and Mr. Zhao is considered to be interested in 1,118,772,000 A shares and 1,319,000 H shares under the SFO.
- (4) JPMorgan Chase & Co. held relevant interests and short positions through a series of its controlled corporations, including holding of certain listed derivatives (cash settlement: 16,600 shares (short positions) and unlisted derivatives (physical settlement: 1,571,472 shares (short positions); cash settlement : 3,566,000 shares (long positions) and 235,000 shares (short positions)).
- (5) Morgan Stanley indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (physical settlement: 251,442 shares (short positions); cash settlement: 9,886,210 shares (long positions) and 504,610 shares (short positions)).
- (6) BlackRock, Inc. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 54,000 shares (short positions)).

- (7) Citigroup Inc. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 718,924 shares (long positions) and 1,043,000 shares(short positions)).
- (8) Xizang Jingning Corporate Management Company Limited held 100% equity interest in Shanghai Greenwoods Asset Management Company Limited.
- (9) The Bank of New York Mellon Corporation held 100% equity interest in The Bank of New York Mellon 100%.
- (10) China International Capital Corporation Limited indirectly held relevant interests through a series of its controlled corporations.

Save as disclosed above, as at 30 June 2021, so far as is known to the Directors, there is no other person (other than the Directors or supervisors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

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

1. *Non-public Issuance of A Shares*

In order to meet the development needs of the Company, enhance the Company's core competitiveness, enhance sustainable profitability, and safeguard the interests of minority shareholders of the Company, on 12 June 2020 and 15 July 2020, the Board approved the proposed non-public issuance of A shares and its revised version which was also approved by shareholders at the 2020 first extraordinary general meeting, the 2020 second A share class meeting and the 2020 second H share class meeting held on 10 August 2020. On 12 October 2020, the Issuance Approval Committee of the CSRC conducted a review of the Company's application for non-public issuance of A shares. Pursuant to the results of the review, the Company's application for non-public issuance of A shares was approved.

The shares to be issued under the non-public issuance are RMB denominated ordinary Shares (A Shares) with a nominal value of RMB0.25 each, which will be listed on the Shanghai Stock Exchange. On 18 January 2021, the Company completed the non-public issuance of A shares with the issuance of 84,545,147 A Shares in total at issue price of RMB29.57 per share. The total proceeds from the non-public issuance of A shares is RMB2,499,999,996.79. After deducting the underwriting fee and other issuance fee (excluding value-added tax) of RMB16,918,053.10, the net funds raised were RMB2,483,081,943.69. On 12 June 2020, the announcement of Proposed Non-public Issuance of A Shares was published on the website of HKEX and the closing price of A Share on that day was RMB15.61 per share. The target subscribers including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the relevant requirements of the CSRC and other corporate bodies, individuals or other institutional investors which satisfy the relevant requirements of the relevant laws and regulations.

The total net proceeds the non-public issuance of A shares by the Company amounted to approximately RMB2,499,999,996.79. As at 30 June 2021, the use of such proceeds were as follows:

Use for	Percentage of net proceeds	Amount of net proceeds RMB'0,000	Amount utilized RMB'0,000	Amount unutilized RMB'0,000
Phase II of PV glass as covers with an annual production capacity of 750,000 tons project	56.38%	140,000.00	36,357.57	103,642.43
PV backplane glass with an annual production capacity of 42 million square meters project	13.41%	33,308.19	32,273.48	1,034.71
Working capital	30.21%	75,000.00	75,000.00	0.00

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

2. Issuance of New H Shares under Specific Mandate

In order to provide long-term capital at a relative low financing cost, promote the stable development and growth of the Company, expand the investor base of H shares and enhance the Company's access to international investor(s) of strategic value, as well as optimize the company's capital structure, on 5 February 2021, the Company announced to propose to issue up to 76,000,000 new H shares, which was approved by the Board. The capital raised by the new H shares proposed to be issued shall represent: (i) approximately 3.5% of the total issued share capital of the Company as at the date of the Board meeting; (ii) approximately 3.4% of the total issued share capital of the Company enlarged by this issuance; (iii) approximately 16.9% of the total issued H Shares of the Company as at the date of the Board meeting; and (iv) approximately 14.4% of the total issued H Shares of the Company enlarged by this issuance. This issuance was considered and approved at the 2021 first extraordinary general meeting, the 2021 first A share class meeting and the 2021 first H share class meeting held on 25 March 2021. It was reported to the China Securities Regulatory Commission ("CSRC") on 25 March 2021 and it was approved by CSRC in June 2021. As of the date of this interim report, the issuance of new H shares has not been completed.

The new H Shares to be issued are overseas-listed foreign shares which shall be listed on the Main Board of the Stock Exchange with a par value of RMB0.25 each. On 5 February 2021, the announcement of Proposed Issuance of New H Shares under Specific Mandate was published on the website of HKEX and the closing price of the Company of H Share on that day was HK\$32.48 per share. The target placees of the new H Shares will be qualified investors (excluding those in respect of which subscription has been or would be prohibited under relevant laws and regulations), who (together with their respective ultimate beneficial owners) are independent third parties and not connected persons (as defined under the Listing Rules) of the Company.

As at the date of this report, the company has not yet completed the new H-share issuance, the issuance price has not yet been determined, the total amount of funds to be raised cannot be determined. The proceeds from the issuance of the new H shares, after deducting relevant expenses, will be applied as follows:

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

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

3. *Issuance of A Share Convertible Bonds*

To further expand the capacity and maintain the leading technology and scale advantage of the Company’s core product PV glass, while enhancing the financial strength and meet the working capital requirements of the Company, the Company proposed to issue A share convertible corporate bonds in the PRC, with total proceeds of no more than RMB4 billion. The relevant resolution has been approved at the Board meeting held on 16 June 2021, but is required to be submitted to the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H shareholders class meeting of the Company for approval. The relevant materials shall be subject to the consideration and approval from the CSRC. As of the date of this interim report, the issuance of A share convertible corporate bonds has not been completed.

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

The total amount of proceeds from the proposed issuance of A shares convertible corporate bonds will not exceed RMB4 billion, which will be used for the following projects after deducting the issuance expenses:

Unit: RMB10,000

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

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

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

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

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB1,441.4 million. As at 30 June 2021, the use of such proceeds were as follows:

Use for	Percentage of net proceeds	Amount of net proceeds RMB million	Amount utilized RMB million	Amount unutilized RMB million
Annual production of 750,000 tons of photovoltaic module cover glass project	100%	1,441.4	1406.2	35.2

Note: Such balance is expected to be fully utilized by the company according to its use of proceeds plan for such proceeds by December 2021.

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

Except as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2021 to 30 June 2021.

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

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

For the shareholders who are Qualified Foreign Institutional Investor (QFII), the listed companies shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice of the State Administration of Taxation Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) (《國家稅務總局關於中國居民企業向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 shareholders entitled to preferential tax treatment under tax treaties (arrangements) shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends, and tax rebates will be executed under tax treaties upon verification carried out by competent tax authorities.

For non-resident enterprise shareholders of A shares except the above-mentioned QFII, listed companies shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Tentative Measures for Administration of Withholding at the Source of Income Tax of Non-resident Enterprises (Guo Shui 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 Response of the State Administration of Taxation Concerning Questions on Enterprise Income Tax over Dividend of B-shares and Other shares Received by Non-resident Enterprises (Guo Shui 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 shareholders entitled to preferential tax treatment shall make registration in accordance with the relevant provisions of the tax treaties.

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

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

Holders of H shares

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

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

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

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

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

Dividends

The board of directors of the Company did not recommend the declaration of any interim dividends for the six months ended 30 June 2021.

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

The Company's interim report for the six months ended 30 June 2021 have not been audited but have been reviewed by the Company's audit committee, comprising its three independent non-executive Directors.

Consolidated Balance Sheet

RMB

Items	30 June 2021	31 December 2020
Current assets:		
Cash at bank and on hand	2,886,663,943.51	1,589,967,013.69
Trading financial assets	400,000,000.00	400,000,000.00
Derivative financial assets	2,215,002.33	1,445,666.57
Bills receivable	913,994,466.37	546,772,640.17
Trade receivables	1,110,206,851.77	1,388,373,649.20
Financing receivables	1,102,981,443.63	684,530,748.37
Advance payment	365,757,887.89	363,154,384.40
Other receivables	48,205,270.07	24,267,677.88
Including: Interests receivable	–	–
Dividends receivable	–	–
Inventories	1,123,265,531.20	479,395,186.67
Other current assets	143,102,769.97	91,369,716.90
Total current assets	8,096,393,166.74	5,569,276,683.85
Non-current assets:		
Long-term equity investments	19,948,888.40	13,914,841.66
Other equity instrument investment	52,837,080.00	53,970,165.00
Investment properties	19,517,966.23	20,233,701.43
Fixed assets	4,556,607,858.08	3,333,698,217.15
Construction in progress	2,491,133,823.42	1,937,151,385.42
Right-of-use asset	170,266,515.57	173,805,026.26
Intangible assets	517,663,687.57	529,570,040.37
Long-term prepaid expenses	6,105,399.49	5,175,651.56
Deferred tax assets	23,884,789.08	25,990,515.11
Other non-current assets	1,246,202,724.53	603,014,147.21
Total non-current assets	9,104,168,732.36	6,696,523,691.17
Total assets	17,200,561,899.11	12,265,800,375.02

RMB

Items	30 June 2021	31 December 2020
Current liabilities:		
Short-term borrowings	977,481,352.07	617,402,035.00
Derivative financial liabilities	929,377.38	–
Bills payables	996,764,449.30	713,571,260.89
Trade payables	1,578,309,513.53	1,294,643,492.26
Contract liabilities	472,581,951.29	91,178,042.21
Payroll payable	55,038,768.52	48,938,953.78
Tax payable	196,644,349.87	303,432,110.05
Other payables	105,767,827.35	100,815,515.00
Including: Interests payable	3,185,327.16	2,856,171.00
Dividends payable	989,000.00	299,000.00
Non-current liabilities due within one year	292,904,500.00	160,819,952.95
Total current liabilities	4,676,422,089.31	3,330,801,362.14
Non-current liabilities:		
Long-term borrowings	1,520,677,957.54	1,375,011,882.07
Bonds payables	–	236,681,991.63
Lease liabilities	11,456,477.30	11,508,090.39
Deferred income	27,804,904.77	33,039,484.74
Deferred tax liabilities	55,308,959.37	44,014,924.20
Total non-current liabilities	1,615,248,298.98	1,700,256,373.03
Total liabilities	6,291,670,388.29	5,031,057,735.17

RMB

Items	30 June 2021	31 December 2020
Shareholders' equity		
Share capital	536,723,313.50	510,312,197.00
Other equity instruments	–	49,401,670.49
Capital reserve	4,812,641,437.79	2,045,095,156.05
Less: Treasury stock	(37,630,000.00)	(28,359,000.00)
Other comprehensive income	(27,405,191.68)	(26,338,876.15)
Special reserve	15,199,389.20	14,369,931.38
Surplus reserve	220,705,199.31	220,705,199.31
Undistributed profit	5,388,657,362.70	4,449,556,361.77
Total equity attributable to shareholders of the parent company	10,908,891,510.82	7,234,742,639.85
Minority interests	–	–
Total shareholders' equity	10,908,891,510.82	7,234,742,639.85
Total liabilities and shareholders' equity	17,200,561,899.11	12,265,800,375.02

Balance Sheet of the Parent Company

RMB

Items	30 June 2021	31 December 2020
Current assets:		
Cash at bank and on hand	457,670,913.29	299,567,786.91
Trading financial assets	—	—
Derivative financial assets	—	—
Bills receivable	511,815,388.85	488,505,596.47
Trade receivables	650,806,032.93	588,347,375.06
Financing receivables	661,078,447.96	633,026,500.88
Advance payment	87,147,151.29	39,787,487.32
Other receivables	494,629,066.46	682,247,356.05
Including: Interest receivable	—	—
Dividends receivable	—	—
Inventories	228,482,373.23	179,788,994.03
Other current assets	9,778,383.56	17,020.44
Total current assets	3,101,407,757.57	2,911,288,117.16
Non-current assets:		
Long-term equity investments	1,052,586,231.40	1,046,552,184.66
Fixed assets	1,279,027,420.37	1,016,732,435.83
Construction in progress	493,781,790.44	293,288,787.44
Intangible assets	232,786,281.37	237,077,496.41
Long-term prepaid expenses	724,891.69	11,649.38
Deferred tax assets	19,910,920.36	22,181,477.91
Other non-current assets	3,740,141,280.09	2,161,507,235.87
Total non-current assets	6,818,958,815.72	4,777,351,267.50
Total assets	9,920,366,573.29	7,688,639,384.66

RMB

Items	30 June 2021	31 December 2020
Current liabilities:		
Short-term borrowings	684,873,284.11	140,391,130.00
Derivative financial liabilities	–	–
Bills payables	103,519,073.58	–
Trade payables	602,105,641.29	604,274,221.67
Contract liabilities	297,152,248.90	58,126,632.90
Payroll payable	23,883,875.59	25,684,776.32
Tax payable	43,809,343.97	64,209,186.23
Other payables	590,648,843.73	1,647,392,704.28
Including: Interest payable	969,152.56	976,742.73
Dividends payable	989,000.00	299,000.00
Total current liabilities	<u>2,345,992,311.17</u>	<u>2,540,078,651.40</u>
Non-current liabilities:		
Long-term borrowings	170,000,000.00	235,000,000.00
Bonds payables	–	236,681,991.63
Deferred income	17,958,903.21	23,487,048.57
Total non-current liabilities	<u>187,958,903.21</u>	<u>495,169,040.20</u>
Total liabilities	<u>2,533,951,214.38</u>	<u>3,035,247,691.60</u>
Shareholders' equity:		
Share capital	536,723,313.50	510,312,197.00
Other equity instruments	–	49,401,670.49
Capital reserve	4,812,641,437.79	2,045,095,156.05
Less: Treasury stock	(37,630,000.00)	(28,359,000.00)
Other comprehensive income	(3,992,716.25)	(5,964,567.44)
Surplus reserve	220,705,199.31	220,705,199.31
Undistributed profit	1,857,968,124.56	1,862,201,037.65
Total shareholders' equity	<u>7,386,415,358.91</u>	<u>4,653,391,693.06</u>
Total liabilities and shareholders' equity	<u>9,920,366,573.29</u>	<u>7,688,639,384.66</u>

Consolidated Income Statements

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
I. Operating revenue	4,028,022,488.56	2,496,203,887.51
Less: Operating costs	2,092,826,202.09	1,544,250,782.93
Taxes and surcharges	21,201,184.74	17,218,688.57
Selling expenses	208,828,075.87	136,267,495.93
General and administrative expenses	107,119,073.48	56,260,196.95
Research and development expenses	200,038,514.30	99,793,388.37
Financial expenses	13,720,261.74	42,390,171.78
Including: Interest expenses	34,644,318.71	50,210,453.90
Interest income	21,301,664.66	6,892,913.22
Add: Other income	12,336,592.31	12,717,432.04
Investment income (loss)	21,587,263.15	1,853,180.62
Including: Gains on investment in associates and joint ventures	2,834,046.74	641,580.62
Profit (loss) arising from changes in fair value	(160,041.62)	(227,123.36)
Credit impairment loss	30,496,077.35	(32,134,369.88)
Asset impairment loss	(4,329,681.98)	(16,277,727.81)
Gains (losses) on disposal of assets	(950,017.12)	(3,625,041.18)
II. Operating profit	1,443,269,368.43	562,329,513.41
Add: Non-operating income	3,355,129.18	6,350,359.59
Less: Non-operating expenses	709,760.70	3,347,233.69
III. Total profit	1,445,914,736.91	565,332,639.31
Less: Income tax expense	184,884,747.88	104,526,420.99
IV. Net profit	1,261,029,989.03	460,806,218.32
Net profit attributable to equity owners of parent company	1,261,029,989.03	460,806,218.32
Profit or loss attributable to minority interests	—	—

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
V. Other comprehensive income, net of tax	(1,066,315.53)	8,719,335.91
Other comprehensive income, net of tax attributable to the owner of parent company	(1,066,315.53)	8,719,335.91
(1) Other comprehensive income that cannot be reclassified to profit or loss	(1,133,085.00)	–
– Changes in fair value of other equity instruments	(1,133,085.00)	–
(2) Other comprehensive income that will be reclassified to profit or loss	66,769.47	8,719,335.91
– Exchange differences on foreign currency financial statements translation	760,065.04	8,719,335.91
– Changes in fair value of financing receivables	(693,295.57)	–
Other comprehensive income, net of tax attributable to minority interests	–	–
VI. Total comprehensive income	1,259,963,673.50	469,525,554.23
Attributable to the shareholders of the parent company	1,259,963,673.50	469,525,554.23
Attributable to the minority interests	–	–
VII. Earnings per share		
(1) Basic earnings per share	0.59	0.24
(2) Diluted earnings per share	0.59	0.24

Income Statements of the Parent Company

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
I. Operating revenue	2,016,966,902.46	1,905,427,785.33
Less: Operating costs	1,514,409,150.90	1,605,010,896.84
Taxes and surcharges	3,204,356.66	5,191,012.75
Selling expenses	35,419,196.39	32,227,275.29
General and administrative expenses	62,026,068.29	33,428,449.45
Research and development expenses	78,720,175.00	51,500,336.70
Financial expenses	(6,898,182.62)	17,484,476.03
Including: Interest expenses	13,981,123.78	18,722,640.37
Interest income	12,234,408.51	4,817,822.16
Add: Other income	6,292,315.65	7,421,138.17
Investment income (loss)	2,834,046.74	641,580.62
Including: Gains on investment in associates and joint ventures	2,834,046.74	641,580.62
Profit (loss) arising from changes in fair value	–	(895,453.76)
Credit impairment loss	23,862,144.23	(33,417,190.77)
Asset impairment loss	(4,325,366.00)	(16,091,417.21)
Gains (losses) on disposal of assets	106,241.91	(3,431,194.90)
II. Operating profit	358,855,520.37	114,812,800.42
Add: Non-operating income	64,595.34	4,212,405.12
Less: Non-operating expenses	563,362.04	2,206,178.00
III. Total profit	358,356,753.67	116,819,027.54
Less: Income tax expenses	40,660,678.66	14,636,854.56
IV. Net profit	317,696,075.01	102,182,172.98
Net profit attributable to equity owners of parent company	317,696,075.01	102,182,172.98
Profit or loss attributable to minority interests	–	–

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
V. Other comprehensive income, net of tax	1,971,851.19	–
Other comprehensive income, net of tax attributable to the owner of parent company	1,971,851.19	–
(1) Other comprehensive income that cannot be reclassified to profit or loss	–	–
(2) Other comprehensive income that will be reclassified to profit or loss – Changes in fair value of financing receivables	1,971,851.19	–
Other comprehensive income, net of tax attributable to minority interests	–	–
VI. Total comprehensive income	<u>319,667,926.20</u>	<u>102,182,172.98</u>

Consolidated Statements of Cash Flow

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	2,887,893,348.03	3,018,678,312.23
Cash received from refunds of taxes	157,930,399.47	80,388,893.99
Cash received relating to other operating activities	34,157,968.08	20,676,124.87
Subtotal of cash inflows	3,079,981,715.58	3,119,743,331.09
Cash paid for goods and services	1,698,762,995.28	1,764,193,338.39
Cash paid to and on behalf of employee	224,622,530.60	147,240,587.37
Cash paid for payments of taxes and surcharges	344,428,646.38	185,209,539.92
Cash paid relating to other operating activities	415,015,587.14	219,228,583.72
Subtotal of cash outflows	2,682,829,759.40	2,315,872,049.40
Net cash flow from operating activities	397,151,956.18	803,871,281.69
II. Cash flow from investing activities:		
Cash received from disposal of investments	2,050,000,000.00	—
Cash received from returns on investments	20,492,482.61	1,399,400.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,771,658.76	1,717,801.30
Cash received relating to other investing activities	40,985,939.59	245,018,781.29
Subtotal of cash inflows	2,118,250,080.96	248,135,982.59
Cash paid to purchase fixed assets, intangible assets and other long-term assets	1,898,993,502.24	688,168,600.13
Cash paid relating to investment	2,050,000,000.00	11,300,000.00
Cash paid relating to other investing activities	25,166,299.08	1,516,140,033.76
Subtotal of cash outflows	3,974,159,801.32	2,215,608,633.89
Net cash flow from investing activities	(1,855,909,720.36)	(1,967,472,651.30)

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
III. Cash flow from financing activities:		
Cash received from capital contribution	2,509,960,996.79	–
Cash received from issued bonds	–	1,444,025,000.00
Cash received from borrowings	1,298,907,944.79	1,783,396,953.77
Cash received relating to other financing activities	459,117,039.95	165,787,352.07
Subtotal of cash inflows	4,267,985,981.53	3,393,209,305.84
Cash paid for payment of borrowings	649,455,977.28	1,631,404,753.06
Cash paid for distribution of dividends, and profits or payment of interest	361,036,874.42	53,655,105.74
Cash paid relating to other financing activities	748,526,906.50	218,802,494.36
Subtotal of cash outflows	1,759,019,758.20	1,903,862,353.16
Net cash flow from financing activities	2,508,966,223.33	1,489,346,952.68
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(6,274,196.59)	4,590,467.71
V. Net increase (decrease) in cash and cash equivalents	1,043,934,262.55	330,336,050.78
Add: Cash and cash equivalents at the beginning of the period	1,146,171,930.13	479,068,091.59
VI. Cash and cash equivalents at the end of the period	2,190,106,192.68	809,404,142.37

Statements of Cash Flow of the Parent Company

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	1,306,196,622.88	2,054,489,817.16
Cash received from refunds of taxes	13,018,012.65	14,630,556.59
Cash received relating to other operating activities	13,232,174.14	11,810,020.09
Subtotal of cash inflows	1,332,446,809.67	2,080,930,393.84
Cash paid for goods and services	883,910,966.58	2,110,881,606.08
Cash paid to and on behalf of employee	29,570,696.15	71,674,482.06
Cash paid for payments of taxes and surcharges	75,294,778.68	75,543,101.37
Cash paid relating to other operating activities	114,761,990.71	69,826,685.53
Subtotal of cash outflows	1,103,538,432.12	2,327,925,875.04
Net cash flow from operating activities	228,908,377.55	(246,995,481.20)
II. Cash flow from investing activities:		
Cash received from disposal of investments	200,000,000.00	-
Cash received from returns on investments	-	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	781,387.96	1,963,825.65
Cash received relating to other investing activities	402,268,570.34	170,291,767.40
Subtotal of cash inflows	603,049,958.30	172,255,593.05
Cash paid to purchase fixed assets, intangible assets and other long-term assets	684,855,708.49	179,192,148.94
Net cash invested in establishment of subsidiary or other operating units	-	800,000.00
Cash paid relating to investment	200,000,000.00	-
Cash paid relating to other investing activities	2,245,398,155.55	1,077,446,921.79
Subtotal of cash outflows	3,130,253,864.04	1,257,439,070.73
Net cash flow from investing activities	(2,527,203,905.74)	(1,085,183,477.68)

RMB

Items	For the six months ended 30 June 2021	For the six months ended 30 June 2020
III. Cash flow from financing activities:		
Cash received from capital contribution	2,509,960,996.79	–
Cash received from issued bonds	–	1,444,025,000.00
Cash received from borrowings	691,399,876.83	570,793,633.77
Cash received relating to other financing activities	376,740,309.13	193,894,031.98
Subtotal of cash inflows	3,578,101,182.75	2,208,712,665.75
Cash paid for payment of borrowings	208,319,006.22	660,631,865.78
Cash paid for distribution of dividends, and profits or payment of interest	334,567,349.26	16,365,672.91
Cash paid relating to other financing activities	572,625,524.85	95,854,316.13
Subtotal of cash outflows	1,115,511,880.33	772,851,854.82
Net cash flow from financing activities	2,462,589,302.42	1,435,860,810.93
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(990,178.53)	902,138.48
V. Net increase (decrease) in cash and cash equivalents	163,303,595.70	104,583,990.53
Add: Cash and cash equivalents at the beginning of the period	188,559,197.40	158,928,035.19
VI. Cash and cash equivalents at the end of the period	351,862,793.10	263,512,025.72

Consolidated Statements of Changes in Shareholders' Equity

	The half year for 2021							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. 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)	14,569,931.38	220,705,199.31	4,449,556,361.77	-	7,234,742,639.85
II. Increase/decrease for the current period										
(I) Total comprehensive income	-	-	-	-	(1,066,315.53)	-	-	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 shares contributed by owners	21,311,286.75	-	2,471,731,656.94	(9,961,000.00)	-	-	-	-	-	2,483,081,943.69
2. Contribution of capital by other equity instrument owners	5,099,829.75	(49,401,670.49)	278,934,138.94	-	-	-	-	-	-	234,632,298.20
3. Amount of share-based payment included in owner's equity	-	-	16,880,485.86	-	-	-	-	-	-	16,880,485.86
(III) Profit distribution	-	-	-	690,000.00	-	-	-	(321,928,988.10)	-	(321,238,988.10)
1. Appropriation to 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 reserves	-	-	-	-	-	843,834.60	-	-	-	843,834.60
2. Utilization of special reserves	-	-	-	-	(14,376.78)	-	-	-	-	(14,376.78)
III. Closing balance of the current half year	536,723,313.50	-	4,812,641,437.79	(37,630,000.00)	(27,405,191.68)	15,199,389.20	220,705,199.31	5,388,657,362.70	-	10,908,891,510.82

For the six months ended 30 June 2020

Items	Paid-in capital (or share capital)	Other equity instrument	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interest	Total shareholders' equity
I. Opening balance of the current half year	487,500,000.00	-	839,115,113.41	5,935,642.83	11,810,858.31	193,555,355.70	2,974,971,417.75	-	4,312,888,388.00
II. Increase/decrease for the current half year (decrease stated with “-”)									
(I) Total comprehensive income	-	-	-	8,719,335.91	-	-	460,806,218.32	-	469,525,554.23
(II) Contribution and withdrawal of capital by owners	-	254,089,365.81	-	-	-	-	-	-	254,089,365.81
I. Contribution of capital by other equity instrument owners	-	254,089,365.81	-	-	-	-	-	-	254,089,365.81
(III) Special reserve	-	-	-	-	1,667,623.41	-	-	-	1,667,623.41
I. Provisions of special reserves	-	-	-	-	1,667,623.41	-	-	-	1,667,623.41
III. Closing balance of the current half year	487,500,000.00	254,089,365.81	839,115,113.41	14,654,978.74	13,478,481.72	193,555,355.70	3,435,777,636.07	-	5,238,171,131.45

Statements of Changes in Shareholders' Equity of the Parent Company

RMB

For the six months ended 30 June 2021

Items	Share capital	Other equity		Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholders' equity
		instruments	Capital reserve					
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 by shareholders	26,411,116.50	(49,401,670.49)	2,767,546,281.74	(9,961,000.00)	-	-	-	2,734,594,727.75
1. Common shares contributed by owners	21,311,286.75	-	2,471,731,656.94	(9,961,000.00)	-	-	-	2,483,081,943.69
2. Contribution of capital by other equity instrument owners	5,099,829.75	(49,401,670.49)	278,934,138.94	-	-	-	-	234,632,298.20
3. Amount of share-based payment included in owner's equity	-	-	16,880,485.86	-	-	-	-	16,880,485.86
(III) Profit distribution	-	-	-	690,000.00	-	-	(321,928,988.10)	(321,238,988.10)
2. Appropriation 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>-</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>

RMB

For the six months ended 30 June 2020

Items	Paid-in capital (or share capital)	Other equity instrument		Capital reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Other					
I. Opening balance	487,500,000.00	-		839,115,113.41	193,555,355.70	1,744,901,445.14	3,265,071,914.25
II. Increase/decrease for the current half year (decrease stated with “-”)							
(I) Total comprehensive income	-	-		-	-	102,182,172.98	102,182,172.98
(II) Contribution and withdrawal of capital by owners	-	254,089,565.81		-	-	-	254,089,565.81
1. Contribution of capital by other equity instrument owners	-	254,089,565.81		-	-	-	254,089,565.81
III. Closing balance	<u>487,500,000.00</u>	<u>254,089,565.81</u>		<u>839,115,113.41</u>	<u>193,555,355.70</u>	<u>1,847,083,618.12</u>	<u>3,621,343,653.04</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 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province. On 29 December 2005, the Company was converted into a joint stock limited liability company and changed its name to Zhejiang Flat Glass & Mirror Co., Ltd.* (浙江福萊特玻璃鏡業股份有限公司). On 23 March 2011, the Company was renamed as Flat Solar Glass Group Co., Ltd.* (福萊特光伏玻璃集團股份有限公司) and subsequently renamed as Flat Glass Group Co., Ltd.* (福萊特玻璃集團股份有限公司) on 10 October 2014.

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

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

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

As approved by the China Securities Regulatory Commission, the Company publicly issued 14.50 million A share convertible corporate bonds (the “Convertible Bonds”) with a par value of RMB100 each on 27 May 2020. The total amount of this issuance is RMB1,450,000,000.00 and the term is 6 years. As of 29 January 2021, the convertible bonds in an amount of RMB1,447,297,000.00 have been converted into RMB ordinary shares (A shares), and the cumulative number of converted shares amounted to 107,048,107 shares, and the non-converted convertible bonds of RMB2,703,000.00 have been redeemed by the Company. The Company’s registered capital increased due to the conversion of Convertible Bonds into shares amounted to RMB26,762,026.75.

As approved by the China Securities Regulatory Commission, the Company non-publicly issued 84,545,147 RMB ordinary shares (A shares) with a par value of RMB0.25 each on 18 January 2021, at an issue price of RMB29.57 per share with the total issue amount of RMB2,499,999,996.79. The Company’s share capital increased due to the non-public issuance of A shares amounted to RMB21,136,286.75.

As at 25 May 2021, the Company granted 700,000 Restricted A Shares to three Participants pursuant to the Resolution in relation to the Reserved Grant of the Restricted A Shares to Participants, with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. After the completion of the above transaction, the registered capital of the Company after the change was RMB536,723,313.50. As of 30 June 2021, the relevant procedures for above change of registered capital have not been completed.

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

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

2. Scope of the Consolidated Financial Statements

On 9 August 2021, 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 Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as the “CASBE”) and has also disclosed relevant financial information in accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (revised in 2014). In addition, the financial statements also include disclosures required by the Companies Ordinance and the Listing Rules of the stock exchange of Hong Kong.

2. Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since 30 June 2021 and is not aware of any events or conditions that may cast significant doubt upon the ability to continue as a going concern. So the financial statements have been prepared on a going concern basis.

(III) SIGNIFICANT ACCOUNTS POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of Compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and present truly and completely the consolidated and the Company’s financial position as at 30 June 2021 and the consolidated and the Company’s results of operations, the consolidated and the Company’s changes in shareholders’ equity and the consolidated and the Company’s cash flows in the half year of 2021.

2. Accounting Period

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

3. Operating Cycle

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

4. Functional Currency

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

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

6. Preparation of Consolidated Financial Statements

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

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

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

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

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

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

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

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

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

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

7. Recognition Criteria of Cash and Cash Equivalents

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

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

8.1 Foreign currency business

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

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

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

8.2 Translation of foreign currency financial statements

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

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

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

9. Financial Instruments

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

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

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

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

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

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

9.1 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

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

- Financial assets that do not meet the classification criteria for financial assets at amortised cost or financial assets at FVTOCI are classified as financial assets at FVTPL.
- On initial recognition, the Group may irrevocably designate a financial asset as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch or when the criteria for the hybrid contract with embedded derivatives are met.

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

9.1.1 Financial assets measured at amortised cost

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

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

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

9.1.2 Financial assets classified as at FVTOCI

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

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

9.1.3 Financial assets at FVTPL

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

9.2 Impairment of financial instruments

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

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

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

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

9.2.1 Significant increase in credit risk

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

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

- (1) Whether the external market indicators of credit risk for the same financial instrument or similar financial instruments with same expected life have changed significantly. These indicators include: credit spread, credit default swap prices for borrowers.
- (2) Whether the debtor's internal credit rating is actually lowered or is expected to be lowered.
- (3) Adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its debt obligations.
- (4) Whether the actual or expected operating results of the debtor has changed significantly.
- (5) Whether the regulatory, economic or technological environment in which the debtor is located has undergone significant adverse changes.

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

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

9.2.2 Credit impaired financial assets

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

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

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

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

9.2.3 Determination of ECL

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

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

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

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

9.2.4 Write-down of financial assets

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

9.3 Transfer of financial assets

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

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

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

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

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

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

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

9.4 Classification and measurement of financial liabilities and equity instruments

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

9.4.1 Classification, recognition and measurement of financial liabilities

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

9.4.1.1 Financial liabilities at FVTPL

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

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

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

The Group may designate, on initial recognition, a financial liability as at FVTPL if one of the following conditions is satisfied: (1) such designation eliminates or significantly reduces an accounting mismatch; (2) manage and evaluate the financial liability portfolio or the portfolio of financial assets and financial liabilities at fair value based on the risk management or investment strategy as stated in the official written documents of the Group, and report to key management of the Group internally; or (3) a qualified hybrid contract containing embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value, and any gains or losses arising from changes in fair value and dividends or interest expenses paid on the financial liabilities are recognised in profit or loss for the period.

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

9.4.1.2 Other financial liabilities

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

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

9.4.1.2.1 Financial guarantee contracts

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

9.4.2 Derecognition of financial liabilities

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

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

9.4.3 Equity instruments

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

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

9.5 *Derivative instruments and embedding derivatives*

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

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

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

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

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

9.6 *Offsetting financial assets and financial liabilities*

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

9.7 *Convertible bonds*

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

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

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

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

10. Receivables

The methods for determining expected credit loss of bills receivables and accounting treatment methods:

See 9.2 for relevant accounting policies.

11. Account receivables

The methods for determining expected credit loss of account receivables and accounting treatment methods:

See 9.2 for relevant accounting policies.

12. Financing receivables

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

13. Other receivables

The methods for determining expected credit loss of other receivables and accounting treatment methods:

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, works in progress and finished goods, etc. Inventories are initially measured at cost, which comprises purchase costs, processing costs and other expenses incurred in bringing the inventories to their current location and condition.

14.2 Pricing of inventories delivered

The actual cost of inventories upon 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 costs to completion, estimated selling expenses and related taxes. Net realisable value of inventories is determined on the basis of clear evidence obtained, taking into account the purpose of holding inventories and the effect of events after the balance sheet date.

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

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

14.4 Inventory system

The inventory system is a perpetual inventory system.

14.5 Amortization of low-value consumables

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

15. Assets Held for Sale

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

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

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

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

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

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

16.2 Determination of initial investment cost

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

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

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

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

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

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

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

16.3.2. Long-term equity investment accounted for by equity method

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

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

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

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

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 purchase price is recognised in profit or loss for the period.

17. Investment Properties

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

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

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

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

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

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, or for administrative purposes and have a useful life of more than one accounting year. A fixed asset is recognised only when the economic benefits associated with the asset are probable to flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

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

(2) *Depreciation methods*

Class	Depreciation Method	Depreciation Period (years)	Residual Value Rate	Annual Depreciation Rate (%)
Houses and buildings	straight-line depreciation	20	5%	4.75%
Machinery 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 various construction expenditures incurred during the construction period, capitalized borrowing costs before the construction is ready for its intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to fixed asset while it is ready for its intended use.

20. Borrowing Costs

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

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

21. Intangible assets

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

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

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

Class	Amortization method	Useful life (Years)	Residual Value Rate (%)
Land use rights	Straight line method	42-50	-
Pollutant discharge rights	Straight line method	5-20	-
Mining rights	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 lives are reviewed and adjusted if necessary.

(2) *Internal research and development expenditures*

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

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

- (1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (2) The intention to complete the intangible asset and use or sell it;
- (3) The way in which the intangible asset generates economic benefits, including the ability to prove that there is a market for the product produced using the intangible asset or the intangible asset itself has a market, and prove its usefulness if the intangible asset will be used internally;
- (4) Adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell the intangible asset;
- (5) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

22. Impairment of Long-term Assets

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

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

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

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

23. Long-term Deferred Expenses

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

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 is due) from the customer. Contract assets and contract liabilities under common contract are presented on a net basis.

25. Employee Compensation

(1) Accounting for short-term employee compensation

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

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

(2) Accounting for post-employment benefits

Post-employment benefits are all defined contribution plans.

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

(3) Accounting for termination benefits

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

26. Provisions

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

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

27. Share-based Payments

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

27.1 *Equity settled share-based payments*

Equity-settled share-based payments to employees

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

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

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

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

28. Revenue

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

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

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

29. Government Grants

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

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

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

Such grants are government grants as they related to fixed assets that were built or acquired.

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

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

As they are directly related to the expenses incurred during the period, such government grants are government grants related to revenue.

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

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

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income tax expenses comprise 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 recovered) according to the requirements 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 those items that are not recognised as assets or liabilities but the tax base can be determined according to tax laws and their tax base, deferred income tax assets and deferred income tax liabilities are recognised using the balance sheet liability method.

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

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

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

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

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

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

30.3 Offsetting of income tax

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

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

31. Lease

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

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

31.1 The Group as lessee

31.1.1 Separation of leases

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

31.1.2 Right-of-use assets

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

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

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

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

31.1.3 Lease liabilities

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

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

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

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

31.1.4 Short-term leases and low-value leases

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

31.2 The Group as lessor

31.2.1 Classification of leases

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

31.3 The Group as lessor under operating leases

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

32. Significant accounting policies and accounting estimates

Safety production expenses

Pursuant to the Notice of the Ministry of Finance and the State Administration of Work Safety on Issuing the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds, the Group has made provision for safety production expenses of RMB2 per ton based on the output of raw ore of open-pit non-metallic mines. The safety production expenses are specifically used for the improvement, transformation and maintenance of the Group's safety production conditions.

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

(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 tax payable is calculated on the taxable sales amount multiplied by the applicable tax rate less deductible input-VAT for the current period)	13%
Urban construction and maintenance Tax	Turnover tax payment	7%
Enterprise income tax (EIT)	Taxable income	0–25%
Education surcharge	Turnover tax payment	3%
Local educational surcharges	Turnover tax payment	2%
Property tax	Cost of properties/rental income	Note 1
Resources tax	Quantity of mining products sold	7%
Environmental protection tax	Pollutant emissions	RMB1.2 or RMB1.4 per pollutant equivalent

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

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	16.5%
Flat (Hong Kong) Limited	
嘉興福萊特新能源科技有限公司	12.5%, 25%
Jiaxing Flat New Energy Technology Co., Ltd	
福萊特(越南)有限公司	0%
Flat (Vietnam) Company Limited	
福萊特(香港)投資有限公司	16.5%
Flat (Hong Kong) Investment Limited	
福萊特(嘉興)進出口貿易有限公司	25%
Flat (Jiaxing) Import and Export Trade Limited	
鳳陽福萊特天然氣管道有限公司	25%
Fengyang Flat Natural Gas Pipeline Co., Ltd.	
鳳陽福萊特新能源科技有限公司	12.5%
Fengyang Flat New Energy Technology Co., Ltd.	

2. Tax Preferences

The Company

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

Zhejiang Jiafu Glass Co., Ltd.

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

Anhui Flat Solar Glass Co., Ltd.

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

Jiaxing Flat New Energy Technology Co., Ltd.

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

Flat (Vietnam) Company Limited

Pursuant to the Project Investment License approved by the Vietnam Haiphong Economic Zone Authority on 30 June 2016, Flat (Vietnam) Company Limited is exempted from EIT for four years commencing from the first profit-making year, followed by a 50% reduction in EIT for the next nine years. Flat (Vietnam) Company Limited has not made profits in 2019 and 2020.

Fengyang Flat New Energy Technology Co., Ltd.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Issues concerning Preferential Policies on Enterprise Income Tax for Public Infrastructure Projects and Projects of Environmental Protection, Energy Saving and Water Conservation (Cai Shui [2020] No.10), Fengyan 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.

(V) NOTES TO THE CONSOLIDATED STATEMENTS

1. CASH AT BANK AND ON HAND

	<i>RMB</i>	
Items	Closing balance	Opening balance
Cash on hand	15,187.02	17,673.90
Cash at bank	2,190,091,005.66	1,146,154,256.23
Other cash at bank and on hand	<u>696,557,750.83</u>	<u>443,795,083.56</u>
Total	<u>2,886,663,943.51</u>	<u>1,589,967,013.69</u>
Including: total amount deposited abroad	<u>243,033,017.74</u>	<u>379,200,657.97</u>

2. TRADING FINANCIAL ASSETS

	<i>RMB</i>	
Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss:		
Bank wealth management products	<u>400,000,000.00</u>	<u>400,000,000.00</u>
Total	<u>400,000,000.00</u>	<u>400,000,000.00</u>

3. DERIVATIVE FINANCIAL ASSETS

RMB

Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship Including: Forward foreign exchange contract (Note)	<u>2,215,002.33</u>	<u>1,445,666.57</u>
Total	<u><u>2,215,002.33</u></u>	<u><u>1,445,666.57</u></u>

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

4. BILLS RECEIVABLES

(1) Bills receivables by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	888,279,275.07	545,166,435.99
Commercial acceptance bills	26,466,849.84	1,606,204.18
Less: credit impairment provision	<u>751,658.54</u>	-
Total	<u><u>913,994,466.37</u></u>	<u><u>546,772,640.17</u></u>

(2) *Bills receivables pledged by the Group at the end of the half year*

RMB

Items	Pledged amount at the end of the half year
Bank acceptance bills	78,969,140.83
Commercial acceptance bills	—
Total	<u>78,969,140.83</u>

(3) *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	Amount not derecognized at the beginning of the half year
Endorsed bank acceptance bills	430,362,931.05	395,214,640.80
Discounted bank acceptance bills	<u>46,180,852.07</u>	<u>1,000,000.00</u>
Total	<u>476,543,783.12</u>	<u>396,214,640.80</u>

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

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

RMB

Classification	Closing balance				Book value
	Book balance		Credit loss provision		
	Amount	Percentage (%)	Amount	Accrual Percentage (%)	
Credit loss provision by portfolio					
Including:					
Bank acceptance bills	888,279,275.07	97.11%	-	-	888,279,275.07
Commercial acceptance bills	<u>26,466,849.84</u>	<u>2.89%</u>	<u>751,658.54</u>	<u>2.84</u>	<u>25,715,191.30</u>
Total	<u>914,746,124.91</u>	<u>100.00%</u>	<u>751,658.54</u>		<u>913,994,466.37</u>

Classification	Opening balance				Book value
	Book balance		Credit loss provision		
	Amount	Percentage (%)	Amount	Accrual Percentage (%)	
Credit loss provision by portfolio					
Including:					
Bank acceptance bills	545,166,435.99	99.71%	-	-	545,166,435.99
Commercial acceptance bills	<u>1,606,204.18</u>	<u>0.29%</u>	<u>-</u>	<u>-</u>	<u>1,606,204.18</u>
Total	<u>546,772,640.17</u>	<u>100.00%</u>	<u>-</u>		<u>546,772,640.17</u>

Bills receivables with credit loss provision by portfolio

RMB

Name of portfolio	Book balance	Closing balance	Accrual Percentage
		Credit loss provision	
Low risk	888,279,275.07	-	-
Normal	26,466,849.84	751,658.54	2.84%
Total	<u>914,746,124.91</u>	<u>751,658.54</u>	

Name of portfolio	Book balance	Opening balance	Accrual Percentage
		Credit loss provision	
Low risk	545,166,435.99	-	-
Normal	1,606,204.18	-	-
Total	<u>546,772,640.17</u>	<u>-</u>	

(6) Credit loss provision

RMB

Classification	Opening balance	Changes in amount for the half year			Closing balance
		Provision	Transferred	Written off	
Normal	-	751,658.54	-	-	751,658.54
Balance	-	<u>751,658.54</u>	<u>-</u>	<u>-</u>	<u>751,658.54</u>

5. TRADE RECEIVABLES

(1) Disclosed by aging

	<i>RMB</i>
Aging	Book balance at the end of the half year
Within 1 year	1,145,140,168.82
1–2 years	4,961,777.25
2–3 years	2,900,542.70
Over 3 years	7,033,876.72
Total	<u>1,160,036,365.49</u>

(2) Disclosed by classification of credit impairment provision method

	<i>RMB</i>				
Classification	Book balance		Closing balance Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Accrual percentage (%)	
Account receivable excluding component for significant financing	<u>1,160,036,365.49</u>	<u>100.00</u>	<u>49,829,513.72</u>	<u>4.30</u>	<u>1,110,206,851.77</u>
Total	<u>1,160,036,365.49</u>	<u>/</u>	<u>49,829,513.72</u>	<u>/</u>	<u>1,110,206,851.77</u>
Classification	Book balance		Opening balance Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Accrual percentage (%)	
Account receivable excluding component for significant financing	<u>1,469,627,083.39</u>	<u>100.00</u>	<u>81,253,434.19</u>	<u>5.53</u>	<u>1,388,373,649.20</u>
Total	<u>1,469,627,083.39</u>	<u>/</u>	<u>81,253,434.19</u>	<u>/</u>	<u>1,388,373,649.20</u>

Credit impairment provision by portfolio

RMB

Name	Trade receivables	Closing balance	
		Bad debt provision	Accrual percentage (%)
Normal	1,118,919,097.43	31,777,302.36	2.84
Concerned	31,703,881.66	8,638,824.96	27.25
Loss	9,413,386.40	9,413,386.40	100.00
Total	<u>1,160,036,365.49</u>	<u>49,829,513.72</u>	<u>4.30</u>

(3) Changes in credit impairment of trade receivables

RMB

Classification	Opening balance	Changes in amount at the end of half year			Closing balance
		Provision	Transferred	Written off	
Bad debt provision	81,253,434.19	8,078,746.32	39,326,482.16	176,184.63	49,829,513.72
Total	<u>81,253,434.19</u>	<u>8,078,746.32</u>	<u>39,326,482.16</u>	<u>176,184.63</u>	<u>49,829,513.72</u>

(4) Receivables actually written off for the half year

RMB

Items	Amount written off
Receivables actually written off	<u>176,184.63</u>

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

At the end of the current period, the top five trade receivables with the closing balances classified by the borrowers amounted to RMB759,585,926.31 (end of the previous year: RMB1,097,833,934.72), representing 65.48% (end of the previous year: 74.70%) of total balance of trade receivables. The credit loss provision of top five trade receivables amounted to RMB21,572,240.31 (end of the previous year: RMB30,739,350.17).

6. FINANCING RECEIVABLES

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	<u>1,102,981,443.63</u>	<u>684,530,748.37</u>

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

RMB

Items	Closing balance
Costs	1,110,814,223.63
Fair value	1,102,981,443.63
Accumulated changes in fair value included in other comprehensive income	<u><u>(7,832,780.00)</u></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 bills	<u><u>212,242,150.46</u></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 bills	767,729,376.57
Discounted bank acceptance bills	<u><u>381,032,278.34</u></u>
Total	<u><u>1,148,761,654.91</u></u>

7. ADVANCE PAYMENTS

(1) Listed by aging

RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
With 1 year	364,769,649.92	99.73	358,810,968.32	98.80
1-2 years	151,344.13	0.04	3,653,939.76	1.01
2-3 years	687,941.27	0.19	49,194.67	0.01
Over 3 years	148,952.57	0.04	640,281.65	0.18
Total	<u>365,757,887.89</u>	<u>100.00</u>	<u>363,154,384.40</u>	<u>100.00</u>

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

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

At the end of the period, the balance of top five advance payments with the closing balances amounted to RMB299,102,534.05 (end of the previous year: RMB319,471,728.26), representing 81.78% (end of the previous year: 87.97%) of total balance of advance payments.

8. OTHER RECEIVABLES

RMB

Items	Closing balance	Opening balance
Other receivables	<u>48,205,270.07</u>	<u>24,267,677.88</u>
Total	<u><u>48,205,270.07</u></u>	<u><u>24,267,677.88</u></u>

(1) Disclosed by aging

RMB

Aging	Closing book balance
Within 1 year	47,626,723.43
1-2 year	95,829.45
2-3 year	80,197.89
Over 3 years	<u>452,519.30</u>
Total	<u><u>48,255,270.07</u></u>

(2) Other receivables listed by classification by natures

RMB

Nature	Closing book balance	Opening book balance
Deposit	4,918,906.98	242,731.73
Margin	41,622,763.42	22,420,161.90
Reserve fund	173,685.20	404,598.62
Others	<u>1,539,914.47</u>	<u>1,250,185.63</u>
Total	<u><u>48,255,270.07</u></u>	<u><u>24,317,677.88</u></u>

(3) **Bad debt provision**

RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL (without credit impaired)	Lifetime ECL (with credit impaired)	
Balance at 1 January 2021	—	—	50,000.00	50,000.00
Balance at 30 June 2021	—	—	50,000.00	50,000.00

(4) **Bad debt condition**

RMB

Category	Opening balance	Changed amounts in the current period			Closing balance
		Provided	Recovered or transferred	Resold or written off	
Low risk	—	—	—	—	—
Loss	50,000.00	—	—	—	50,000.00
Total	50,000.00	—	—	—	50,000.00

(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
Fengyang County Rural Revitalization Investment Co., Ltd.* (鳳陽縣鄉村振興投資有限公司)	Margin	40,000,000.00	Within one year	82.89	-
Shanghai Pujiang Customs of the People's Republic of China* (中華人民共和國上海浦江海關)	Margin	786,763.42	Within one year	1.63	-
Tianjin Xingang Customs of the People's Republic of China* (中華人民共和國天津新港海關)	Margin	450,000.00	Within one year	0.93	-
Jiaxing Xiuzhou High-tech Industrial Development Zone Management Committee* (嘉興秀洲高新技術產業開發區管理委員會)	Margin	195,000.00	Within one year	0.40	-
Zhejiang Jiaxing Xiuzhou Industrial Park Management Committee* (浙江嘉興秀洲工業園區管理委員會)	Margin	100,000.00	More than 3 years	0.21	-
Total	/	41,531,763.42	/	86.06	-

9. INVENTORIES

(1) Inventories category

RMB

Items	Book balance	Closing balance Inventory impairment provision	Book value
Raw materials	354,151,140.12	–	354,151,140.12
Low-valued consumables	114,531,840.96	4,521,603.61	110,010,237.35
Work in progress	58,453,810.58	–	58,453,810.58
Finished goods	456,573,963.30	1,718,161.46	454,855,801.84
Entrusted processing materials	145,794,541.31	–	145,794,541.31
Total	<u>1,129,505,296.27</u>	<u>6,239,765.07</u>	<u>1,123,265,531.20</u>

Items	Book balance	Opening balance Inventory impairment provision	Book balance
Raw materials	211,978,779.74	–	211,978,779.74
Low-valued consumables	86,711,647.41	4,093,734.58	82,617,912.83
Work in progress	48,255,479.71	–	48,255,479.71
Finished goods	137,448,604.16	905,589.77	136,543,014.39
Total	<u>484,394,511.02</u>	<u>4,999,324.35</u>	<u>479,395,186.67</u>

(2) *Inventory impairment provision*

RMB

Items	Opening balance	Increased amount for the period Provided	Decreased amount for the period Resold	Closing balance
Finished goods	905,589.77	1,123,225.47	310,653.78	1,718,161.46
Low-valued consumables	4,093,734.58	3,206,456.51	2,778,587.48	4,521,603.61
Total	<u>4,999,324.35</u>	<u>4,329,681.98</u>	<u>3,089,241.26</u>	<u>6,239,765.07</u>

10. OTHER CURRENT ASSETS

RMB

Items	Closing balance	Opening balance
Value-added tax recoverable	116,714,758.90	73,386,905.13
Export tax rebate	25,484,825.31	17,552,947.29
Prepaid rent	903,185.76	412,844.04
Others	—	17,020.44
Total	<u>143,102,769.97</u>	<u>91,369,716.90</u>

11. LONG-TERM EQUITY INVESTMENT

RMB

Invested Company	Opening balance	Changes during the period		Closing balance
		Increased investment	Investment gains and loss recognized under the equity methods	
Associate				
Kaihong Flat	3,414,841.66	3,200,000.000	2,834,046.74	9,448,888.40
Kunlun Fuel Gas	<u>10,500,000.00</u>	–	–	10,500,000.00
Total	<u>13,914,841.66</u>	<u>3,200,000.000</u>	<u>2,834,046.74</u>	19,948,888.40

12. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Status of other equity instrument investments

RMB

Item	Closing balance	Opening balance
Listed equity instrument investment	<u>52,837,080.00</u>	53,970,165.00
Total	<u>52,837,080.00</u>	<u>53,970,165.00</u>

(2) *Status of non-trading equity instrument investments*

RMB

Items	Dividend income recognized during the period	Accumulated loss	Reasons for being designated to be measured at fair value through other comprehensive profit or loss
Listed companies			
JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) (Note)	—	<u>(4,350,999.84)</u>	Non-trading equity instrument investments
Total	—	<u><u>(4,350,999.84)</u></u>	—

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

13. INVESTMENT PROPERTIES

Investment properties with cost measurement model

RMB

Items	House and buildings	Land use rights	Total
I. Book value			
1. Opening and closing balance	<u>27,486,623.54</u>	<u>7,525,892.36</u>	<u>35,012,515.90</u>
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	13,142,751.27	1,636,063.20	14,778,814.47
2. Amount increased in the current period	633,932.04	81,803.16	715,735.20
(1) Provided or amortized	633,932.04	81,803.16	715,735.20
3. Closing balance	<u>13,776,683.31</u>	<u>1,717,866.36</u>	<u>15,494,549.67</u>
III. Book value			
1. Closing book value	13,709,940.23	5,808,026.00	19,517,966.23
2. Opening book value	<u>14,343,872.27</u>	<u>5,889,829.16</u>	<u>20,233,701.43</u>

14. 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	1,295,252,919.67	3,474,993,261.25	66,665,814.28	45,410,931.98	4,882,322,927.18
2. Amount increased in the current period	510,332,624.78	932,644,408.94	14,959,852.83	2,842,900.49	1,460,779,787.04
(1) Purchase	-	1,289,880.73	9,957,197.03	2,410,060.99	13,657,138.75
(2) Transferred from construction in progress	510,332,624.78	931,354,528.21	5,002,655.80	432,839.50	1,447,122,648.29
3. Amount decreased in the current period	-	(139,619,710.45)	-	(114,031.85)	(139,733,742.30)
(1) Disposal or scrap	-	(10,086,249.66)	-	(114,031.85)	(10,200,281.51)
(2) Transferred from construction in progress	-	(129,533,460.79)	-	-	(129,533,460.79)
4. Difference on translation of foreign currency financial statements	(458.34)	(1,462.80)	(42,245.79)	(1,066.68)	(45,233.61)
5. Closing balance	1,805,585,086.11	4,268,016,496.94	81,583,421.32	48,138,733.94	6,203,323,738.31
II. Accumulated depreciation					
1. Opening balance	349,496,509.61	1,061,114,966.44	43,568,069.47	35,283,034.37	1,489,462,579.89
2. Amount increased in the current period	36,167,374.61	177,256,528.84	3,805,310.51	2,038,258.79	219,267,472.75
(1) Provided	36,167,374.61	177,256,528.84	3,805,310.51	2,038,258.79	219,267,472.75
3. Amount decreased in the current period	-	(93,396,584.51)	-	(108,330.25)	(93,504,914.76)
(1) Disposal or scrap	-	(1,935,414.22)	-	(108,330.25)	(2,043,744.47)
(2) Transferred from construction in progress	-	(91,461,170.29)	-	-	(91,461,170.29)
4. Difference on translation of foreign currency financial statements	-	(129.07)	(2,527.23)	(61.62)	(2,717.92)
5. Closing balance	385,663,884.22	1,144,974,781.70	47,370,852.75	37,212,901.29	1,615,222,419.96
III. Impairment provision					
1. Opening balance	-	58,794,411.73	275,923.26	91,795.15	59,162,130.14
2. Amount decreased in the current period	-	(27,668,669.87)	-	-	(27,668,669.87)
(1) Disposal or scrap	-	(434,861.16)	-	-	(434,861.16)
(2) Transferred from construction in progress	-	(27,233,808.71)	-	-	(27,233,808.71)
3. Closing balance	-	31,125,741.86	275,923.26	91,795.15	31,493,460.27
IV. Book value					
1. Closing book value	1,419,921,201.89	3,091,915,973.38	33,936,645.31	10,834,037.50	4,556,607,858.08
2. Opening book value	945,756,410.06	2,355,083,883.08	22,821,821.55	10,036,102.46	3,333,698,217.15

At the end of the current period, the fixed assets with a book value of RMB1,431,940,610.72 (end of the previous year: RMB1,549,733,966.49) were used as collateral for short-term borrowings and long-term borrowings.

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

<i>RMB</i>				
Items	Book value	Accumulated depreciation	Impairment provision	Book value
Machinery and equipment	8,292,131.46	2,728,761.44	5,563,370.02	-
Other equipment	268,037.61	225,506.25	42,531.36	-
Total	<u>8,560,169.07</u>	<u>2,954,267.69</u>	<u>5,605,901.38</u>	<u>-</u>

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

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

<i>RMB</i>		
Items	Book value	Reasons for failure to complete the property right certificate
Insulating workshop (north)	<u>12,832,988.83</u>	Property right certificate is still in process

15. CONSTRUCTION IN PROGRESS

Items

RMB

Items	Closing balance	Opening balance
Construction in progress	2,443,738,399.49	1,914,760,672.93
Engineering materials	47,395,423.93	22,390,712.49
Total	<u>2,491,133,823.42</u>	<u>1,937,151,385.42</u>

Construction in progress

(1) Construction in progress

RMB

Items	Book balance	Closing balance Impairment provision	Book value
Vietnam Flat PV glass production line	500,747,175.34	-	500,747,175.34
Annual output of 750,000 tons of PV cover glass project	1,078,188,934.74	-	1,078,188,934.74
Annual output of 750,000 tons of PV cover glass project-phase II	359,396,311.58	-	359,396,311.58
PV phase I cold repair project	12,554,217.67	-	12,554,217.67
Annual production of 42 million square meters of PV backplane project	30,314,480.94	-	30,314,480.94
Annual production of 28 million square meters of PV backplane glass project	61,799,221.80	-	61,799,221.80
Annual production of 750,000 tons of ultra-thin and ultra-high penetration panel manufacturing project for solar equipment	254,145,945.55	-	254,145,945.55
Cold repair project of the second line of float glass process	28,803,528.44	-	28,803,528.44
PV phase II cold repair project	42,959,156.84	-	42,959,156.84
Natural gas project	51,635,001.18	-	51,635,001.18
Machinery and equipment to be installed and others	23,194,425.41	-	23,194,425.41
Total	<u>2,443,738,399.49</u>	<u>-</u>	<u>2,443,738,399.49</u>

RMB

Items	Book balance	Opening balance Impairment provision	Book value
Vietnam Flat PV glass production line	1,332,893,350.87	-	1,332,893,350.87
Annual output of 750,000 tons of PV cover glass project	340,005,791.57	-	340,005,791.57
PV phase I cold repair project	110,494,434.62	-	110,494,434.62
110KV transformer substations project	42,388,491.05	-	42,388,491.05
Annual production of 42 million square meters of PV backplane project	35,997,355.15	-	35,997,355.15
Cold repair project of the second line of float glass process	13,219,535.07	-	13,219,535.07
Jiafu phase I cold repair project	972,276.22	-	972,276.22
Machinery and equipment to be installed and others	<u>38,789,438.38</u>	-	<u>38,789,438.38</u>
Total	<u><u>1,914,760,672.93</u></u>	-	<u><u>1,914,760,672.93</u></u>

(2) Changes in major construction projects in progress in the current half year

RMB

Project name	Budget	Opening amount	Increase in the current half year	Transfer amount from fixed assets in the current year	Transfer amount into fixed assets in the current year	Transfer amount into others in the current year	Project cumulative investment accounted for the proportion of the budget (%)	Project progress	Accumulated amount of interest capitalization	Including: the amount of interest capitalization in the current year	Capitalization rate of interest in the current year (%)	Sources of funds	
Vietnam Flat PV glass production line	1,600,000,000.00	1,332,893,350.87	243,803,670.06		1,075,949,845.59		500,747,175.34	99%	99%	104,334,935.83	9,577,297.05	2.66%	Company's own capital/specific loan
Annual output of 750,000 tons of PV cover glass project	1,751,683,600.00	340,005,791.57	738,183,143.17				1,078,188,934.74	62%	62%	29,813,592.05	-		Convertible bonds
Annual output of 750,000 tons of PV cover glass project-phase II	1,632,609,800.00	-	359,396,311.58				359,396,311.58	22%	22%				Proceeds of non-public issuance
PV phase I cold repair project	200,000,000.00	110,494,434.62	85,052,739.70		182,992,956.65		12,554,217.67	98%	98%				Company's own capital
Annual production of 42 million square meters of PV backplane project	538,601,200.00	35,997,355.15	61,615,679.48		066,945,476.71	353,076.98	30,314,480.94	31%	31%				Proceeds of non-public issuance
Annual production of 28 million square meters of PV backplane glass project	150,000,000.00	16,633,740.64	45,165,481.16				61,799,221.80	41%	41%				Company's own capital
Annual production of 750,000 tons of ultra-thin and ultra-high penetration panel manufacturing project for solar equipment	2,393,127,000.00	-	254,145,945.55				254,145,945.55	11%	11%				Company's own capital
Total		1,836,024,672.85	1,787,362,970.70	-	1,325,888,278.95	353,076.98	2,297,146,287.62	/	/				/

- (3) *At the end of the current year, there was no indication of impairment of the Group's construction in progress, so no provision for impairment was made.*

Engineering materials

	<i>RMB</i>	
Items	Closing balance	Opening balance
Others	<u>47,395,423.93</u>	<u>22,390,712.49</u>
Total	<u><u>47,395,423.93</u></u>	<u><u>22,390,712.49</u></u>

16. RIGHT-OF-USE ASSETS

	<i>RMB</i>
Items	Land
I. Book value	
1. Opening balance	190,271,628.31
2. Exchange difference on foreign currency financial statements translation	(1,313,573.71)
3. Closing balance	188,958,054.60
II. Accumulated depreciation	
1. Opening balance	16,466,602.05
2. Amount increased in the current period (1) provided	2,367,974.74
3. Exchange difference on foreign currency financial statements translation	(143,037.76)
4. Closing balance	18,691,539.03
III. Book value	
1. Closing book value	170,266,515.57
2. Opening book value	<u><u>173,805,026.26</u></u>

17. INTANGIBLE ASSETS

RMB

Items	Land use right	Emission on rights	Mining rights	Software	Total
I. Book value					
1. Opening and closing balance	469,457,768.42	30,427,822.04	232,964,000.00	7,595,886.72	740,445,477.18
II. Accumulated amortization					
1. Opening balance	56,584,545.13	25,741,188.04	125,582,563.79	2,967,139.85	210,875,436.81
2. Amount increased in the current period	4,703,632.15	1,416,038.68	5,460,641.21	326,040.76	11,906,352.80
(1) Provided	4,703,632.15	1,416,038.68	5,460,641.21	326,040.76	11,906,352.80
3. Closing balance	61,288,177.28	27,157,226.72	131,043,205.00	3,293,180.61	222,781,789.61
III. Book value					
1. Closing book value	408,169,591.14	3,270,595.32	101,920,795.00	4,302,706.11	517,663,687.57
2. Opening book value	<u>412,873,223.29</u>	<u>4,686,634.00</u>	<u>107,381,436.21</u>	<u>4,628,746.87</u>	<u>529,570,040.37</u>

At the end of the current period, the land use right with the net value of RMB173,421,823.90 (at the end of the last year: RMB175,597,445.12) was used for mortgages to obtain borrowings.

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

Note 2: Mining exploitation rights refer to the right of the Group to mine a quartz ore mine located in Fengyang County, Anhui Province, China. Mining rights are amortized on a production basis. The mine is operated by Anhui Flat Material. The local government granted the mining rights license for Anhui Flat Material from 2012 to 2022 for a period of ten years.

18. DEFERRED INCOME TAX

(1) *Deferred tax assets before offsetting*

RMB

Items	30 June 2021	
	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	37,733,225.34	5,676,349.51
Provision for credit loss	50,631,172.22	8,572,086.21
Deferred revenue	27,804,904.77	4,542,708.50
Depreciation difference for fixed assets	31,343,365.35	4,701,504.80
Share payment	32,523,810.26	4,878,571.54
Profit and loss arising from changes in fair value	<u>7,832,780.00</u>	<u>1,174,916.99</u>
Total	<u><u>187,869,257.94</u></u>	<u><u>29,546,137.55</u></u>

(2) *Deferred tax liabilities before offsetting*

RMB

Items	30 June 2021	
	Taxable temporary differences	Deferred tax liabilities
Property revaluation arising from conversion to a joint stock company	13,117,839.25	1,967,675.89
Accelerated depreciation of fixed assets	329,111,351.38	49,366,702.71
Trial production cost	62,825,340.78	9,423,801.12
Profit and loss arising from changes in fair value	<u>1,285,624.95</u>	<u>212,128.12</u>
Total	<u><u>406,340,156.36</u></u>	<u><u>60,970,307.84</u></u>

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

RMB

Items	30 June 2021	
	Offset amount of deferred tax assets and liabilities at the end of the period	deferred tax assets or liabilities after offsetting
Deferred tax assets	5,661,348.47	23,884,789.08
Deferred tax liabilities	<u><u>5,661,348.47</u></u>	<u><u>55,308,959.37</u></u>

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

RMB

Items	Closing balance	Opening balance
Deductible losses	78,222,599.22	78,222,599.22
Others	866,849.56	1,080,737.08
Total	<u>79,089,448.78</u>	<u>79,303,336.30</u>

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

RMB

Items	Closing balance	Opening balance
2021	5,383,141.31	5,383,141.31
2022	2,253,828.56	2,253,828.56
2023	5,267,794.80	5,267,794.80
2024	11,498,471.76	11,498,471.76
2025	53,819,362.79	53,819,362.79
2026	—	—
Total	<u>78,222,599.22</u>	<u>78,222,599.22</u>

19. OTHER NON-CURRENT ASSETS

RMB

Items	Closing balance	Opening balance
Construction prepayment and land premiums	<u>1,246,202,724.53</u>	603,014,147.21
Total	<u>1,246,202,724.53</u>	<u>603,014,147.21</u>

20. SHORT-TERM BORROWINGS

RMB

Items	Closing balance	Opening balance
Mortgaged borrowings	876,300,500.00	429,391,130.00
Bill discounting borrowings	46,180,852.07	1,000,000.00
Credit borrowings	<u>55,000,000.00</u>	187,010,905.00
Total	<u>977,481,352.07</u>	<u>617,402,035.00</u>

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

21. DERIVATIVE FINANCIAL LIABILITIES

	<i>RMB</i>	
Items	Closing balance	Opening balance
Derivative financial liabilities without the specified hedging relationship Including: Foreign exchange option contract (Note)	<u>929,377.38</u>	—
Total	<u><u>929,377.38</u></u>	<u><u>—</u></u>

Note: Unexpired forward foreign exchange contracts and foreign exchange option contracts are not designated as hedging instruments, and the gains or losses arising from changes in fair value are recognised directly in profit or loss in current period.

22. BILLS PAYABLES

	<i>RMB</i>	
Classification	Closing balance	Opening balance
Bank acceptance bills	<u>996,764,449.30</u>	<u>713,571,260.89</u>
Total	<u><u>996,764,449.30</u></u>	<u><u>713,571,260.89</u></u>

23. TRADE PAYABLES

(1) Trade payables

RMB

Items	Closing balance	Opening balance
Trade payables	910,317,954.71	725,162,337.22
Construction costs payable	<u>667,991,558.82</u>	<u>569,481,155.04</u>
Total	<u><u>1,578,309,513.53</u></u>	<u><u>1,294,643,492.26</u></u>

(2) Significant trade payables with ageing over 1 year

RMB

Items	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	73,378,592.03	Project warranty has not yet expired and been repaid
Trade payables	13,339,561.59	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	<u><u>86,718,153.62</u></u>	

24. CONTRACT LIABILITIES

RMB

Items	Closing balance	Opening balance
Goods payment	<u>472,581,951.29</u>	91,178,042.21
Total	<u><u>472,581,951.29</u></u>	<u>91,178,042.21</u>

25. 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 remuneration	48,121,004.94	216,838,461.93	210,997,480.69	53,961,986.18
II. Post-employment welfare – Defined contribution plan	<u>817,948.84</u>	<u>13,883,883.41</u>	<u>13,625,049.91</u>	<u>1,076,782.34</u>
Total	<u><u>48,938,953.78</u></u>	<u><u>230,722,345.34</u></u>	<u><u>224,622,530.60</u></u>	<u><u>55,038,768.52</u></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. Wages or salaries, bonuses, allowances and subsidies	45,969,852.59	188,770,660.02	182,654,986.50	52,085,526.11
II. Staff welfare	-	11,718,721.49	11,718,721.49	-
III. Social insurance	772,267.18	7,970,887.61	7,966,964.69	776,190.10
Including: Medical insurance	657,200.81	7,150,364.39	7,127,809.49	679,755.71
Work-related injury insurance	76,407.50	581,580.84	602,657.88	55,330.46
Maternity insurance	38,658.87	238,942.38	236,497.32	41,103.93
IV. Housing funds	611,019.00	5,038,585.00	5,065,215.00	584,389.00
V. Labor union & education funds	767,866.17	3,339,607.81	3,591,593.01	515,880.97
Total	<u>48,121,004.94</u>	<u>216,838,461.93</u>	<u>210,997,480.69</u>	<u>53,961,986.18</u>

(3) *Listing of defined contribution plan*

Items	RMB			Closing balance
	Opening balance	Increase in the current period	Decrease in the current period	
1. Basic pension insurance	789,608.54	13,369,755.39	13,111,317.55	1,048,046.38
2. Unemployment insurance	28,340.30	514,128.02	513,732.36	28,735.96
Total	<u>817,948.84</u>	<u>13,883,883.41</u>	<u>13,625,049.91</u>	<u>1,076,782.34</u>

Defined contribution plan:

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

During the period from 1 January to 30 June 2021, the Group should pay a total of RMB13,369,755.39 and RMB514,128.02 to the pension insurance and unemployment insurance schemes respectively. As of 30 June 2021, there were RMB1,048,046.38 and RMB28,735.96 that had been accrued but unpaid for the pension insurance and unemployment insurance schemes. The payables have been paid after the report period.

26. TAXES PAYABLE

RMB

Items	Closing balance	Opening balance
Enterprise income tax	141,263,319.36	211,526,135.88
VAT	17,772,809.43	62,394,735.41
Land use tax	7,740,971.90	9,436,202.79
City maintenance and construction tax	2,415,206.03	5,655,015.78
Education surtax and local education surtax	2,032,570.18	4,921,641.59
Individual income tax	20,794,335.47	1,222,786.16
Other	4,625,137.50	8,275,592.44
Total	<u>196,644,349.87</u>	<u>303,432,110.05</u>

27. OTHER PAYABLES

Items

RMB

Items	Closing balance	Opening balance
Interest payable	3,185,327.16	2,856,171.00
Dividends payables	989,000.00	299,000.00
Other payables	101,593,500.19	97,660,344.00
Total	<u>105,767,827.35</u>	<u>100,815,515.00</u>

(1) *Interest payables*

	<i>RMB</i>	
Items	Closing balance	Opening balance
Interest for long-term borrowings with interest paid in installment and principal paid due to maturity	2,156,503.59	1,547,587.53
Interest payable for short-term borrowings	1,028,823.57	647,870.68
Interest payable for Convertible Bonds	—	660,712.79
Total	<u>3,185,327.16</u>	<u>2,856,171.00</u>

(2) *Dividends payables*

	<i>RMB</i>	
Items	Closing balance	Opening balance
Dividends on ordinary shares	<u>989,000.00</u>	<u>299,000.00</u>
Total	<u>989,000.00</u>	<u>299,000.00</u>

(3) *Other payables*

RMB

Items	Closing balance	Opening balance
Warranty	39,581,111.92	42,285,711.92
Transportation premium	15,755,891.06	21,651,934.27
Restricted share incentive schemes	37,630,000.00	28,359,000.00
Investments payable to associates	3,200,000.00	–
Others	5,426,497.21	5,363,697.81
Total	<u>101,593,500.19</u>	<u>97,660,344.00</u>

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

28. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

RMB

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	<u>292,904,500.00</u>	160,819,952.95
Total	<u>292,904,500.00</u>	<u>160,819,952.95</u>

29. LONG-TERM BORROWINGS

(1) Categories of long-term borrowings

	<i>RMB</i>	
Items	Closing balance	Opening balance
Pledged borrowings	1,153,582,457.54	1,161,760,623.96
Secured borrowings	660,000,000.00	374,071,211.06
Less: pledged borrowings due within 1 year	290,704,500.00	146,810,250.00
Less: secured borrowings due within 1 year	2,200,000.00	14,009,702.95
Total	<u>1,520,677,957.54</u>	<u>1,375,011,882.07</u>

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

	<i>RMB</i>	
Items	Closing balance	Opening balance
1 to 2 years	865,077,957.54	418,682,008.11
2 to 5 years	655,600,000.00	956,329,873.96
Total	<u>1,520,677,957.54</u>	<u>1,375,011,882.07</u>

30. BONDS PAYABLES

(1) Bonds payables

RMB

Items	Closing balance	Opening balance
Bonds payables	-	236,681,991.63
Total	-	236,681,991.63

(2) Changes in bonds payable

RMB

Name of bond	Par value	Issuing date	Term of the bond	Issue amount	Opening balance	Issuance for the current period	Accrued interests at par value	Amortization of premium/discount	Conversion for the current period	Repayment for the current period	Closing balance
Flat convertible bond	100.00	2020/05/27	6 years	1,450,000,000.00	236,681,991.63	-	7,406.22	45,236,008.37	279,215,000.00	2,710,406.22	-
Total	/	/	/	1,450,000,000.00	236,681,991.63	-	7,406.22	45,236,008.37	279,215,000.00	2,710,406.22	-

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

Approved by CSRC Approval [2020] No. 294, the Group issued 14.5 million convertible bonds with a nominal value of RMB100 on 27 May 2020. The annual coupon rate shall be 0.4% in the first year, 0.6% in the second year, 1% in the third year, 1.5% in the fourth year, 1.8% in the fifth year and 2% in the sixth year. The payment method that interest shall be paid on an annual basis shall be adopted and the principal shall be repaid and the interest for the last year shall be paid. The term of the A Share Convertible Corporate Bonds under the issuance shall be six years from the date of the issuance, namely 27 May 2020 to 26 May 2026.

The conversion period of the A Share Convertible Bonds under the issuance shall commence on the first trading day immediately following the expiry of the six-month period after the date of the issuance of the convertible bonds (i.e. 2 June 2020), and end on the maturity date of the convertible bonds (i.e. 3 December 2020 to 26 May 2026).

The initial conversion price of convertible corporate bonds under the issuance is RMB13.56 per share. After the issuance, in case of certain events such as distribution of share dividends, conversion or increase of share capital, issuance of new shares (excluding any increase in the share capital as a result of conversion of the convertible corporate bonds under the issuance), rights issue and distribution of cash dividends, the price of the convertible shares shall be adjusted accordingly. During the term of the A Share Convertible Corporate Bonds under the issuance, the closing prices of shares of the Company on at least 15 trading days out of any 30 consecutive trading days are lower than 90% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to the Shareholders at the Shareholders' general meetings and A/H shareholders class meeting for their consideration and voting.

Within five trading days upon the maturity of the A Share Convertible Corporate Bonds under the issuance, the Company will redeem all outstanding A Share Convertible Corporate Bonds that are not converted into shares at 115% (including the interest for the final interest accrual year) of the par value of the A Share Convertible Corporate Bonds with the holders of the A Share Convertible Corporate Bonds.

During the conversion period, the Company has the right to redeem all or part of the A Share Convertible Bonds which have not been converted into shares based on the par value plus the accrued interest then in case of where the closing prices of A Shares of the Company for at least 20 trading days out of any 30 consecutive trading days are no less than 130% (including 130%) of the prevailing conversion price or where the balance of the outstanding A Share Convertible Bonds under the issuance is lower than RMB30 million.

Within 2 years prior to the maturity of the A Share Convertible Bonds, where the closing price of the Company's A Shares is lower 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 Bonds held by them back to the Company at the face value plus the interest accrued then.

If the Company's actual usage of the net proceeds from the Proposed Issuance 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 Bonds 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 Bonds back to the Company during the sell back declaration period. If the Bondholders do not exercise their sell back rights 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 purchase warrants. The residual amount was assigned as the equity component and included in shareholders' equity.

The Company has completed the registration procedures for granting Restricted A Shares for equity incentive in 2020, and granted a total of 4.6 million A shares to 15 Participants at the price of RMB6.23 per share, which derived from the private placement. The equity incentive grant registration changed the total share capital of the Company from 1,950 million shares to 1,954.6 million shares.

On 9 October 2020, the 2020 second extraordinary general meeting was held by the Company at which the Proposals on the Interim Profit Distribution for the Year 2020 was deliberated and approved, pursuant to which a cash dividend of RMB0.65 (tax inclusive) for every 10 shares will be distributed to all shareholders based on the total share capital on the share options registration date for the implementation of the profit distribution, for a total profit distributed of RMB127,049,000.00. After deducting the cash dividends paid this time, the accumulated undistributed profits are carried forward for distribution in subsequent years. In addition to the above cash dividend, this profit distribution was made with no bonus shares and not in capital reserve capitalization.

As approved by the Approval of the Non-public Issuance of Shares of Flat Glass Group Co., Ltd. (CSRC Approval [2020] No. 2648) issued by China Securities Regulatory Commission, the Company was permitted to issue not more than 450,000,000 new shares by way of non-public issuance. The Company has completed the non-public issuance of 84,545,147 RMB ordinary shares (A shares) at a par value of RMB0.25 per share at an issue price of RMB29.57 per share.

In accordance with relevant terms under the A Share Convertible Bonds Prospectus of Flat Glass Group Co., Ltd. on Public Issuance of A Share Convertible Bonds, where the Company make distribution of scrip dividend, capitalization issue, issuance of new Shares (excluding new share capital as a result of the conversion of the A Share Convertible Bonds), rights issue and distribution of cash dividend after the issuance of the “Flat Convertible Bonds”, the adjustment will be made to the conversion price pursuant to the relevant formula. On 28 January 2021, the conversion price of the Flat Convertible Bonds will be adjusted by the Company to RMB14.15 per share.

During the period from 3 December 2020 to 23 December 2020, the closing prices of shares of the Flat Glass Group Co., Ltd. (the “Company”) during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% (i.e. RMB17.52 per share) of the prevailing conversion price of RMB13.48 per share, triggering the early redemption terms of the Flat Convertible Bonds, pursuant to the agreement under the A Share Convertible Bonds Prospectus of Flat Glass Group Co., Ltd. on Public Issuance of A Share Convertible Bonds (the “A Share Convertible Bonds Prospectus”). On 23 December 2020, the Resolution on Early Redemption of Flat Convertible Bonds by the Company was considered and approved at the 28th meeting of the 5th session of the Board, under which the Company decided to exercise the early redemption right of Flat Convertible Bonds, and redeemed all the Flat Convertible Bonds registered on the redemption registration date.

As of 30 June 2021, the Flat Convertible Bonds in an accumulated amount of RMB1,447,297,000.00 have been converted into the shares of the Company, and the number of converted shares amounted to 107,048,107.00 shares, the remaining RMB2,703,000.00 of principal and RMB7,406.22 of interest have been repaid by the Company.

31. LEASE LIABILITIES

RMB

Classification	Closing balance	Opening balance
Lease liabilities	<u>11,456,477.30</u>	11,508,090.39
Total	<u>11,456,477.30</u>	<u>11,508,090.39</u>

32. DEFERRED REVENUE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Government grant	<u>33,039,484.74</u>	1,000,000.00	6,234,579.97	<u>27,804,904.77</u>
Total	<u>33,039,484.74</u>	<u>1,000,000.00</u>	<u>6,234,579.97</u>	<u>27,804,904.77</u>

Items involving government grants:

RMB

Items	Opening balance	Increase amount for the period	Amount account for the other revenue	Closing balance	Asset-related/revenue-related
Jiaxing City 2011 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	2,500,000.00		1,500,000.00	1,000,000.00	Asset-related
Zhejiang Finance Department 2011 industrial transformation and upgrading technical transformation grant – annual output of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1#PV Kiln	166,666.69		100,000.02	66,666.67	Asset-related
Jiaxing City 2011 industrial development fund grant-production of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1#Photovoltaic Kiln	166,666.69		100,000.02	66,666.67	Asset-related
Jiaxing City 2009 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	1,666,666.63		1,000,000.02	666,666.61	Asset-related
Jiaxing City 2012 first batch of industrial development fund grant annual output of 170,000 tons of low – E glass and deep processing project 2#Float Kiln	333,333.10		100,000.02	233,333.08	Asset-related

Items	Opening balance	Increase amount for the period	Amount account for the other revenue	Closing balance	Asset-related/revenue-related
Jiaxing City 2012 provincial energy-saving financial grant – 2 production lines of furnace flue gas waste heat utilization Phase II project with supporting construction of waste heat boilers and steam turbine generator sets	290,291.51		49,999.98	240,291.53	Asset-related
Annual production of 15 million square meters of solar photovoltaic ultra-white glass expansion project	924,778.46		250,000.02	674,778.44	Asset-related
Jiaxing City 2012 first batch of industrial development fund grant –2*600t/d glass melting furnace flue gas waste heat power generation first phase construction’s technical transformation project	183,495.38		49,999.98	133,495.40	Asset-related
TCO ultra-white conductive film project grant	2,010,862.91		750,000.00	1,260,862.91	Asset-related
Jiaxing City 2012 first batch of industrial development fund subsidy – annual output of 15 million square meters of solar photovoltaic ultra-white glass project I#Photovoltaic Kiln	1,450,494.81		250,000.02	1,200,494.79	Asset-related

Items	Opening balance	Increase amount for the period	Amount account for the other revenue	Closing balance	Asset-related/revenue-related
2014 industrial transformation and upgrading items (central infrastructure investment) Flat Glass annual production of 5.8 million square meters LOW-E glass deep processing project	3,720,000.00		465,000.00	3,255,000.00	Asset-related
Glass melting furnace flue gas denitrification technology project grant	5,852,777.21		586,666.68	5,266,110.53	Asset-related
Jiaxing Finance Bureau 2011 glass melting furnace flue gas waste heat power generation project grant	1,109,999.80		184,999.98	924,999.82	Asset-related
The first phase of distributed PV project construction grant	4,349,280.00		167,280.00	4,182,000.00	Asset-related
The second phase of distributed PV project construction grant	1,227,330.63		46,607.52	1,180,723.11	Asset-related
Annual production of 5.8 million square meters LOW-E glass deep processing project	5,054,348.00		409,812.00	4,644,536.00	Asset-related
Annual production of 12 million square meters of high transparent photovoltaic glass project	2,032,492.92		174,213.72	1,858,279.20	Asset-related
Subsidies for supporting the development of robot industry		1,000,000.00	49,999.99	950,000.01	Asset-related
Total	33,039,484.74	1,000,000.00	6,234,579.97	27,804,904.77	

33. SHARE CAPITAL

RMB

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

Note 1: As considered at the 20th meeting of the fifth session of the Board, 2020 first extraordinary general meeting, 2020 second A shareholders class meeting and 2020 second H shareholders class meeting of the Company, and approved by the Approval of the Non-public Issuance of Shares of Flat Glass Group Co., Ltd. (CSRC Approval [2020] No. 2648) issued by China Securities Regulatory Commission, the Company was permitted to issue not more than 450,000,000 RMB ordinary shares (A shares) by way of non-public issuance at a par value of RMB0.25 per share. As of 7 January 2021, the Company has completed the non-public issuance of 84,545,147 A shares at an issue price of RMB29.57 per share with the total amount of funds raised of RMB2,499,999,996.79. The net proceeds were RMB2,483,081,943.69 after deducting the issue cost of RMB16,918,053.10, of which the amount of RMB21,136,286.75 and RMB2,461,945,656.94 was included in total share capital and capital reserve, respectively.

As at 25 May 2021, the Company granted 700,000 RMB ordinary shares (A shares) to three Participants pursuant to the Resolution in relation to the Reserved Grant of the Restricted A Shares to Participants, with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. After the completion of the above transaction, the share capital and treasury stock of the Company increased by RMB175,000.00 and RMB9,961,000.00, respectively.

Note 2: See Note “Bonds payables” for conversion of the convertible bonds.

34. OTHER EQUITY INSTRUMENTS

RMB

Outstanding financial instruments	Opening balance		Increase in the current period		Decrease in the current period		Closing balance	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Convertible corporate bonds	2,819,180.00	49,401,670.49	-	-	2,819,180.00	49,401,670.49	-	-

35. CAPITAL RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share premium (Note 1)	2,029,451,831.65	2,750,665,795.88	-	4,780,117,627.53
Other capital reserve (Note 2)	15,643,324.40	16,880,485.86	-	32,523,810.26
Total	2,045,095,156.05	2,767,546,281.74	-	4,812,641,437.79

Note 1: Increase in the share premium for the current period mainly represented: (1) the total amount of funds raised of RMB2,499,999,996.79 from the non-public issuance of 84,545,147 shares at an issue price of RMB29.57 per share for this period. The net proceeds were RMB2,483,081,943.69 after deducting the issue cost of RMB16,918,053.10, of which the amount of RMB21,136,286.75 and RMB2,461,945,656.94 was included in total share capital and capital reserve, respectively. (2) Details of convertible bonds for the current period are set out in Note "Bonds payables" and the capital reserve (share premium) increased by RMB278,934,138.94. (3) the total amount funds paid by participant of RMB9,961,000 due to granting restricted shares to Participants, of which the amount of RMB175,000.00 and RMB9,786,000 was included in the share capital and the capital reserve, respectively.

Note 2: Other capital reserves for the current period increased by RMB16,880,485.86, among which, according to the fair value of restricted shares on the grant date, the service fees provided by employees in the current period were included in the relevant cost expense of RMB16,880,485.86.

36. TREASURY STOCK

RMB

Item	Opening balance	Increase for the period (Note 1)	Decrease for the period (Note 2)	Closing balance
Share-based payment	<u>28,359,000.00</u>	<u>9,961,000.00</u>	<u>690,000.00</u>	<u>37,630,000.00</u>
Total	<u>28,359,000.00</u>	<u>9,961,000.00</u>	<u>690,000.00</u>	<u>37,630,000.00</u>

Note 1: The Company granted restricted shares to proposed participants pursuant to the Resolution in relation to the Reserved Grant of the Restricted A Shares to Participants on 25 May 2021. A total of three participants have actually subscribed for 700,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. After the completion of the above transaction, the share capital increased by RMB175,000.00 and the treasury stock increased by RMB9,961,000.00.

Note 2: On 23 June 2021, the Company implemented the profit distribution plan for 2020 and distributed cash dividends to shareholders (including holders of restricted shares). After the completion of the above transaction, the treasury stock decreased by RMB690,000.00 accordingly.

37. OTHER COMPREHENSIVE INCOME

RMB

Items	Amount incurred in the current period					Closing balance
	Opening balance	Amount before income tax incurred in the current period	Less: income tax	Amount attributable to the Company after income tax	Amount attributable to minority shareholders after income tax	
I. Other comprehensive income that will not be reclassified into profit or loss afterwards	(3,217,914.84)	(1,133,085.00)	-	(1,133,085.00)	-	(4,350,999.84)
- Changes in fair value of other equity instrument investments	(3,217,914.84)	(1,133,085.00)	-	(1,133,085.00)	-	(4,350,999.84)
II. Other comprehensive income that will be reclassified into profit or loss afterwards	(23,120,961.31)	(55,576.80)	122,346.27	66,769.47	-	(23,054,191.84)
- Exchange differences on foreign currency financial statements translation	(17,156,393.87)	760,065.04	-	760,065.04	-	(16,396,328.83)
- Changes in fair value of financing receivables	(5,964,567.44)	(815,641.84)	122,346.27	(693,295.57)	-	(6,657,863.01)
Total other comprehensive income	<u>(26,338,876.15)</u>	<u>(1,188,661.80)</u>	<u>122,346.27</u>	<u>(1,066,315.53)</u>	<u>-</u>	<u>(27,405,191.68)</u>

38. SPECIAL RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production costs	<u>14,369,931.38</u>	<u>843,834.60</u>	<u>14,376.78</u>	<u>15,199,389.20</u>
Total	<u>14,369,931.38</u>	<u>843,834.60</u>	<u>14,376.78</u>	<u>15,199,389.20</u>

39. SURPLUS RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	<u>220,705,199.31</u>	<u>-</u>	<u>-</u>	<u>220,705,199.31</u>
Total	<u>220,705,199.31</u>	<u>-</u>	<u>-</u>	<u>220,705,199.31</u>

40. UNDISTRIBUTED PROFIT

RMB

Items	Current period	Last period
Opening balance of the undistributed profit	4,449,556,361.77	2,974,971,417.75
Add: Net profit attributable to shareholders of the parent company in the current period	1,261,029,989.03	1,628,783,787.63
Less: Accrual of statutory surplus reserves	—	27,149,843.61
Dividends payable	<u>321,928,988.10</u>	<u>127,049,000.00</u>
Closing balance of the undistributed profit	<u><u>5,388,657,362.70</u></u>	<u><u>4,449,556,361.77</u></u>

41. OPERATING REVENUE AND OPERATING COST

(1) Operating revenue and operating cost

RMB

Items	Amount for the period		Amount for last period	
	Revenue	Cost	Revenue	Cost
Main business	4,006,038,420.77	2,087,414,848.12	2,480,035,992.10	1,542,073,601.78
Other business	<u>21,984,067.79</u>	<u>5,411,353.97</u>	<u>16,167,895.41</u>	<u>2,177,181.15</u>
Total	<u><u>4,028,022,488.56</u></u>	<u><u>2,092,826,202.09</u></u>	<u><u>2,496,203,887.51</u></u>	<u><u>1,544,250,782.93</u></u>

(2) *Revenue from contract*

	<i>RMB</i>
Contract classification	Total
By types of products	
PV glass	3,324,923,196.90
Float glass	179,987,141.29
Household glass	178,247,092.18
Architectural glass	304,212,083.93
Ore	18,668,906.47
Income from other business	21,984,067.79
By operating regions	
PRC	2,739,990,527.73
Asia and other countries and regions	982,573,017.72
Europe	84,796,649.60
North America	212,166,371.75
Other	8,495,921.76
Total	<u>4,028,022,488.56</u>

(3) *Performance obligations:*

The Group's main business activities are the production and sales of glass products. The Group shall ship the product to the customer's designated location or the product shall be picked up by the customer. The product is still controlled by the Group before the customer's acceptance confirmation. Only when the customer receives the product and the qualified acceptance is made, the control of the product is transferred to the customer and the Group recognises the revenue. After the customer makes the acceptance, the customer has full rights to decide the selling manner and price of the goods, and assumes the primary responsibility and the risk of loss associated with the goods. The Group requires dealer customers to fully prepay the purchase payment before the delivery of the goods, and the normal credit period for direct sales customers is 30 to 120 days after the acceptance of the goods.

The estimated contract period of the Group's sales contract does not exceed one year, so the transaction price allocated to the remaining performance obligation is not disclosed.

42. TAXES AND SURCHARGES

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
City maintenance and construction tax	4,653,788.99	3,164,460.12
Education surtax	4,481,599.08	2,330,657.08
Property tax	1,924,817.01	2,007,201.01
Resource tax	1,306,823.46	2,670,416.85
Land use tax	3,968,742.69	4,860,391.44
Stamp duty	1,208,385.13	852,398.50
Environmental protection tax	1,909,737.79	651,736.95
Special fund for water conservancy construction	1,320,568.28	673,077.98
Others	426,722.31	8,348.64
Total	<u>21,201,184.74</u>	<u>17,218,688.57</u>

43. SELLING EXPENSES

Items	RMB	
	Amount for the period	Amount for last period
Transportation expenses	152,385,253.21	119,862,970.28
Assembling frame charges	44,217,828.05	6,930,497.82
Employee compensation and welfare	5,780,602.46	5,204,014.59
Advertising expenses	4,731,980.16	3,184,973.29
Depreciation and amortization	4,459.85	11,296.14
Others	1,707,952.14	1,073,743.81
Total	<u>208,828,075.87</u>	<u>136,267,495.93</u>

44. ADMINISTRATIVE EXPENSES

Items	RMB	
	Amount for the period	Amount for last period
Employee remuneration and benefits	68,897,778.55	26,786,090.39
Depreciation and amortization	10,538,835.21	9,686,080.53
Green and environmental protection expenses	3,592,433.81	2,822,198.62
Labor costs	4,361,248.05	1,842,975.65
Office expenses	4,143,592.54	2,488,338.22
Travelling expenses	1,023,170.67	821,382.58
Intermediary agency service fee	1,998,236.41	2,114,488.35
Transportation expenses	1,105,866.39	538,324.66
Repair and maintenance fee	188,692.64	724,667.66
Other	11,269,219.21	8,435,650.29
Total	<u>107,119,073.48</u>	<u>56,260,196.95</u>

45. RESEARCH AND DEVELOPMENT EXPENSES

RMB

Items	Amount for the period	Amount for last period
Employee remuneration and benefits	39,118,507.52	26,490,891.90
Direct material costs	134,017,800.27	62,086,377.04
Depreciation and amortization	11,096,518.97	8,113,852.33
Other	15,805,687.54	3,102,267.10
Total	<u>200,038,514.30</u>	<u>99,793,388.37</u>

46. FINANCE EXPENSES

RMB

Items	Amount for the period	Amount for last period
Interest expense	34,644,318.71	50,210,453.90
Interest income	(21,301,664.66)	(6,892,913.22)
Handing fee	1,157,900.91	1,077,594.81
Exchange loss (gains)	(780,293.22)	(2,004,963.71)
Total	<u>13,720,261.74</u>	<u>42,390,171.78</u>

47. OTHER REVENUE

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Distributed PV power generation project grant	3,052,823.35	3,403,174.52
Deferred income amortization	6,234,579.97	6,184,579.98
Government grants	3,049,188.99	3,129,677.54
Total	<u>12,336,592.31</u>	<u>12,717,432.04</u>

48. INVESTMENT INCOME (LOSS)

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Income from long-term equity investments under the equity method	2,834,046.74	641,580.62
Investment income from structured wealth management	7,842,906.41	-
Derivative tools without the specified hedging relationship	9,504,060.00	1,211,600.00
Including: Forward foreign exchange contract investment income	9,504,060.00	1,399,400.00
Foreign exchange option contract investment income (loss)		(187,800.00)
Investment income from equity instrument investment	1,406,250.00	-
Total	<u>12,336,592.31</u>	<u>12,717,432.04</u>

49. GAINS AND LOSSES ARISING FROM CHANGES IN FAIR VALUE

	<i>RMB</i>	
	Amount for the period	Amount for last period
Derivative tools without the specified hedging relationship		
Including: Interest rate swap contract	-	(895,453.76)
Forward foreign exchange contract	769,335.76	248,726.08
Foreign exchange option contract	(929,377.38)	419,604.32
Total	<u>(160,041.62)</u>	<u>(227,123.36)</u>

50. CREDIT IMPAIRMENT LOSSES

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Bad debt losses of trade receivables	31,247,735.89	(32,224,793.03)
Bad debt losses of bill receivables	(751,658.54)	90,423.15
Total	<u>30,496,077.35</u>	<u>(32,134,369.88)</u>

51. ASSETS IMPAIRMENT LOSSES

Items	RMB	
	Amount for the period	Amount for last period
Inventory impairment loss	(4,329,681.98)	(2,944,951.86)
Fixed asset impairment loss	—	(13,332,775.95)
Total	<u>(4,329,681.98)</u>	<u>(16,277,727.81)</u>

52. GAINS (LOSS) ON DISPOSAL OF ASSET

Items	RMB	
	Amount for the period	Amount for last period
Gains on disposal of fixed assets	1,017,352.08	573,695.29
Losses on disposal of fixed assets	<u>(1,967,369.20)</u>	<u>(4,198,736.47)</u>
Total	<u>(950,017.12)</u>	<u>(3,625,041.18)</u>

53. NON-OPERATING INCOME

RMB

Items	Amount for the period	Amount for last period	Non-recurring profits and losses in the current period
Government grant	3,031,418.86	5,448,895.16	3,031,418.86
Others	323,710.32	901,464.43	323,710.32
Total	<u>3,355,129.18</u>	<u>6,350,359.59</u>	<u>3,355,129.18</u>

Government grant in the current profits and losses:

RMB

Items	Amount for the period	Amount for last period	Asset-related/ revenue-related
Industrial development grant	2,650,000.00	4,183,000.00	Revenue
Employment subsidy	342,185.84	500,000.00	Revenue
Foreign trade reward and subsidy	–	700,000.00	Revenue
Others	39,233.02	65,895.16	Revenue
Total	<u>3,031,418.86</u>	<u>5,448,895.16</u>	

54. NON-OPERATING EXPENSES

Items	Amount for the period	Amount for last period	RMB
			Non-recurring profits and losses in the current period
External donations	96,215.63	3,126,430.97	96,215.63
Others	613,545.07	220,802.72	613,545.07
Total	709,760.70	3,347,233.69	709,760.70

55. INCOME TAX EXPENSES

Items	Amount for the period	Amount for
		last period
Current period income tax expenses	174,526,224.63	113,472,626.11
Income taxes made over (refunded) for the last year	(3,163,584.23)	451,854.67
Deferred income tax expenses	13,522,107.48	(9,398,059.79)
Total	184,884,747.88	104,526,420.99

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

	<i>RMB</i>
Items	Amount for the period
Total profit	1,445,914,736.88
Income tax expense calculated at tax rate of 15%	216,887,210.53
Effect of subsidiaries to adapt different tax rates	3,887,769.81
Effect of non-deductible costs, expenses and losses	120,421.58
Tax effect on tax exempt income	(425,107.01)
Effect on makeover (refund) of the income tax for last period	(3,163,584.23)
Tax effect on tax incentives	(3,006,648.01)
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	5,118.64
Changes in opening balances of deferred tax assets/liabilities due to the change in tax rate	585,343.73
Effect on research and development costs plus deduction	(30,005,777.16)
Income tax expenses	<u>184,884,747.88</u>

56. ITEMS IN CASH FLOW STATEMENT

(1) Other cash received and related to operating activities

Items	RMB	
	Amount in the current period	Amount in the last period
Government grant – income-related	9,133,431.20	11,981,747.22
Government grant – asset-related	1,000,000.00	
Interest income	21,301,664.66	6,892,913.22
Margin	220,000.00	900,000.00
Others	2,502,872.22	901,464.43
Total	<u>34,157,968.08</u>	<u>20,676,124.87</u>

(2) Other cash paid and related to operating activities

Items	RMB	
	Amount in the current period	Amount in the last period
Paid fee	386,948,191.87	214,249,463.41
External donation expenditure	96,215.63	3,126,430.97
Bank handling charge	1,157,900.91	1,141,572.08
Margin	21,481,763.42	303,415.74
Others	5,331,515.31	407,701.52
Total	<u>415,015,587.14</u>	<u>219,228,583.72</u>

(3) Other cash received and related to investment activities

RMB

Items	Amount in the current period	Amount in the last period
Changes in restricted monetary funds	30,120,339.59	226,909,481.29
Margin	<u>10,865,600.00</u>	<u>18,109,300.00</u>
Total	<u><u>40,985,939.59</u></u>	<u><u>245,018,781.29</u></u>

(4) Other cash paid and related to investment activities

RMB

Items	Amount in the current period	Amount in the last period
Changes in restricted monetary funds	11,476,099.08	1,513,845,633.76
Cash paid for investment losses		187,800.00
Project margin	<u>13,690,200.00</u>	<u>2,106,600.00</u>
Total	<u><u>25,166,299.08</u></u>	<u><u>1,516,140,033.76</u></u>

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

Items	RMB	
	Amount in the current period	Amount in the last period
Decrease in restricted monetary funds	<u>459,117,039.95</u>	165,787,352.07
Total	<u><u>459,117,039.95</u></u>	<u><u>165,787,352.07</u></u>

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

Items	RMB	
	Amount in the current period	Amount in the last period
Increase in restricted monetary funds	730,523,947.73	208,547,906.86
Charge of one-off payment of long-term borrowing	–	7,651,285.60
Charges for non-public issuance	17,908,619.14	–
Convertible bonds fee	<u>94,339.63</u>	2,603,301.90
Total	<u><u>748,526,906.50</u></u>	<u><u>218,802,494.36</u></u>

57. SUPPLEMENTARY INFORMATION FOR CASH FLOW STATEMENT

(1) *Supplementary information for cash flow statement*

RMB

Net profit	1,261,029,989.03
Add: Asset impairment provision (transfer)	4,329,681.98
Credit impairment losses	(30,496,077.35)
Investment property amortization	715,735.20
Depreciation of fixed assets	219,267,472.76
Depreciation of right-of-use assets	2,367,974.74
Amortization of intangible assets	11,906,352.80
Amortization of long-term prepaid expenses	1,145,392.36
Losses for disposal of fixed assets, intangible assets and other long-term assets	950,017.12
Fair value change gains (losses)	160,041.62
Financial expenses	34,644,318.71
Investment loss	(21,587,263.15)
Decrease in deferred income tax assets (less: increase)	2,228,072.31
Decrease in deferred income tax liabilities (increase)	11,294,035.17
Decrease in inventory (less: increase)	(648,200,026.51)
Decrease of operating receivables (less: increase)	(855,995,548.19)
Increase in operating payables (less: decrease)	391,916,423.87
Deferred income amortization	(6,234,579.97)
Increase in special reserve (less: decrease)	829,457.82
Equity settled share-based payment	16,880,485.86
Net cash flow from operating activities	<u>397,151,956.18</u>

(2) *Component of cash and cash equivalents*

RMB

Items	Closing balance	Opening balance
I. Cash	2,190,106,192.68	1,146,171,930.13
Including: Cash on hand	15,187.02	17,673.90
Bank deposit available for payment	2,190,091,005.66	1,146,154,256.23
II. Cash equivalents	—	—
III. Cash and cash equivalents at the end of the year	<u>2,190,106,192.68</u>	<u>1,146,171,930.13</u>

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

RMB

Items	Book value at the end of the half year	Reasons for restriction
Monetary funds	696,557,750.83	Bills deposits, etc.
Bills receivable	78,969,140.83	Pledged to bank to obtain credit facilities
Financing receivables	212,242,150.46	Pledged to bank to obtain credit facilities
Invested properties	19,517,966.23	Pledged to bank to obtain credit facilities
Fixed assets	1,431,940,610.72	Pledged to bank to obtain credit facilities
Intangible assets	173,421,823.90	Pledged to bank to obtain credit facilities
Total	<u>2,612,649,442.97</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	76,356,038.13	6.4601	493,267,641.92
EUR	3,042,975.26	7.6862	23,388,916.45
JPY	95,754,784.00	0.0584	5,594,760.52
HKD	1,851,909.33	0.8321	1,540,936.72
GBP	3,975.05	8.9410	35,540.92
AUD	<u>291,689.21</u>	<u>4.8528</u>	<u>1,415,509.40</u>
Total			<u><u>525,243,305.93</u></u>
Trade receivables			
Including: USD	58,541,902.12	6.4601	378,186,541.51
EUR	521,577.41	7.6862	4,008,948.29
AUD	<u>79,053.30</u>	<u>4.8528</u>	<u>383,629.85</u>
Total			<u><u>382,579,119.65</u></u>
Other receivables			
Including: HKD	<u>3,970.00</u>	<u>0.8321</u>	<u>3,303.36</u>
Total			<u><u>3,303.36</u></u>
Trade payables			
Including: USD	4,013,942.24	6.4601	25,930,468.32
EUR	<u>959,455.87</u>	<u>7.6862</u>	<u>7,374,569.71</u>
Total			<u><u>33,305,038.03</u></u>
Borrowings			
Including: USD	<u>183,570,371.60</u>	<u>6.4601</u>	<u>1,185,882,957.54</u>
Total	<u><u>183,570,371.60</u></u>		<u><u>1,185,882,957.54</u></u>

60. GOVERNMENT GRANTS

<i>RMB</i>			
			Amounts included into current period profit or loss
Types	Amount	Listed items	
Distributed PV power generation project grant	3,052,823.35	Other revenue	3,052,823.35
Industrial development grant	4,744,200.00	Other revenues/ non-operating revenue	4,744,200.00
Subsidies for scientific and technological talents and employment	670,185.84	Other revenues/ non-operating revenue	670,185.84
Refund income from handling fee for individual income tax	336,696.68	Other revenue	336,696.68
Others	329,525.33	Other revenues/ non-operating revenue	329,525.33
Total	<u>9,133,431.20</u>		<u>9,133,431.20</u>

6. INTERESTS IN OTHER ENTITIES

1. INTERESTS IN SUBSIDIARIES

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 30 June 2020 (%)		Acquisition method
				Direct	Indirect	
Zhejiang Flat Glass Co., Ltd.	Zhejiang	Zhejiang	Engaged in the manufacture and sale of architectural or household glass products	100	-	Establishment
Zhejiang Jiafu Glass Co., Ltd.	Zhejiang	Zhejiang	Manufacture and sale of photovoltaic glass	100	-	Establishment
Shanghai Flat Glass Co., Ltd.	Shanghai	Shanghai	Architectural glass processing	100	-	Establishment
Anhui Flat Solar Glass Co., Ltd.	Anhui	Anhui	Manufacture, processing and sale of special glass	100	-	Establishment
Anhui Flat Solar Material Co., Ltd.	Anhui	Anhui	Mine operations and sale of quartz ore	100	-	Establishment
Flat (Hong Kong) Limited	Zhejiang	Hong Kong	Glass Export	100	-	Establishment
Jiaxing Flat New Energy Technology Co., Ltd.	Zhejiang	Zhejiang	Investment, construction, operation and maintenance of new energy power plants	100	-	Establishment
Flat (Vietnam) Company Limited	Vietnam	Vietnam	Manufacture and sale of photovoltaic glass	-	100	Establishment
Flat (Hong Kong) Investment Limited	Hong Kong	Hong Kong	Investments	-	100	Establishment
Flat (Jiaxing) Import and Export Trade Limited	Zhejiang	Zhejiang	Import and export trade	100	-	Establishment

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	19,948,888.40	11,941,580.62
Listed total number calculated by shareholding percentage		
– Net profit	2,834,046.74	641,580.62
– Other comprehensive income	–	–
– Total comprehensive income	<u>2,834,046.74</u>	<u>641,580.62</u>

7. 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 asset, bills receivables, trade receivables, other receivables, derivative financial liabilities, bills payable and trade payables, and other receivables, lease liabilities and borrowings. Details of each financial instruments are set out below:

RMB

Item	Closing balance	Opening balance
Financial asset		
Cash at bank and on hand	2,886,663,943.51	1,589,967,013.69
Trading financial assets	400,000,000.00	400,000,000.00
Derivative financial asset	2,215,002.33	1,445,666.57
Bills receivables	913,994,466.37	546,772,640.17
Trade receivables	1,110,206,851.77	1,388,373,649.20
Financing receivables	1,102,981,443.63	684,530,748.37
Other receivables	48,205,270.07	24,267,677.88
Other equity instrument investments	52,837,080.00	53,970,165.00
Total	<u>6,517,104,057.68</u>	<u>4,689,327,560.88</u>
Financial liabilities		
Derivative financial liabilities	929,377.38	–
Bills payable	996,764,449.30	713,571,260.89
Trade payables	1,578,309,513.53	1,294,643,492.26
Other payables	101,593,500.19	97,660,344.00
Bonds payables	–	236,681,991.63
Lease liabilities	11,456,477.30	11,508,090.39
Borrowings	2,794,249,136.77	2,156,090,041.02
Total	<u>5,483,302,454.47</u>	<u>4,510,155,220.19</u>

The risks related to financial instruments and the risk management policies for risk mitigation of the Group are stated as following. The management of the Company will management and supervise these risk exposures in order to ensure that proper measures are taken expeditiously.

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management objectives of the Group are to obtain an appropriate balance between risk and return, to reduce negative effects caused by operating results to a lowest level, and to maximize interest of shareholders and other equity investors. Based on these objectives, the basic strategies are to confirm and analyze all potential risks related to the Group, to set appropriate risk limitations, to manage and monitor all risks timely and effectively, and to control the risks within a limited scope.

1.1 Market risk

The Group's business has caused its financial risks due to the changes in interest rates and foreign exchange rates. The Group believes that the above risks during the year or the manner in which they are managed and measured have not been changed compared to the previous year.

1.1.1. Foreign exchange risk

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

As at 30 June 2021, the Group's foreign currency assets and liabilities are set out below. The foreign exchange risk arising from the assets and liabilities of these foreign currency balances (see Notes Foreign Currency Items) may impact the Group's operating results.

RMB

Item	Closing balance	Opening balance
Cash and cash equivalents	525,243,305.93	502,188,814.35
Trade receivables	382,579,119.65	367,959,079.17
Other receivables	3,303.36	3,341.31
Trade payables	33,305,038.03	46,575,584.58
Borrowings	<u>1,185,882,957.54</u>	<u>1,273,662,658.96</u>

The Group closely monitors exchange rate movements and formulates relevant hedging policies to reduce foreign exchange risk. Foreign exchange forward contracts can be used to eliminate foreign exchange risk. For the year ended 30 June 2021, the Company entered into contracts in relation to foreign currency assets of RMB38,760,600.00 (equivalent to USD6,000,000.00).

1.1.2. Interest rate risk

The Group's risks to the changes in cash flows of financial instruments arising from changes in interest rates is primarily related to floating rate bank borrowings and floating rate bank deposits. As at 30 June 2021, the Group's floating borrowings amounted to RMB926,300,500.00 (31 December 2020: RMB1,987,233,870.02). The management of the Group closely monitors interest rate risk. The Group's policy is to maintain the floating rate of these borrowings without any arrangement such as interest swap at present.

1.2 Credit risk

As at 30 June 2021, the maximum credit risk exposure that may cause the Group's credit losses is mainly due to the loss of the Group's financial assets caused by the failure of the other party to perform its obligations and the financial guarantees undertaken by the Group (without considering available collateral or other credit enhancements), specifically: cash at bank and on hand, bills receivable, trade receivables, trade receivables financing, other receivables, 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 has represented its maximum credit risk exposure.

In order to reduce credit risk, the Group has established a team responsible for determining the credit limits and conducting credit approval. At the same time, the Group performs other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of financial assets on each balance sheet date to ensure that adequate credit loss provisions are made for the relevant financial assets. As a result, the management of the Group believes that the credit risk assumed by the Group has been significantly reduced.

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

As at 30 June 2021, the Group's accounts receivable balance with the top five customers was RMB759,585,926.31 (31 December 2020: RMB1,097,833,934.72), accounting for 65.48% of the Group's account receivable balance (31 December 2020: 74.70%). In addition, the Group has no other significant credit risk exposure concentrated on a single financial asset or financial assets group with similar characteristics.

1.3 Liquidity risk

In managing the liquidity risk, the Group maintains and monitors the cash and cash equivalents that the management considers adequate to meet the Group's operational needs and mitigate the impact of fluctuations in cash flows. The management of the Group closely monitors the liquidity situation and expects to have sufficient sources of financing to finance the Group's operations. The management of the Group believes that the Group does not have any significant liquidity risk.

2. TRANSFER OF FINANCIAL ASSETS

Financial assets transferred but not derecognised as a whole

At the end of the period, the Group endorsed bills receivable classified as financing receivables of RMB767,729,376.57 (At the end of last year: RMB706,981,322.62) to its suppliers to pay the accounts payable; discounted bills receivable of RMB381,032,278.34 (At the end of last year: RMB408,650,239.78) to bank to obtain currency funds. The Group believes that the risk and rewards of the ownership of such endorsed or discounted bills receivable have been substantially transferred to the supplier or discounting bank, therefore derecognized such endorsed or discounted bills receivable. If the acceptor can't cash such notes, according to relevant laws and regulations of China, the Group is held jointly liable for such bills receivable. The Group believes that as the acceptor is of good reputation, there is minor risk of the acceptor's failure to cash the notes upon maturity. At the end of the period, if the acceptor fails to cash such notes upon maturity, i.e. the Group's maximum exposure to loss is equivalent to the amount that the Group should pay the supplier or discounting bank in respect of such endorsed or discounted notes. For all the bills receivable endorsed to suppliers or discounted to bank, the maturity is within 1 year after the end of reporting year.

At the end of the period, the Group endorsed the amount presented under bills receivable of RMB430,362,931.05 (At the end of last year: RMB395,214,640.80) to its suppliers to pay the accounts payable, and discounted bills receivable of RMB46,180,852.07 (At the end of last year: RMB1,000,000.00) to bank to obtain currency funds. The Group believes that it retains substantially all risk and rewards of the ownership of such endorsed or discounted bills receivable (including relevant risk of default), therefore continues to recognize such endorsed or discounted bills receivable as well as the carrying amount of relevant accounts payable that have been repaid. After the endorsement or discounting of bills receivable, the Group does not retain any right to use such endorsed or discounted notes, including selling, transferring or pledging such endorsed or discounted notes to any third party.

3. CAPITAL MANAGEMENT

The Group manages capital by optimizing the structure of liabilities and shareholders' equity to ensure that entities within the Group maintain operations while maximizing shareholder returns.

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

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

The Group manages and adjusts the capital structure based on changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividends to shareholders or obtain additional capital from shareholders. The Group has not made any adjustments to the objectives, policies and processes of capital management.

8. 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	Total
Fair value as at 30 June 2021			
I. Continuous fair value			
(I) Trading financial assets			
(1) Bank wealth management products	–	400,000,000.00	400,000,000.00
(2) Derivative financial assets	–	2,215,002.33	2,215,002.33
(II) Financing receivables	–	1,102,981,443.63	1,102,981,443.63
(III) Other equity instruments	52,837,080.00	–	52,837,080.00
Total assets that continue to be measured at fair value	52,837,080.00	1,505,196,445.96	1,558,033,525.96
(IV) Trading financial assets			
(1) Derivative financial liabilities	–	929,377.38	929,377.38
Total liabilities that continue to be measured at fair value	–	929,377.38	929,377.38

(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 refers to other equity instruments, with fair value 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 2021	Valuation techniques	Main input value
Derivative financial assets – forward foreign exchange contracts	2,215,002.33	Discounted cash flow method	Forward exchange rate, discount rate
Trading financial assets – bank wealth management products	400,000,000.00	Discounted cash flow method	Expected rate of return of products, discount rate
Financing receivables	1,102,981,443.63	Discounted cash flow method	Expected discount rate

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

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

9. RELATED PARTIES AND RELATED PARTY TRANSACTION

1. THE GROUP'S SUBSIDIARIES

Please refer to “Interests in other entities”.

2. THE GROUP'S JOINT VENTURE AND ASSOCIATE

The Group's joint venture and associate:

Name	Relationship with the Group
Jiaying Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	Associate

3. OTHER RELATED PARTIES OF THE GROUP

Enterprise name	Relationship with the connected party
Jiaying 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
Jiaying Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司)	Controlled by one of the actual controllers of the Company and director

4. RELATED PARTY TRANSACTIONS

(1) *Accepting labor service and purchasing products*

RMB

Related party	Related party transaction	Amount in the current period	Amount in the last period
Jiaying Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	Transportation service	111,135,494.36	24,182,608.07
Jiaying Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司)	Gas	153,860,587.35	/

(2) **Related lease**

<i>RMB</i>			
Related party	Content of the related party transaction	Amount in the current period	Amount in the last period
Jiaying Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	House lease	3,880,265.34	3,915,427.32
Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	Pier lease	825,688.08	412,844.04
		—————	—————

(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		364.63	373.47
		—————	—————

5. AMOUNTS DUE TO/FROM RELATED PARTIES

(1) Receivables

RMB

Items	Related parties	Closing balance	Opening balance
Other trade receivables	Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	-	2,000,000.00
Other current assets	Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	-	412,844.04
		<u>-</u>	<u>2,412,844.04</u>

(2) Payables

RMB

Items	Related parties	Closing balance	Opening balance
Trade payables	Jiaxing Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	31,756,599.63	33,784,993.00
Trade payables	Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司)	31,015.56	4,972.35
Trade payables	Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司)	450,000.00	-
Trade payables	Jiaxing Gas Group Co., Ltd. (嘉興市燃氣集團股份有限公司)	104,969.90	1,039,427.00
Other trade payables	Jiaxing Kaihong Flat Supply Chain Management Co., Ltd. (嘉興凱鴻福萊特供應鏈管理有限公司)	3,200,000.00	-
		<u>31,542,585.09</u>	<u>34,819,420.35</u>

10. SHARE-BASED PAYMENTS

1. Details of share-based payments

	<i>Share</i>
Total equity instruments outstanding at the beginning of the period	4,600,000.00
Total equity instruments granted by the Company for the current period	700,000.00
Total equity instruments outstanding at the end of the period	5,300,000.00
Range of exercise price and remaining contract terms in respect of share options outstanding of the Company at the end of the period	See other notes

Other notes:

1. Restricted A Share Incentive Scheme for 2020

Pursuant to the Resolution on Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. (Draft) and its Summary (“Restricted A Share Incentive Scheme For 2020”), the Resolution on Assessment Management Measures for the Implementation of the Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. as considered and approved at the 16th meeting of the fifth session of the Board held by the Company on 29 April 2020, the Resolution on Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. (Draft) and its Summary and the Resolution on Assessment Management Measures for the Implementation of the Restricted A Share Incentive Scheme for 2020 of Flat Glass Group Co., Ltd. as considered and approved at the 2019 Annual General Meeting, 2020 first A shareholders class meeting and 2020 first H shareholders class meeting 29 June 2020 and the Resolution on Adjusting the List of Participants and the Number of Restricted Shares Granted in the First Grant in Restricted A Share Incentive Scheme for 2020 of the Company and the Resolution on the First Grant of Restricted A Shares to the Participants as considered and approved at the 23rd meeting of the fifth session of the Board held by the Company on 11 August 2020. The first grant date of restricted shares was 11 August 2020. A total of 15 participants actually subscribed for 4,600,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB6.23 per share. As of 12 August 2020, the Company has received a total of RMB28,658,000.00 paid by 15 participants to subscribe for 4,600,000 RMB ordinary shares (A shares). The sales restriction period of each batch of restricted shares in the Restricted A Share Incentive Scheme For 2020 is 12 months, 24 months, 36 months, 48 months and 60 months from the date of completion of the first grant registration. The Company shall repurchase and cancel the restricted shares that have not applied for lifting the restrictions within the agreed period or that cannot be lifted due to the failure to meet the conditions for lifting the restrictions. The repurchase price is the grant price.

Range of exercise price in respect of share options outstanding at the end of the period	RMB6.23
Remaining contract terms in respect of share options outstanding at the end of the period	Approximately 4.1 years

2. *Restricted A Share Incentive Scheme for 2020 (Reserved)*

As at 25 May 2021, the second meeting of the sixth session of the Board was held by the Company, at which the Resolution in relation to the Reserved Grant of the Restricted A Shares to Participants was considered and approved. The grant date of restricted shares was 25 May 2021. A total of three participants actually subscribed for 700,000 RMB ordinary shares (A shares), with a par value of RMB0.25 per share at a grant price of RMB14.23 per share. As of 25 July 2021, the Company has received a total of RMB9,961,000.00 paid by three participants to subscribe for 700,000 RMB ordinary shares (A shares). The sales restriction period of each batch of restricted shares in the Restricted A Share Incentive Scheme for 2020 (Reserved) is 12 months, 24 months, 36 months, 48 months and 60 months from the date of completion of the grant registration. The Company shall repurchase and cancel the restricted shares that have not applied for lifting the restrictions within the agreed period or that cannot be lifted due to the failure to meet the conditions for lifting the restrictions. The repurchase price is the grant price.

Range of exercise price in respect of share options outstanding at the end of the period	RMB14.23
Remaining contract terms in respect of share options outstanding at the end of the period	5 years

2. Equity settled share-based payments

RMB

Method for determining the fair value as at the grant date	The higher of 50% of the average trading price on the trading day before the announcement of the equity incentive plan and 50% of the average trading price on the 20 trading days before the announcement
Basis for determining the number of equity instruments with exercisable rights	When the optionee reaches the exercise period in the stock option scheme, and meets the appraisal conditions of the Company's results and personal performance, the corresponding equity instrument is the equity instrument of the exercisable right
Reasons for significant differences of estimate between the current year and the previous period	Nil
Cumulative amount of equity settled share-based payment recognized into capital reserves	16,880,485.86
Total recognized fees of share-based payment settled in equity in the current period	16,880,485.86

11. COMMITMENTS AND CONTINGENCIES

1. Significant Matters of Commitments

As of the balance sheet date, the irrevocable purchase of long-term assets contracts signed by the Group is as follows:

Items	<i>RMB</i>	
	Closing balance	Opening balance
Contracted but not confirmed in the financial statements Purchase		
– Build long-term asset commitments	<u>4,395,412,337.28</u>	<u>2,950,522,163.05</u>

2. Contingencies

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

12. OTHER SIGNIFICANT MATTERS

1. SEGMENT REPORT

(1) Basis and account policy of segment report

According to the internal organizational structure, management requirements and internal reporting system of the Group, the Group's operating activities are divided into five operating segments. Based on the operating segments, the Group has identified five reporting segments, namely the PV glass segment, the household glass segment, architectural glass segment, float glass segment and mining products segment. These reporting segments are based on product categories. The main products provided by each of the Group's reporting segments are PV glass, household glass, architectural glass, float glass and mining products. The management of the Group regularly evaluates the operating results of these segments to determine the resources to be allocated to them and to evaluate their performance. The evaluation does not include the review of the assets and liabilities of the operating segments.

Segment report 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 report information in accordance with China accounting standards.

(2) Segment report information

RMB

	PV glass	Household glass	Architecture glass	Amount in the current period		Other business	Mutual offset among segments	Total
				Float glass	Mining products			
Segment operating revenue	3,324,923,196.90	178,247,092.18	304,212,083.93	179,987,141.29	18,668,906.47	21,984,067.79	4,028,022,488.56	
Segment operating costs	1,652,983,286.62	115,311,545.69	205,865,410.69	105,023,521.99	8,231,083.14	5,411,353.96	2,092,826,202.09	
Segment profit	1,671,939,910.28	62,935,546.49	98,346,673.24	74,963,619.30	10,437,823.33	16,572,713.83	1,935,196,286.47	
Adjusted items:								
Less: Taxes and surcharges							21,201,184.74	
Selling expenses							208,828,075.87	
Administrative expenses							107,119,073.48	
Research and development expenses							200,038,514.30	
Financial expenses							13,720,261.74	
Including: Interest expense							34,644,318.71	
Interest income							21,301,664.66	
Add: Other income							12,336,592.31	
Investment income							21,587,263.15	
Profit (losses) arising from changes in fair value							(160,041.62)	
Credit impairment losses							30,496,077.35	
Asset impairment losses							(4,329,681.98)	
Losses on disposal of assets							(950,017.12)	
II. Operating profit							1,443,269,368.43	
Add: Non-operating income							3,355,129.18	
Less: Non-operating expenses							709,760.70	
III. Total profit							1,445,914,736.91	
Less: Income tax expense							184,884,747.88	
IV. Net profit							<u>1,261,029,989.03</u>	

RMB

	PV glass	Household glass	Architecture glass	Amount in the last period		Other business	Mutual offset among segments	Total
				Float glass	Mining products			
Segment operating revenue	2,128,413,948.08	125,016,601.64	183,942,461.30	4,514,168.94	38,148,812.11	16,167,895.41	-	2,496,203,887.48
Segment operating costs	1,276,049,305.47	96,977,622.83	148,752,291.19	4,181,095.11	16,113,287.18	2,177,181.15	-	1,544,250,782.93
Segment profit	852,364,642.61	28,038,978.81	35,190,170.11	333,073.83	22,035,524.93	13,990,714.26	-	951,953,104.55
Adjusted items:								
Less: Taxes and surcharges								17,218,688.57
Selling expenses								136,267,495.93
Administrative expenses								56,260,196.95
Research and development expenses								99,793,388.37
Financial expenses								42,390,171.78
Including: Interest expense								50,210,453.90
Interest income								6,892,913.22
Add: Other income								12,717,432.04
Investment income								1,853,180.62
Profit (losses) arising from changes in fair value								(227,123.36)
Credit impairment losses								(32,134,369.88)
Asset impairment losses								(16,277,727.81)
Losses on disposal of assets								(3,625,041.18)
II. Operating profit								562,329,513.41
Add: Non-operating income								6,350,359.59
Less: Non-operating expenses								3,347,233.69
III. Total profit								565,332,639.31
Less: Income tax expense								104,526,420.99
IV. Net profit								<u>460,806,218.32</u>

13. NOTES TO THE STATEMENTS OF THE PARENT COMPANY

1. TRADE RECEIVABLE

(1) Disclosed by the aging

	<i>RMB</i>
Aging	Closing balance
Within 1 year	669,187,471.93
1-2 years	4,757,755.55
2-3 years	1,914,579.51
Over 3 years	2,255,791.37
Total	<u>678,115,598.36</u>

(2) Disclosed by bad debt provision method

	<i>RMB</i>				
	Book balance		Closing balance		
	Amount	Percentage	Bad debt provision	Provision	
Classification	Amount	(%)	Amount	Percentage	Book value
Account receivable excluding costs for significant financing	<u>678,115,598.36</u>	<u>100.00</u>	<u>27,309,565.43</u>	<u>4.03</u>	<u>650,806,032.93</u>
Total	<u>678,115,598.36</u>	<u>/</u>	<u>27,309,565.43</u>	<u>/</u>	<u>650,806,032.93</u>

Classification	Book balance		Opening balance		Provision Book value
	Amount	Percentage	Amount	Bad debt provision	
		(%)		Percentage	
Account receivable excluding costs for significant financing	639,695,269.35	100.00	51,347,894.29	8.03	588,347,375.06
Total	639,695,269.35	/	51,347,894.29	/	588,347,375.06

Bad debt provision by portfolio

RMB

Name	Trade receivables	Closing balance	
		Bad debt provision	Provision percentage (%)
Low risk	194,330,049.38	—	—
Normal	446,125,697.77	12,669,969.81	2.84
Concerned	31,425,440.96	8,405,185.37	26.75
Loss	6,234,410.25	6,234,410.25	100.00
Total	678,115,598.36	27,309,565.43	4.03

(3) Changes in credit loss provisions of trade receivables

RMB

Classification	Opening balance	Change of amount in the current period			Closing balance
		Provision	Reversal	Written off	
Bad debt provision	51,347,894.29	<u>23,862,144.23</u>	<u>176,184.63</u>	<u>27,309,565.43</u>	
Total	<u>51,347,894.29</u>	<u>23,862,144.23</u>	<u>176,184.63</u>	<u>27,309,565.43</u>	

(4) Trade receivables for the actual write-off in the current period

RMB

Items	Write-offs
Trade receivables actually written off	<u>176,184.63</u>

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

At the end of the period, the top five trade receivables of the Group with the closing balances classified by the borrowers amounted to RMB365,629,571.97 (as at the end of the previous year: RMB438,808,698.68), accounting for 53.92% (as at the end of the previous year: 68.60%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB10,383,879.84 (as at the end of the previous year: RMB12,286,643.56).

2. OTHER RECEIVABLES

RMB

Items	Closing balance	Opening balance
Other receivables	<u>494,629,066.46</u>	682,247,356.05
Total	<u><u>494,629,066.46</u></u>	<u><u>682,247,356.05</u></u>

(1) Disclosed by aging

RMB

Aging	Closing book balance
Within 1 year	477,667,410.78
1-2 years	21,010.00
2-3 years	16,796,645.68
Over 3 years	<u>194,000.00</u>
Total	<u><u>494,679,066.46</u></u>

(2) Other receivables classified by nature

RMB

Nature	Closing book balance	Opening book balance
Amount due from subsidiaries	493,936,375.68	679,687,500.51
Margin	81,000.00	2,121,000.00
Deposit	386,000.00	239,152.90
Reserve fund	49,808.00	30,000.00
Others	<u>225,882.78</u>	<u>219,702.64</u>
Total	<u><u>494,679,066.46</u></u>	<u><u>682,297,356.05</u></u>

(3) *Provision for bad debts*

RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	ECL in the next 12 months	Lifetime ECL (Not credit impaired)	Lifetime ECL (Credit impaired)	
Balance at 1 January 2021			50,000.00	50,000.00
Balance at 30 June 2021			50,000.00	50,000.00

(4) *Details of top five other receivables with the closing balance classified by the borrower*

RMB

Name	Amount nature	Closing balance	Percentage in the total Closing balance of other receivable (%)	Closing balance of bad debt provision
Flat (Hong Kong) Limited	Amount due from subsidiaries	320,401,345.68	64.78	
Anhui Flat Solar Material Co., Ltd.	Amount due from subsidiaries	173,535,030.00	35.08	
Jiaxing Xiuzhou High-tech Industrial Development Zone Management Committee* (嘉興秀洲高新技術產業開發區管理委員會)	Margin	195,000.00	0.04	
Zhejiang Jiaxing Xiuzhou Industrial Park Management Committee	Margin	100,000.00	0.02	
Jiangsu Jinke Tianchen Real Estate Co., Ltd	Margin	50,000.00	0.01	50,000.00
Total	/	494,281,375.68	99.93	

3. LONG-TERM EQUITY INVESTMENT

RMB

Items	Book balance	Closing balance Impairment provision	Book value
Investment in subsidiary	1,043,137,343.00	-	1,043,137,343.00
Investment in joint venture and associate	9,448,888.40	-	9,448,888.40
Total	<u>1,052,586,231.40</u>	<u>-</u>	<u>1,052,586,231.40</u>

Items	Book balance	Opening balance Impairment provision	Book value
Investment in subsidiary	1,043,137,343.00	-	1,043,137,343.00
Investment in joint venture and associate	3,414,841.66	-	3,414,841.66
Total	<u>1,046,552,184.66</u>	<u>-</u>	<u>1,046,552,184.66</u>

(1) Investment in subsidiary

RMB

Invested unit	Opening balance	Increased amount in the current period	Decreased amount in the current period	Closing balance	Impairment provision in the current period	Impairment provision closing balance
Zhejiang Flat	10,000,000.00	-	-	10,000,000.00	-	-
Zhejiang Jiafu	150,000,000.00	-	-	150,000,000.00	-	-
Shanghai Flat	70,000,000.00	-	-	70,000,000.00	-	-
Anhui Flat Glass	700,000,000.00	-	-	700,000,000.00	-	-
Anhui Flat Material	30,000,000.00	-	-	30,000,000.00	-	-
Flat (Hong Kong)	66,137,343.00	-	-	66,137,343.00	-	-
Flat New Energy	10,000,000.00	-	-	10,000,000.00	-	-
Flat Import and Export	7,000,000.00	-	-	7,000,000.00	-	-
Total	<u>1,043,137,343.00</u>	<u>-</u>	<u>-</u>	<u>1,043,137,343.00</u>	<u>-</u>	<u>-</u>

(2) *Investment in joint venture and associate*

RMB

Invested unit	Opening balance	Changes in the current period		Closing balance
		Increased investments	Investment gains and loss recognized under the equity methods	
Associate				
Kaihong Flat	<u>3,414,841.66</u>	<u>3,200,000.00</u>	<u>2,834,046.74</u>	<u>9,448,888.40</u>
Total	<u>3,414,841.66</u>	<u>3,200,000.00</u>	<u>2,834,046.74</u>	<u>9,448,888.40</u>

4. OPERATING REVENUE AND COST

(1) *Operating revenue and operating cost*

RMB

Items	Amount for the period		Amount for last period	
	Revenue	Cost	Revenue	Cost
Main business	<u>1,844,919,841.98</u>	<u>1,380,543,703.31</u>	1,837,384,577.20	1,545,090,309.53
Other business	<u>172,047,060.48</u>	<u>133,865,447.59</u>	<u>68,043,208.13</u>	<u>59,920,587.31</u>
Total	<u>2,016,966,902.46</u>	<u>1,514,409,150.90</u>	<u>1,905,427,785.33</u>	<u>1,605,010,896.84</u>

(2) *Revenue from contract*

RMB

Contract classification

Amount

Categories of goods

PV glass	1,235,145,354.97
Float glass	208,297,758.46
Household glass	96,573,299.14
Architectural glass	304,903,429.50
Income from other business	172,047,060.39

By operating regions

PRC	1,900,971,926.35
Asia and other countries and regions	115,818,541.62
Others	176,434.49

Total

2,016,966,902.46

5. INVESTMENT INCOME

RMB

Items	Amount for the Period	Amount for last period
Income from long-term equity investments under the equity method	<u>2,834,046.74</u>	641,580.62
Total	<u><u>2,834,046.74</u></u>	<u>641,580.62</u>

Supplementary Information

1. DETAILS OF CURRENT PERIOD EXTRA-ORDINARY PROFIT OR LOSS

	<i>RMB</i>
Items	Amount
Losses on disposal of non-current assets	(950,017.12)
Government grants recorded in current profit or loss (except for government grants closely associated with the business of the Company in fixed amount or fixed quantity according to national policies)	12,315,187.82
Apart from hedging instruments relating to the normal operations of the Company, gains from change in fair value of held-for trading financial assets, derivative financial assets and derivative financial liabilities, and investment income from disposal of the above financial assets/liabilities and financing receivables	17,186,924.79
Other non-operating income and expenses other than above	(386,050.38)
Subtotal	28,166,045.11
Effects of income tax	(4,446,125.55)
Effects on minority interests	-
Total	23,719,919.56

2. RETURN ON EQUITY AND EARNING PER SHARE

The calculation form of the return on equity and earnings per share is prepared in accordance with the relevant provisions of Public Issuance of Securities Companies Information Disclosure and Compilation Rules No. 09 – Calculation and Disclosure of Return on Net Assets and Earnings Per share (Revised in 2010) (CSRC Announcement [2010] No. 2) issued by the China Securities Regulatory Commission.

RMB

Profit in the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11.95%	0.59	0.59
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	<u>11.73%</u>	<u>0.58</u>	<u>0.58</u>