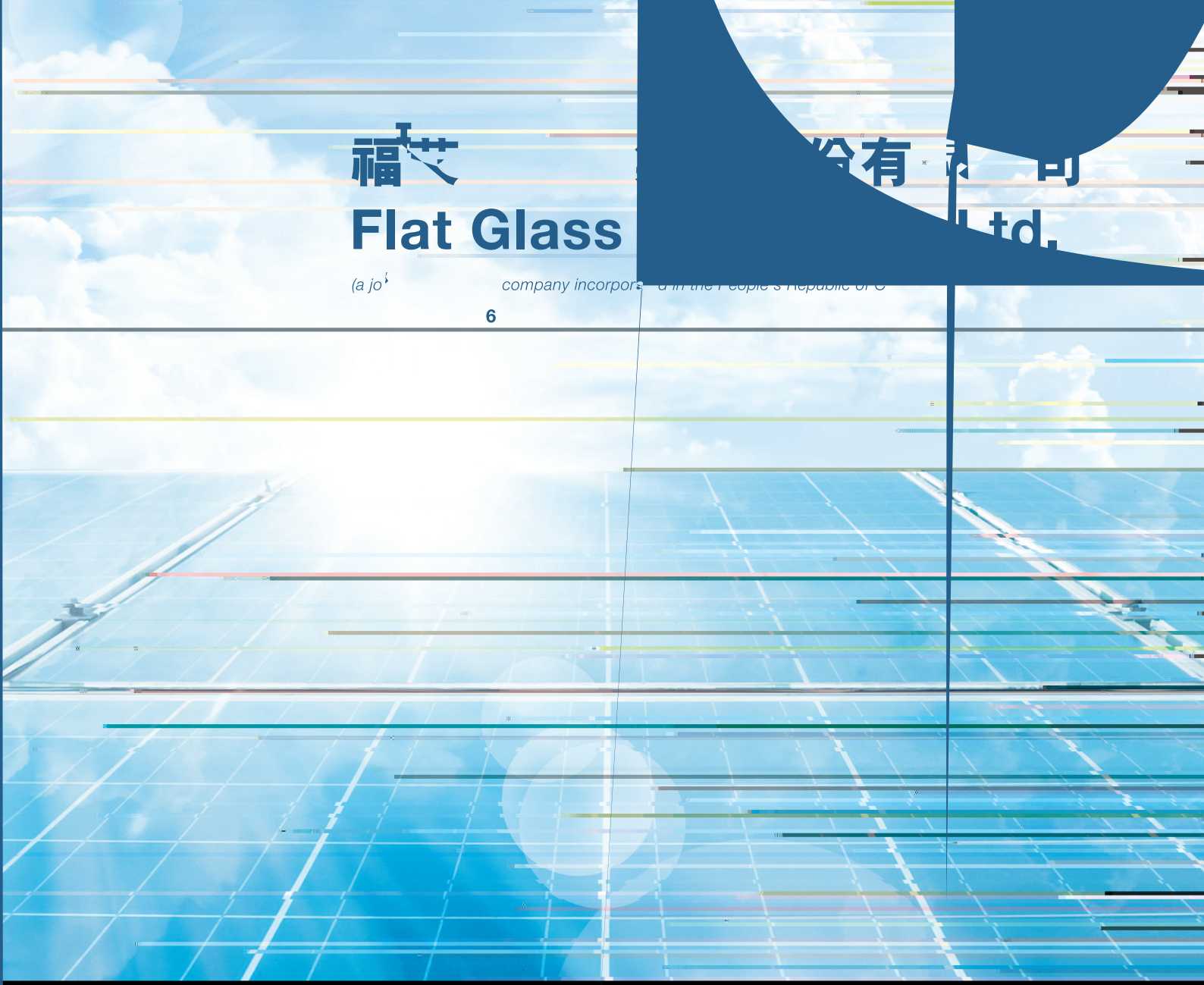

福莱 [illegible] 股份有限公司

Flat Glass [illegible] Ltd.

(a jo[illegible] company incorpora[illegible]d in the People's Republic of C[illegible]

2022

Contents

CORPORATE INFORMATION 2

CHAIRMAN'S STATEMENT 4

FIVE-YEAR FINANCIAL SUMMARY 6

MANAGEMENT DISCUSSION AND ANALYSIS 7

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 25

CORPORATE GOVERNANCE REPORT 29

REPORT OF THE BOARD OF DIRECTORS 40

REPORT OF THE BOARD OF SUPERVISORS 59

INDEPENDENT AUDITOR'S REPORT 61

CONSOLIDATED BALANCE SHEET 65

BALANCE SHEET OF THE PARENT COMPANY 67

CONSOLIDATED INCOME STATEMENT 69

INCOME STATEMENT OF THE PARENT COMPANY 70

CONSOLIDATED STATEMENT OF CASH FLOW 71

STATEMENT OF CASH FLOW OF THE PARENT COMPANY 72

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 73

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY 75

NOTES TO THE FINANCIAL STATEMENTS 77

SUPPLEMENTARY INFORMATION 275

Dear Shareholders:

On behalf of the board (the “Board”) of directors (“Directors”) of Flat Glass Group Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”), I present the audited consolidated financial report of the Group for the year ended 31 December 2022 (“FY2022” or the “Reporting Period”).

In FY2022, the Group benefited from the impact of the release of new capacity as well as stable and strong increase demand of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY202 was approximately RMB15,460.84 million, representing an increase of 77.44% as compared to RMB8,713.23 million for FY2021. The net profit attributable to Shareholders of the parent company for FY2022 was RMB2,122.78 million, representing an increase of 0.13% as compared to RMB2,119.92 million for FY2021.

STRONG GLOBAL DEMAND FOR PV INSTALLATION

The global photovoltaic industry remained robust in 2022. According to the statistics of the China Photovoltaic Industry Association, the new installed capacity of the EU in 2022 is expected to exceed 40GW, representing a year-on-yea increase of over 50%. Photovoltaic demand in other markets has also blossomed. Installed capacity in Brazil increase by 10.56GW in 2022, representing a year-on-year an increase of 98.11%; India’s new installed capacity was 13.96% representing a year-on-year an increase of 17.45%. In addition, due to the uncertainty of the policy, the PV installatio in the US market was lower than expected, but the strong demand in other markets offset the decline in the US.

In China, despite the high prices in the upstream of the PV industry chain and the restrictions on the downstream deman especially the demand for large-scale centralized power stations, the PV installation throughout the year maintained strong tenacity. According to the statistics of the National Energy Administration, the new installed capacity of PV was 87.41GW, representing a year-on-year increase of 59.3%, reaching a new high again and becoming the largest and fast growing power type. Among them, centralized PV increased by 36.3GW, accounting for 42%, representing a year-on- year increase of 41.8%; Distributed PV increased by 51.1GW, accounting for 58%, representing a year-on-year increas r sua.5%. According to the statistics of the Photovoltaic Industry Association, China’s newly installed photovoltaic capacity has ranked the first in the world for ten consecutive years, and the cumulative installed capacity has ranked th first in the world for eight consecutive years.

EXPAND PRODUCTION CAPACITY AND IMPROVE MARKET COMPETITIVENESS

Facing the rapid growth of the global installed demand and the capacity expansion of some existing and new entrants in order to further improve market competitiveness and meet the differentiated requirements of downstream customers for large-size and thin glass, the Company will continue to expand its capacity and market share of photovoltaic glass on the basis of existing capacity. At present, the phase IV project of the Group's production base in Anhui has been under construction, which is expected to ignite and put into operation in 2023 according to the construction progress. In addition, the Group plans to build four photovoltaic glass furnaces with a daily melting capacity of 1,200 tons in Nantong City, Jiangsu Province, which currently has passed the hearing approval with accelerating construction.

With the policy of carbon peak and carbon neutral at home and abroad introduced, the growth of downstream installed capacity was achieved from top to bottom. Furthermore, the cost of photovoltaic system has continued to decline in the past decade, improving the certainty and growth of the photovoltaic industry in the long term. In the medium and long term, in this regard, photovoltaic power generation is expected to become the main force of the development of new power systems in China and the new power installations in the world.

Leveraging on the fast development of the photovoltaic industry, photovoltaic glass becomes the necessary auxiliary material for crystalline silicon photovoltaic modules. In order to further improve the market competitiveness and meet the differentiated requirements of downstream customers for large-size and thin glass, the Company will continue to expand its capacity on the basis of existing capacity. The total production capacity of the Company as of 31 December 2022 is 19,400 tons/day. The Phase IV project of production base in Anhui has been under construction, and it is planned to be ignited and put into operation in 2023 according to the construction progress. At present, the Company and Xinyi Photoenergy are both in the first echelon of the photovoltaic glass industry with the total market share of more than 50%. The profitability of the two companies has a large gap with the second-tier and third-tier enterprises. In the future, the Company will continue to strive to maintain its leading position in the industry by virtue of its scale, resources and technology advantages.

Chairman
Ruan Hongliang

Jiaxing, Zhejiang Province, PRC
27 March 2023

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	15,460,843	8,713,228	6,260,418	4,806,804	3,063,803
Net profit	2,122,780	2,119,919	1,628,784	717,244	407,315
Earnings per share					
– Basic (RMB)	0.99	0.99	0.83	0.37	0.23
– Diluted (RMB)	0.99	0.99	0.81	N/A	N/A

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	20,000,430	11,184,615	6,696,524	4,939,536	3,906,307
Current assets	12,381,293	8,898,302	5,569,277	4,452,745	3,047,242
Total assets	32,381,723	20,082,917	12,265,800	9,392,281	6,953,549
– Current liabilities	10,533,414	6,164,462	3,330,801	4,454,089	2,250,047
– Non-current liabilities	7,815,861	2,108,286	1,700,256	425,303	1,034,848
Total liabilities	18,349,275	8,272,748	5,031,058	4,879,392	3,284,895
Net assets	14,032,447	11,810,169	7,234,743	4,512,888	3,668,654
Share capital	536,723	536,723	510,312	487,500	450,000
Total equity	14,032,447	11,810,169	7,234,743	4,512,888	3,668,654
Equity attributable to owners of the parent company	14,032,447	11,810,169	7,234,743	4,512,888	3,668,654

The financial summary for the years 2019, 2020, 2021 and 2022 were extracted from the consolidated financial statemen prepared in accordance with the China Accounting Standards for Business Enterprises, while the financial summary fo the year 2018 was extracted from the consolidated financial statements of the Group for the corresponding reportin period prepared in accordance with the IFRSs.

BUSINESS OVERVIEW

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

In FY2022, the Group benefited from the impact of capacity expansion and the boom of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2022 was approximately RMB15,460.84 million, representing an increase of 77.44% as compared to RMB8,713.23 million for FY2021. The net profit attributable to Shareholders of the parent company for FY2022 was RMB2,122.78 million, representing an increase of 0.13% as compared to RMB2,119.92 million for FY2021.

Overview of the Group's business

1. Domestic expansion

Due to the boost of the photovoltaic industry, the penetration rate of large-size glass and thin glass is elevating. At present, the phase IV project of the Group's production base in Anhui has been under construction, which is expected to ignite and put into operation in 2023 according to the construction progress. In addition, the Group

3. 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 amou of not more than RMB4,000 million ("A Share Convertible Bonds") which are convertible into new A shares of the Company ("A Shares"). 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 fro CSRC was received by the Company. Such public issuance of A share convertible bonds amounted to RMB4 billio in terms of par value with a term of six years. The issuance of A share convertible bonds was completed in May 2022. The A share convertible bonds under this issuance were with a nominal value of RMB100 and were issued a par. The subscription funds for the A share convertible bonds under this issuance totaled RMB4,000,000,000.00 After deducting the issuance fee of RMB23,078,799.67, the net funds raised were RMB3,976,921,200.33. As of 31 December 2022, 713 Shares of the convertible bonds of the Company were converted.

4. Non-public Issuance of A Shares

On 1 June 2022, the Board has approved the proposed non-public issuance of A shares which was also approv by shareholders of the Company at the 2022 first extraordinary general meeting, the 2022 first A share class meeting and the 2022 first H share class meeting held on 29 July 2022. In November 2022, the Company receive the "Approval in Relation to the Non-public Issuance of Shares by Flat Glass Group Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2742)" (• ë õ è X E : $ š ¨ « p … Þ " ® ! ¢ ® š ï p C Y - ' '(Ç 9 ¢ [2022]2742 î)) from the CSRC, which approved the Company's proposed non-public Issuance of not more than 509,068,000 new A shares. As of the date of this report, the proposed non-public issuance of A shares has not been complete

5. Successful bidding for the mining rights

In order to further increase mineral resource reserves and reduce the impact of the price fluctuations in quartz sar raw materials on product costs and financial results of the Company, on 1 August 2022, Anhui Flat Solar Glass Co., Ltd.* (Ä Ï E : $ ˆ • š ¨ Þ " ® !) ("Anhui Flat Glass"), a wholly-owned subsidiary of the Company and Chuzhou Natural Resources and Planning Bureau ($\ È 9 Í U q • Œ …) entered into the mining right assignment contract, pursuant to which, Anhui Flat Glass won the bid for the mining right of the thirteenth new segment of a quartzite mine for glass located at Lingshan-Mujishan Mining Zone, Fengyang County, Anhui Province, from Chuzhou Natural Resources and Planning Bureau through public listing-for-sale at a consideration of RMB3.38 billion.

SHARE OPTION SCHEME

A share option incentive scheme

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

a. Purpose of the Scheme

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

b. Eligible participants of the Scheme

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

c. Total number of Shares available for issue under the Scheme and percentage to the issued share capital as of the date of approval at the general meeting

The number of share options proposed to be granted under the Scheme is 5,947,egare options OTds OTrallyTd

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

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

The exercise arrangement for the First Grant of Share Options:

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

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

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

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

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

h. The basis of determining the exercise price

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

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

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

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

i The remaining life of the Scheme

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

j. accounting policy adopted for the share options

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

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

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

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments († 8 6 _ Æ K11 î – p ... Õ ù) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments († 8 6 _ Æ K22 î – D ˆ H ½ © q Ž), the Company uses the Black-Scholes model (B-S model) as the pricing model, and the Company uses this model to make an estimation on the fair value of the share options granted based on 17 August 2021 (official calculation will be conducted at the time of grant). The specific parameters are selected as follows:

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

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

(iii) Historic volatility: 14.73%, 17.44 the .71%, 17.92% and 16.55% (annualized volatility for the corresponding period of SSE Composite Index)

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

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

a. Date of grant

19 November 2021

b. Number of grant

5,341,072

c. Number of participants of grant

288

d. Connected person as participants

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

e. *Exercise price and exercise period*

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

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

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

RMB46.55 per share

g. *Source of shares*

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

h. *Vesting period*

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

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

The total outstanding share options as at both 1 January 2022 and 31 December 2022 were 5,341,072. For the da of grant, vesting period, exercise period and exercise price of the relevant outstanding options as at 31 Decembe 2022, please refer to the above paragraphs. In 2021, the Board granted 5,341,072 share options to 288 participan under the first grant. Before completion of registration of the share options on 13 January 2022, 5 participants gave up their entitlement where 95,600 share options were cancelled, resulting in the adjusted number of participants a 283 with the adjusted first grant of share options as 5,245,472 share options. During the Reporting Period, there were no options granted or exercised under the Scheme. According to the Scheme, participants who will be grante with the reserved share options shall be ascertained within 12 months after the consideration and approval of th Scheme by the shareholders' general meeting. During the Reporting Period, as no participants are ascertained aft the lapse of 12 months, the reserved share options, i.e. 606,786 share options, lapsed.

Future prospect

Although the high price of silicon materials has been the bottleneck of the development of the photovoltaic industry for two years, with the gradual release of new capacity and the completion of the overhaul and resumption of production the incremental release breaks the bottleneck, driving the price to drop, and promoting the price in the industrial chai to fall in competition. As such, the Company will further stimulate the downstream demand, especially the demand for large-scale centralized power stations, so as to continue to drive the demand for photovoltaic glass.

Looking into 2023, the Group will continue to optimize the production line to improve the operation efficiency while expanding the production capacity of photovoltaic glass and enhancing the research and development to improve th light transmittance of glass, in an effort to cater with the requirements of downstream demand for diversification of photovoltaic glass. According to the statistics of the development roadmap of China's photovoltaic industry from 2022 to 2023, due to the increase in demand for double-sided modules in the market, the market share of front panel glass wi a thickness of 2.00mm in 2022 reached 39.7%, while the market share of front panel glass with a thickness of 3.2mm fell to 59.3%; It is forecasted that photovoltaic glass will continue to develop towards lightweight and thinness, and the market penetration of double-glass will be further improved. Therefore, the Group will strive to advance in line with the development of industry demand by improving the ability of product line deployment, and providing high-quality products to meet downstream demand. Moreover, the Group will spare no effort to continuously improve the process, refine the melting furnace technology, reduce the comprehensive energy consumption per unit, improve the finished rate of PV glass products, so as to constantly reduce cost and increase efficiency, thereby ensuring the sustainable developm capacity and competitiveness of the Group in the global PV glass market.

FINANCIAL PERFORMANCE

Benefited from the ramp-up of new capacity and strong increase in demand of PV industry, the Group's operating revenu reached a record high in FY2022. For FY2022, the operating revenue of the Group for FY2022 was approximately RMB15,460.84 million, representing an increase of 77.44% as compared to RMB8,713.23 million for FY2021. The net profit attributable to equity owners of parent company remained stable due to the increasing supply in the industry and th rise of production costs. The net profit attributable to Shareholders of the parent company for FY2022 was RMB2,122.78 million, representing an increase of 0.13% as compared to RMB2,119.92 million for FY2021.

Revenue

The operating revenue of the Group for FY2022 was approximately RMB15,460.84 million, representing an increase of 77.44% as compared to RMB8,713.23 million for FY2021. Revenue from PV glass for FY2022 was RMB13,681.80 million, representing an increase of 92.12% as compared to RMB7,121.64 million for FY2021. On the one hand, sales prices decreased due to the impact of the rapid expansion of production capacity in PV industry. On the other hand, th energy crisis caused by the tense situation of the Russian-Uzbekistan war and the rising energy price prompted vario countries to speed up the construction of photovoltaic power stations. In addition, as the robust growth of the installed capacity in the downstream photovoltaic industry led to a substantial increase in the demand for photovoltaic glass, th

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

	For the year ended 31 December	
	2022 (Audited) (RMB'000)	2021 (Audited) (RMB'000)
Categories of goods		
PV glass	13,681,797.76	7,121,636.84
Float glass	334,992.00	393,531.13
Household glass	349,913.72	380,740.72
Architectural glass	595,576.94	711,402.30
Mining business 1 2 0 2 2 2 9 1 4 7 8 - 9 1 4 8 7 . 7 1 4 6 5 7 6 1 7 6 2 / 6 1 2 9 2 3 4 1 9 9 2 Td		

Gross profit and gross profit margin

For FY2022, the gross profit of the Group increased by 10.34% from RMB3,092.84 million in FY2021 to RMB3,412.65 million, and the gross profit margin declined to 22.07% (FY2021: 35.50%). The increase in gross profit was mainly due to the increase in sales volume resulted from the release of new production capacity of PV glass. The decrease in gross profit margin was mainly due to the significant increase in raw material and energy costs and the increase in sales price restrained by the acceleration of PV glass production, resulting in the gross profit margin of the Group's solar glass business being lower than that in 2021. Gross profit margin was significantly lower than that of 2021 due to a downturn real estate market and decrease in float and architecture glass.

	For the year ended 31 December			
	2022 (Audited)		2021 (Audited)	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
PV glass	3,189,815.31	23.31	2,542,191.96	35.70
Float glass	-68,001.99	-20.30	152,851.85	38.84
Household glass	62,836.00	17.96	116,954.20	30.72
Architectural glass	83,850.59	14.08	234,886.13	33.02
Mineral products	104,502.11	23.78	38,020.39	57.30
Other business	39,650.33	67.02	7,931.58	20.05
Total	3,412,652.35	22.07	3,092,836.11	35.50%

Finance costs

For FY2022, financial costs of the Group amounted to RMB240.43 million, representing an increase of 357.79% from RMB52.52 million in FY2021. On the one hand, the increase in bank borrowings due to the acquisition of Sanli Mining and Dahua Mining as well as the increased demand for working capital; on the other hand, the increase in bond interes due to the non-public issuance of A share convertible bonds by the Company, and exchange gains offset the increase i certain financial expenses. The primary economic environment in which the principal subsidiary of our Company operates is the PRC and its functional currency is RMB. However, certain sales and purchases of the Group are denominated in United States dollars, Euros and VDN, which expose the Group to foreign currency risk.

The interest rate of bank loans ranged from 0.79% to 4.70% in FY2022, as compared to the interest rate ranging from 0.79% to 4.90% in FY2021.

Income tax

For FY2022, the income tax of the Group amounted to RMB30.10 million, representing a decrease of 88.44% from RMB260.30 million in FY2021. Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Enhancement of the Pre-tax Deduction in Support of Scientific and Technological Innovation (No. 28 2022), high-tech enterprises of the Group enjoy the relevant preferential tax policies. Therefore, the actual tax rate decreased from 10.94% in FY2021 to 1.40% in FY2022. Details of tax incentives of the Company and certain subsidiaries are set out in Note (VI) 54 to the financial information set out in this announcement.

Capital expenditures

During the Reporting Period, total capital expenditures of the Group amounted to approximately RMB8,071.33 million (FY2021: RMB3,768.70 million), involving the purchase of fixed assets, construction in progress and intangible assets, which mainly included the project of phase II, III of Anhui production base and phase II of Jiaxing production base.

Assets and equity

Total assets of the Group increased from RMB20,082.92 million as at 31 December 2021 to RMB32,381.72 million as at 31 December 2022. Shareholders' equity increased from RMB11,810.17 million as at 31 December 2021 to RMB14,032.45 million as at 31 December 2022.

Financial resources and liquidity

During the Reporting Period, the Group increased its bank borrowing by RMB8,548.82 million and repaid debts of RMB4,050.79 million. For FY2022, the Group's financial liquidity and financial performance remained in a satisfactory condition. For FY2022, the Group's main sources of funding were including the issuance of A share convertible bonds, cash from operating activities and credit financing provided by banks.

EBITDA and net profit

For FY2022, EBITDA of the Group (earnings before interests, taxes, depreciation and amortization) increased by RMB765.25 million from RMB2,979.31 million for FY2021 to RMB3,744.56 million. For FY2022, the EBITDA margin of the Group was 24.22% and the EBITDA margin was 34.19% for the same period in 2021.

As a result of the foregoing, the net profit increased by RMB2.86 million, or 0.13%, from RMB2,119.92 million for FY2021 to RMB2,122.78 million for FY2022.

Gearing ratio

As at 31 December 2022, the gearing ratio (gearing ratio equals total debt divided by total assets as of the end of the ye or period multiplied by 100%. Total debt includes all interest-bearing bank and other loans of the Group) was 56.67% increased by 15.48 percentage point as compared to 41.19% as at 31 December 2021, mainly due to the increase in b borrowings and the issuance of A share convertible bonds.

Bank loans

As at 31 December 2022, bank loans of the Group amounted to RMB8,244.07 million, which increased by RMB4,106.16 million, or 99.23% as compared to approximately RMB4,137.91 million as at 31 December 2021. The increase was mainly due to the increase in cash outflow from operating activities and the payment of the acquisition price of Sanli Mining and Dahua Mining and the auction price of the thirteenth mine located at Lingshan-Mujishan Mining Zone, Fengyang County. As at 31 December 2022, 20.83% of the Company's bank loans were fixed-rate borrowings and 79.17% were variable-rate borrowings,cn /GS1 gsoutflowcste 4 [(mted from-1.0%d to .70%dope,cnnum1.)Tj 0.046 Tw 0 -2.6 Td [(As

, whble maita i ingc goo / fnuanntldopeformuanc,cn /rcasoniabl, fnuan talcosts1. TheGrrouprcgularelyreviews

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

According to the requirements of the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai Hong Kong Stock Connect published by the Ministry of Finance, the State Administration of Taxation and the CSRC (Cai Shui [2014] No. 81) (• Ì A Å e 7 • ü < ... e • 7 Ç 9 6 ë õ ¥ p C 9 t ø • L • · Ú S Ã Þ ë ü × A Y ·] ‘(Ì ü[2014]81 î)), 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) (• Ì A Å e 7 • ü < ... e • 7 Ç 9 6 ë õ ¥ p C 9 t ø • L • · Ú S Ã Þ ë ü × A Y ·] ‘(Ì ü[2016]127 î)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds from investment through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors from investment through the Shenzhen-Hong Kong Stock Connect, H-share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainland which hold H shares for at least 12 consecutive months could be exempted from enterprise income tax according to law

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

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ruan Hongliang ($ s ‹]) (Mr. Ruan)

Biographies of Directors, Supervisors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Xu Pan (± , ~ {) (Ms. Xu), aged 35, joined the Group in May 2021, is currently an independent non-executive director of the Company, chairman of the audit committee, remuneration committee and nomination committee, and also a member of the strategic development committee. Ms. Xu obtained a doctor's degree in accounting from Nanjing University in September 2019. She is now a teacher of the accounting department of the school of management of Zhejiang University of Technology* (ê ˆ 8 } ª). Ms. Xu obtained the qualification of Certified Internal Auditor (CIA) in 2011. Ms. Xu obtained the qualification of non-practicing member of the Chinese Institute of Certified Public Accountants (CICPA) in 2015.

Apart from the Group, Ms. Xu has been an independent director of Star Power Semiconductor Ltd.* (— 3 v : ¬ p … Þ " ® !) since October 2017, an independent director of Zhejiang Lante Optics Co., Ltd.* (ê $ ˆ ª p … Þ " ® !) since December 2017, an independent director of Zhejiang Walt Technology Co., Ltd.* (6 ' Å ¦ « p … Þ " ® !) since December 2017, and an independent director of Zhejiang Jingxin Pharmaceutical Co., Ltd.* (ê / - ¹ 8 p … Þ " ® !) since September 2022.

Ms. Hua Fulan (6 , † ~ {) (Ms. Hua), aged 60, joined the Group in November 2018 and is currently an independent non-executive director of the Company, and a member of the audit committee, remuneration committee, nomination committee and risk management committee. Ms. Hua graduated from Zhejiang Sci-Tech University with a master degree in engineering in July 2011.

Apart from the Group, Ms. Hua has been a director and deputy general manager of Zhejiang Torch Spark Technology Development Co., Ltd.* (ê æ ‹ K æ Å ¦ ï • Þ " ® !) since 2013. She has been a supervisor of Zhejiang Torch Venture Capital Management Consulting Co., Ltd.* (ê æ ‹ ô 8 ³ M # T Þ " ® !) since 2015.

Ms. Ng Yau Kuen Carmen (N < ‡ ~ {) (Ms. Ng), aged 47, joined the Group in May 2021 and is currently an independent non-executive director of the Company, and a member of the audit committee. Ms. Ng holds a bachelor's degree of business administration from the Chinese University of Hong Kong, a master's degree of business administration from the Hong Kong University of Science and Technology and a master's degree of laws in corporate and financial law from the University of Hong Kong.

Apart from the Group, Ms. Ng has been an independent non-executive director of Get Nice Financial Group Limited since March 2016, an independent non-executive director of Medi Lifestyle Limited since 2019. Ms. Ng has been the person-in-charge of Cypress Certified Public Accountants since 2013, and a director of Cypress Advisory & Consulting Limited since 2013.

SUPERVISORS

Mr. Zheng Wenrong (M Ö ò ‹ [) (Mr. Zheng), aged 59, a co-founder of the Group, is currently the chairman of the board of supervisors of the Company. Mr. Zheng has over 23 years' experience in glass industry. Mr. Zheng held various positions of the Group from 1998 when he joined the Group to 2022. Mr. Zheng has been the general manager of the infrastructure department of the Company since January 2023.

Mr. Shen Fuquan (Ï E p ‹ [) (Mr. Shen), aged 63, a co-founder of the Group, is currently a supervisor of the Company. Mr. Shen has over 22 years' experience in glass industry. Mr. Shen held various positions of the Group from 1998 when he joined the Group to 2022. Mr. Shen has been the consultant of Anhui Flat Solar Materials Co., Ltd.* (Ä Ï E : $ ˆ • ¿ Ø Þ " ® !), a subsidiary of the Group, since February 2023.

Mr. Zhu Quanming ([Œ ü ‹ [ ) (Mr. Zhu) , aged 69, a co-founder of the Group, is currently a supervisor of the Company. Mr. Zhu has over 23 years' experience in glass industry. Mr. Zhu held various positions of the Group from 1998 when he joined the Group to 2022. Mr. Zhu has been the consultant of Jiaxing Flat Intelligent Equipment Co., LTD* (— 3 E : $ } • ê Þ " ® !), a subsidiary of the Group, since February 2023.

Ms. Niu Liping (• 1 ~ {) (Ms. Niu), aged 37, joined the Group in October 2003. Ms. Niu was appointed as a staff representative supervisor of the Company on 23 September 2019. Ms. Niu held various positions of the Group from 2006 when she joined the Group to 2022. She has been the head of treasury of the finance management departme under the financial center of the Company since 2020. Ms. Niu has also been the supervisor of Jiaxing Kunlun Flat Energy Management Co., Ltd.* (— 3 d g E : $ • U M # Þ " ® !) since August 2022, the supervisor of Jiaxing Flat Intelligent Equipment Co., Ltd.* (— 3 E : $ } • ê Þ " ® !) and Nantong Flat Port Co., Ltd.* (Ì · E : $ ¥ Þ " ® !) since April 2022, and the supervisor of Flat (Guangxi) Photoenergy Co., Ltd. * (E : ₴() ˆ • Þ " ® !) since October 2022. Apart from the Company, Ms. Niu has been the supervisor of Fuyan Photoenergy Co., Ltd.* (E!ô ˆ • Þ " ® !) since August 2022. Ms. Niu has also been the chairman of the trade union of the Company since December 2009. Ms. Niu graduated from Northwestern Polytechnical University* (ˆ 8 } ª) majoring in accounting.

Ms. Zhang Huizhen (u I œ ~ {) (Ms. Zhang), aged 48, joined the Group in February 2006. Ms. Zhang was appointed as the staff representative supervisor of the Company on 23 September 2019. Ms. Zhang held various positions of the Grou from 2006 when she joined the Group to 2022. She has been the deputy general manager of energy-saving departme of the industrial park of the headquarters since 2022. Ms. Zhang graduated from Northwestern Polytechnical University majoring in business administration.

SENIOR MANAGEMENT

Mr. Wei Zhiming ((› ü ‹ [) (Mr. Wei), aged 54, joined the Group in August 2006 and is currently a deputy general manager of the Company, mainly responsible for management of the strategic department and technology research an development of the Group. Mr. Wei graduated from Hangzhou University* (È } ª) in Hangzhou, Zhejiang, the PRC, in July 1991 with a bachelor degree in chemistry. Mr. Wei has over 30 years' experience in glass industry. Mr. Wei held various positions of the Group from 2006 when he joined the Group to 2022. He has been the general manager of the development department of the Company since January 2016.

Mr. Zhao Xiaofei (» È ¢ ‹ [) (Mr. Zhao), aged 38, joined the Group in May 2011 and is currently a deputy general manager of the Company, mainly responsible for the management of the business and operation of the Group's PV glass business department. Mr. Zhao is also one of the de facto controller of the Company. Mr. Zhao graduated from the University of Northern Virginia in the United States in December 2007 majoring in business administration. Mr. Zhao held various positions of the Group from 2011 when he joined the Group to 2022. He has been the general manager o the PV glass business department of the Company since January 2016. Apart from the Company, Mr. Zhao has bee the supervisor of Fengyang Petro China Kunlun Gas Co., Ltd.¢ (i 0 d g ÷ Þ " ® !) since April 2022.

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

Mr. Jiang Weijie (ø × ¢ ‹ [) (Mr. Jiang), aged 36, joined the Group in May 2017, is currently the financial officer of the Company. He holds a certificate for professional accountants. Mr. Jiang graduated from the University of Nottingham with a master degree in Supply Chain and Operations Management in 2011. Mr. Jiang has been holding various position in the financial department since he joined the Group in 2017, and has been the financial officer of the Company since March 2019. Mr. Jiang has been the financial officer of the Flat (Guangxi) Photoenergy Co., Ltd.* (₽ :)$(ˆ • Þ " ® !) since October 2022. Apart from the Company, Mr. Jiang has been the supervisor of Jiashan Yicheng Trading Co., Ltd.* (—)Y Ó q ø Þ " ® !) since January 2020.

Ms. Ruan Zeyun ($ ã ® ~ {) (Ms. Ruan), formerly known as Ms. Ruan Xiao ($ È ~ {), aged 36, joined the Group in October 2009, is currently a company secretary and deputy general manager of the Company, mainly responsible fo the daily affairs of the Board and management and operation of overall corporate business of the Group. Ms. Yuan i one of the de facto controller of the Company. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management. Ms. Ruan has served as a director of Flat (Australia) Pty Ltd. since Janua 2021, a director of Anhui Fengsha Mining Group Company Limited*(Ä Ï þ » $ 8 « Þ " ® !) since February 2022 and a director of* (Ä Ï g b $ 8 Þ " ª , ® !)since February 2022, and the executive director and general manager of Jiaxing Kunlun Flat Energy Management Co., Ltd.*(— 3 d g E : $ • U M # Þ " ® !) since August 2022. Apart from the Company, Ms. Ruan has served as a director of Jiaxing Yihe Investment Co., Ltd.*(— 3 È q ³ Þ " ® !) since June 2016, a director of Jiaxing Kaihong Flat Supply Chain Management Co., Ltd.*(— 3 ñ ¿ E : $ 6 Ð á M # Þ " ® !) and its wholly-owned subsidiary Kaihong Flat Logistics (Vietnam) Co., Ltd.*(ñ ¿ E : $ J t(s Ì) Þ " ® !) since January 2020, a director of Hanyang Investment Holding Company Limited*(0 ¥ • q ³ Þ " ® !) since September 2020, a director of Eternity Sunny Pte. Ltd since January 2021, an executive partner of Sanya Hanya Investment Partnership (Limited Partnership)*(g - • q ³ ¥ « † 8(Þ " ¥ «)) since April 2022.

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

COMPANY SECRETARY

Ms. Ruan Zeyun ($ ã ® ~ {) (Ms. Ruan), formerly known as Ms. Ruan Xiao ($ È ~ {), aged 36, joined the Group in October 2009. Ms. Ruan was appointed as a joint company secretary on 1 April 2015 and became a sole compan secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Please refer to “Senior Management above for details of the biography of Ms. Ruan.

For details of the interest in the shares and underlying shares of the Company held by the directors, supervisors an senior management above, which wou.d-allr tobve dsclosend undey theprovisipony ofDivisipo 2, and3y of Par XVs of

Corporate Governance Report

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating operating and financial performance, reviewing the corporate governance measures and supervising of th overall management of the Group. The Board is also responsible for developing, reviewing and monitoring policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuou professional development of directors and senior management. The senior management of the Group is responsible f the implementation of business strategies and day-to-day operations of the Group under the leadership of the chairma

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

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

Throughout the year ended 31 December 2022, briefings and updates on the latest development regarding the Listing Rule and other applicable regulatory requirements in relation to continuous responsibilities of a Hong Kong listed company and its directors and other relative compliance issues were provided and notified to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2022, the following existing Directors have participated in continuous professional development by attending briefings and updates, seminars, training, or reading materials on the following topics to develop and refresh their knowledge and skills:

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Corporate Governance Report

BOARD PROCEEDINGS

In accordance with code provisions A.1.1 and A.1.3 of the CG Code, the Board shall hold at least four Board meeting each year, and a notice of at least 14 days shall be given for a regular Board meeting. Since 1 January 2022 up to a including 31 December 2022, 4 Board meetings were held with a notice of at least 14 days having been given to th Directors in compliance with the relevant code provision.

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association, a person may be appointed as a Director either by the shareholdson

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Corporate Governance Report

Remuneration Committee

Risk Management Committee

The Risk Management Committee was established on 16 October 2015. From 1 January 2022 to 31 December 202 members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jinhua, executive Director and Ms. Hua Fulan, an independent non-executive Director. The chairman of the Risk Management Committee is Mr Ruan Hongliang, an executive Director. The primary duties of the Risk Management Committee are to review the Group's business operations, especially on overseas and export business to supervise and control the Group's sanctums-rela risks and to monitor and review the Group's risk management and internal control systems and formulate our Group's risk management strategies.

During FY2022, the Risk Management Committee held one meeting to discuss the risk associated with overseas ar export business of the Group and the attendance records are set out under "Meetings and Directors Attendance Reco on page 30.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board

COMPANY SECRETARY

Ms. Ruan Zeyun is the company secretary of the Company during the year under review. During FY2022, Ms. Ruan had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary are set out in the section headed "Biographies of Directors, Supervisors and Senio Management" on page 28 in this annual report.

EXTERNAL AUDITORS

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô(ÿ w · ¥ «)) in the PRC as the external auditor for the year ended 31 December 2022. The Audit Committee has been notified of the nature (namely, Report on Use of Previous Proceeds and Capital Verification Report etc.) and the service charges of non-audit services performed by Deloitte Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô($ ÿ w · ¥ «)) and considered that these non-audit services have no adverse effect on the independence of the auditor. The Audit Committee reviewed the external auditors' statutory audit scope and non-audit services and approved its fees.

For the year ended 31 December 2022, the total auditor's remuneration was approximately RMB4,450,000, which Deloitte Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô($ ÿ w · ¥ «)) charged the Group for audit and assurance services. The remuneration of non-audit services was approximately RMB800,000 which was mainly provided in relation to the review of use of proceeds from the Group's various financing activities.

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

There was no change to the external auditors of the Group during the preceding three years.

RISK MANAGEMENT AND INTERNAL CONTROL

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

Corporate Governance Report

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

For FY2022, the Audit Committee and the Group's internal audit team, with the assistance of the management of th Group, conducted a review of the Systems and assessed the effectiveness of the Systems by taking into account the revi by its auditor. Based on the above review, the Board considers that the Group has fully complied with provisions of the CG Code regarding the Systems in general for FY2022, and the Group's Systems are generally appropriate, effectiv and adequate.

SHAREHOLDERS' RIGHTS

(i) Participation at general meetings

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

(ii) Convening extraordinary general meetings

According to the Articles of Association, any shareholder(s) individually or jointly holding more than 10% of the Company's total voting shares (inclusive) may sign one or several written requests with the same format and content to propose to the Board to convene an extraordinary general meeting or class the annual gene ediclemtyo
The Boary shall convene an extraordinary or alass the annual gens witian 1s daysafnted
Theafo residlamcount of share oldingies clrculcted withrdefreance to thn
s)makess the written requesg.

for more than90o cosecuctive days may by htemelveso convene an p revid bovre s the annual gene th
for ucho shllw, o, the oassblew, the same s, the for

Report of the Board of Directors

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

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

Past performance and forward-looking statements

The performance and the results of operation of the Group as set out in this annual report are historical in nature ar past performance is not a guarantee of future performance. This annual report may contain forward-looking statement and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does no materialize or turns out to be incorrect.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations are subject to current environmental laws, rules and regulations enacted by the Chinese governme including the Environmental Protection Law of the PRC (€6[O • q 7 ¤ - • , ‘), the Law on Environmental Impact Assessment of the PRC (• • 6 [O • q 7 ¤ B ¤ Y , ‘), the Law on Prevention and Control of Water Pollution of the PRC (• • 6 [O • q 7 å î Q # 7 , ‘), the Law on Prevention and Control of Noise Pollution of the PRC (• • 6 [O • q 7 ¤ › J î Q # 7 , ‘), the Law on Prevention and Control of Soil Pollution of the PRC (• • 6 [O • q 7 z î Q # 7 , ‘), the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (• 6 [O • q 7 x ; J î Q ¤ # 7 , ‘) and the Law on Prevention and Control of Atmospheric Pollution (• • 6 [O • q 7 } î Q # 7 , ‘). In addition, the business of the Company's production base in Vietnam must comply with the current laws and regulations on environmental protection issued by the Vietnamese governmen including the Environmental Protection Law 2020-QH14; Decree No. 08/2022-ND-CP; Decree No. 05/2022-ND-CP; Circular No. 01/2022-TT-BTNMT; Circular 02/2022-TT-BTNMT.

One of our major pollutants produced from our production is nitrogen oxides and sulphur dioxide. In order to be a socially responsible manufacturer, the Company has installed environmental protection and energy-saving equipmen to minimize the impact on the environment from its production, including flue-gas desulphurization facility, flue-gas denitration facility, residual heat power generator and emissions monitoring system. The Company also monitors, throug the emissions monitoring system, whether it satisfies the PRC standards on exhaust gas emissions. The Company w accredited with ISO14001:2004 for its environmental management system relating to the production processes of PV glass. For the year ended 31 December 2022, the Company complied with applicable environmental rules and regulation

In recognition of the Company's continuous efforts in environmental protection and energy saving, the China Building Materials Federation* (• 7 ¿ Ø L ¥ 6), China Concrete Association* (• 7 å % X 6), China Architectural Land Industrial Glass Association* (• 7 š ¨ ~ ˆ µ š ¨ X 6) and China Construction Health Ceramics Association* (• 7 [× (X 6) awarded the Company with "Advanced Exemplary Enterprise for Energy Conservation and Emission Reduction in the Concrete Glass Ceramics Industry of the PRC* (Œ 7 å % š ¨ × (* 8 · • ¯ ° ‹ † J è † 8)" in October 2015.

KEY RELATIONSHIPS

Employees

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

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

Suppliers

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

Aggregate purchases from the Group's largest and five largest suppliers accounted for 10.14% and 32.47%, respectively of the Group's total purchases for FY2022.

Customers

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

Report of the Board of Directors

COMPLIANCE WITH LAWS AND REGULATIONS

Since the Company is established and conducts its operations mainly in the PRC, its H shares are listed on the Sto Exchange, and subsequent to the year ended 31 December 2022. A shares are listed on the Shanghai Stock Excha During FY2022 and up to the date of this annual report, the Company had materially complied with the relevant laws and regulations in the PRC and Hong Kong including relating to its establishment and operations, and the rules of th relevant Stock Exchange.

BANK BORROWINGS

Details of bank borrowings of the Company and its subsidiaries as at 31 December 2022 are set out in note (VI) 20, 2 30 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2022 are set out in note (VI) 36 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules from 1 January 2022 to 3 December 2022 and at all times up to the date of this annual report.

PRE-EMPTIVE RIGHTS

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

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

1. Issuance of A Share Convertible Bonds

To further expand the capacity and maintain the leading technology and scale advantage of the Company's core product PV glass, while enhancing the financial strength and meet the working capital requirements of the Company, the Company proposed to issue A share convertible corporate bonds in the PRC, with total proceeds of no more than RMB4 billion. The relevant resolution was approved at the Board meeting held on 16 June 2021, and was approved at the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 202 second H shareholders class meeting of the Company on 20 August 2021. On 16 June 2021, the announcement i relation to the issuance of A shares convertible bonds was published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the closing price of A share on that day was RMB29.53 per share. The target investors of the A share convertible bonds are natural persons, legal persons, securities investment funds an 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). It was reported to the China Securities Regulatory Commission ("CSRC") on 8 November 2021 and it was approved by CSRC in March 2022.The issuance of A share convertible bonds was completed in May 2022.The A share convertible bonds under this issuance were with a nominal value of RMB100 and were issued at par. The Company completed the issue of 40 million convertible bonds. The subscription funds for the A share convertible bonds under this issuance totaled RMB4,000,000,000.00. After deducting the issuance fee of RMB23,078,799.67, the net funds raised were RMB3,976,921,200.33.

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB3,976.92 million. As at 31 December 2022, the use of such proceeds were as follows:

Use for	Percentage of net proceeds	Amount of net proceeds RMB'0,000	Amount utilized RMB'0,000	Amount unutilized RMB'0,000
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	48.91%	194,500.00	121,861.96	72,638.04
Distributed PV power generation construction project	15.97%	63,492.12	–	63,492.12
Annual production of 15 million square meters of solar PV ultra-white glass technical transformation project	4.95%	19,700.00	16,341.43	3,358.57
Working capital	30.17%	120,000.00	120,000.00	–
Total	100%	397,692.12	258,203.39	139,488.73

The amount unutilized is excepted to be fully utilized by the Company according to its use of proceeds plan for such proceeds by December 2024. As at the date of this report, the Directors confirm that the proceeds were used and are proposed to be used according to the intentions previously disclosed.

2. Non-public Issuance of A Shares

In order to further increase the company's capacity scale, meet the growing market demand of the photovoltaic industry, provide customers with better quality products and efficient and timely services, further improve the company's comprehensive competitive strength, and consolidate and enhance the company's market position on 1 June 2022, the Board approved the proposed non-public issuance of A shares which was also approved by shareholders of the Company at the 2022 first extraordinary general meeting, the 2022 first A share class meeting and the 2022 first H share class meeting held on 29 July 2022. The price determination date of the A shares to be issued under the Non-Public Issuance shall be the first day of the issue period. The issue price shall be not less than 80% of the average trading price of the A shares over the 20 trading days before the price determination date. The average trading price of the A shares over the 20 trading days before the price determination date equals to the total turnover of the A shares over the 20 trading days before the price determination date divided by the total trading volume of the A shares over the 20 trading days before the price determination date. On 1 June 2022, the announcement in relation to the proposed non-public issuance of A shares was published on the website of the Stock Exchange and the closing price of A share on that day was RMB43.18 per share. The target subscribers including

Notes:

1. This project will be implemented in phases, and such proceeds from the non-public issuance of A shares will be used for the first phase of the project.

2. The proceeds of the non-public issuance of A shares will be utilized according to its progress.

3. The proceeds of the non-public issuance of A shares will be utilized according to its progress, and the project is expected to be put in operation before end of 2023.

4. The proceeds of the non-public issuance of A shares will be used to return bank loans and for general business operation, which is expected to be used up within six months upon receipt of the proceeds.

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 o the Company's listed securities during the period from 1 January 2022 to 31 December 2022.

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

1. Non-public Issuance of A Shares

In order to meet the development needs of the Company, enhance the Company's core competitiveness, sustainabl 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 meetin and the 2020 second H share class meeting held on 10 August 2020. On 12 October 2020, the Issuance Approva 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 Issuanc 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 from the non-public issuance of A shares by the Company amounted to approximately RMB2,483,081,943.69. As at 31 December 2022, the use of such proceeds were as follows:

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

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

2. Issuance of New H Shares under Specific Mandate

In order to provide long-term capital at a 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 of strategic value, as well as optimize the company's capital structure, on 5 February 2021, the Company announce to propose to issue up to 76,000,000 new H shares, which was approved by the Board. The capital raised by th new H shares proposed to be issued shall represent: (i) approximately 3.5%of the total issued share capital o 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 a the date of the Board meeting; and (iv) approximately 14.4% of the total issued H Shares of the Company enlarge by this issuance. This issuance was considered and approved at the 2021 first extraordinary general meeting, th 2021 first A share class meeting and the 2021 first H share class meeting held on 25 March 2021. The Compan received the Approval Regarding the Issuance of Overseas Listed Foreign Investment Shares by Flat Glass Grou Co., Ltd. (the "Approval") issued by CSRC in June 2021.

The new H Shares to be issued are overseas-listed foreign shares which shall be listed on the Main Board of th Stock Exchange with a par value of RMB0.25 each. On 5 February2021, the announcement in relation to the proposed issuance of new H shares under specific mandate was published on the website of the Stock Exchan and the closing price of the Company of H Share on that day was HK$32.48rd 81 .I issued H Sharw

DIRECTORS

For the year ended 31 December 2022 and up to the date of this annual report, the Directors and Supervisors of the Company in office are shown as below:

Executive directors

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

Independent non-executive directors

Ms. Xu Pan
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

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management of the Company are set out on pages 25 to 28 of this annual report.

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

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company. All Directors retired and were re-elected at the 2020 AGM for a term of three years ending on the expiration of the term of the 6th session of the Board subject to retirement and re-election at annual general meeting in accordance with the articles of association.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 31 December 2022, the interests and short positions of the Directors, supervisors and the chief executive of the Company in the shares (the "Shares"), underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

Shareholder	Number of Shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Directors					
Mr. Ruan Hongliang[3]	1,108,798,241 (L)	A Shares	Beneficial owner and parties acting in concert	65.34%	51.65%
	70,132,167 (S)	A Shares	Beneficial owner and parties acting in concert	4.13%	3.27%
	1,569,000 (L)	H Shares	Beneficial owner and parties acting in concert	0.35%	0.07%
Ms. Jiang Jinhua[3]	1,108,798,241 (L)	A Shares	Beneficial owner and parties acting in concert	65.34%	51.65%
	70,132,167 (S)	A Shares	Beneficial owner and parties acting in concert	4.13%	3.27%
	1,569,000 (L)	H Shares	Beneficial owner and parties acting in concert	0.35%	0.07%
Mr. Wei Yezhong[4]	16,374,725 (L)	A Shares	Beneficial owner	0.96%	0.76%
Mr. Shen Qifu[5]	10,961,233 (L)	A Shares	Beneficial owner	0.65%	0.51%
Supervisors					
Mr. Zheng Wenrong	299,174,255 (L)	A Shares	Beneficial owner	17.63%	13.94%
Mr. Shen Fuquan	48,206,462 (L)	A Shares	Beneficial owner	2.84%	2.25%
Mr. Zhu Quanming	191,598,741 (L)	A Shares	Beneficial owner	11.29%	8.92%
	7,850,000 (S)	A Shares	Beneficial owner	0.46%	0.37%

Notes:

(1) The calculation is based on the total number of 1,696,893,967 A Shares or 450,000,000 H Shares of the Company in issue as at 31 December 2022.

(2) The calculation is based on the total number of 1,696,893,967 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,146,893,967 Shares) in issue as at 31 December 2022.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2022, Mr. Ruan Hongliang owns 463,050,187 A Shares and 485,000 H Shares. M
Jiang Jinhua owns 341,557,235 A Shares and 111,000 H Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang an
Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 369,264,144 A Shares and 973,000 H Shares. Mr. Zhao Xiaofei owns 5,058,842 A Shares. On 31 May 2022, the Compan
completed the grant of 10,355,680, 7,638,600, 8,262,040 and 113,140 A share convertible bonds to Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and M
Zhao Xiaofei, respectively. As at 31 December 2022, Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei owns 10,355,680, 7,638,600,
8,187,820 and 113,140 A share convertible bonds, respectively, which are convertible into 23,691,787, 17,475,635, 18,732,144 and 258,842 A shares, respectivel
Pursuant to a concert party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofe
each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei is considered to be interested in 1,108,798,241 A Shares and 1,569,000 H
Shares under the SFO.

As at 31 December 2022, Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun had 8,845,670, 7,630,000 and 5,000,000 A share convertible bonds pledge
to a lender other than a qualified lender as security for certain borrowings, respectively, which are convertible into 20,237,177, 17,455,960 and 11,439,030 A
shares, respectively.

(4) In May 2022, the Company completed the grant of 367,710 A share convertible bonds listed on the Shanghai Stock Exchange to Mr. Wei Yezong where Mr. Wei
Yezong acquired the right to convert such convertible bonds into A shares. As at 31 December 2022, Mr. Wei Yezong owns 338,370 A share convertible bonds
which are convertible into 774,125 A shares.

(5) In May 2022, the Company completed the grant of 245,140 A share convertible bonds listed on the Shanghai Stock Exchange to Mr. Shen Qifu where Mr. Shen

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022, the persons or corporations, other than the Directors, supervisors and the chief executive of th
Company, who had an interest or short position in the Shares, underlying Shares or debentures of the Company which
were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which

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)
UBS Group AG(7)	27,324,799 (L) 21,203,883 (S)	H Shares	Interest of controlled corporation	6.07% 4.71%	1.27% 0.99%
Shanghai Greenwoods Asset Management Company Limited(8)	27,042,000 (L)	H Shares	Investment manager	6.01%	1.26%
Xizang Jingning Corporate Management Company Limited(8)	27,042,000 (L)	H Shares	Interest of controlled corporation	6.01%	1.26%
The Bank of New York Mellon Corporation(9)	25,787,375 (L) 19,583,511 (P)	H Shares	Interest of controlled corporation	5.73% 4.35%	1.20% 0.91%
CICC Pucheng Investment Co., Ltd.	23,870,000 (L)	H Shares	Beneficial owner	5.30%	1.11%
China International Capital Corporation Limited(10)	22,573,000 (L)	H Shares	Interest of controlled corporation	5.02%	1.05%
Public Investment Fund	22,549,000 (L)	H Shares	Interest of controlled corporation	5.01%	1.05%

Notes:

(1) The calculation is based on the total number of 1,696,893,967 A Shares or 450,000,000 H Shares, as the case may be, in issue as at 31 December 2022.

(2) The calculation is based on the total number of 1,696,893,967 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,146,893,967 Shares) in iss as at 31 December 2022.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2022, Mr. Ruan Hongliang owns 463,050,187 A Shares and 485,000 H Shares. M Jiang Jinhua owns 341,557,235 A Shares and 111,000 H Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang an Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 369,264,144 A Shares and 973,000 H Shares. Mr. Zhao Xiaofei owns 5,058,842 A Shares. On 31 May 2022, the Compan completed the grant of 10,355,680, 7,638,600, 8,262,040 and 113,140 A share convertible bonds to Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and M Zhao Xiaofei, respectively. As at 31 December 2022, Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei owns 10,355,680, 7,638,600, 8,187,820 and 113,140 A share convertible bonds, respectively, which are convertible into 23,691,787, 17,475,635, 18,732,144 and 258,842 A shares, respectivel Pursuant to a concert party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofe each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei is considered to be interested in 1,108,798,241 A Shares and 1,569,000 H Shares under the SFO.

As at 31 December 2022, Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun had 8,845,670, 7,630,000 and 5,000,000 A share convertible bonds pledge to a lender other than a qualified lender as security for certain borrowings, respectively, which are convertible into 20,237,177, 17,455,960 and 11,439,030 A shares, respectively.

(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: 9,600 shares (short positions)) and unlisted derivatives (physical settlement: 275,634 shares (short positions); cash settlement:10,301,000 shares (lon positions) and 771,270 shares (short positions)).

(5) BlackRock, Inc. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 120,000 shares (long positions) and 808,000 shares (short positions)).

(6) Bank of America Corporation indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 14,995,000 shares (long positions) and 1,549,000 shares (short positions)).

(7) UBS Group AG indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 1,634,505 shares (long positions) and 1,270,770 shares (short positions)).

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

(9) The Bank of New York Mellon Corporation Limited held 100% equity interest in The Bank of New York Mellon.

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

Save as disclosed above, as at 31 December 2022, so far as is known to the Directors, there is no other person (other th the Directors, supervisors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2022.

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

No contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries

RELATED PARTY TRANSACTIONS

The related party transactions in relation to the emoluments of Directors, Supervisors and employees are connecte transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to R 14A.95 of the Listing Rules. The related party transactions conducted during the year under review as disclosed in not (IX) to the financial statement of the Group were transactions not falling under the definition of connected transaction or continuing connected transactions as defined in chapter 14A of the Listing Rules or were connected transaction exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.7 of the Listing Rules.

CONNECTED TRANSACTION

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

Independent Non-executive Directors Confirmation

The independent non-executive Directors have reviewed the continuing connected transactions conducted during th Reporting Period and confirmed that such transactions were:

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

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

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

Auditor's Confirmation

The Company's auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô(ÿ w · ¥ «)), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historic Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed by the Group in this annual report (if any) in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

COMPETING BUSINESS

None of the Directors and their associates had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2022.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei has confirmed to the Company that he/she has complied with the non-competition undertaking given by them to the Company pursuant to the deed of non-competition dated 16 October 2015. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all the undertakings

Report of the Board of Directors

EVENTS AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the Board and external auditors the accounting standard and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ende 31 December 2022.

EXTERNAL AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants LLP will be the only auditor auditing the Company's financial statements in accordance with the CASBE and undertaking the role of international auditors in compliance with the Listing Rules. The consolidated financial statements for the year ended 31 December 2022 have been audited by Deloit Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô($ ÿ w · ¥ «)).

Deloitte Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô($ ÿ w · ¥ «)) will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP (C Ï 6 Q 6 ª + Ô($ ÿ w · ¥ «)) as auditors of the Group is to be proposed at the annual general meeting of the Company.

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

On behalf of the Board of Directors

Ruan Hongliang
Chairman

Jiaxing, Zhejiang, the PRC
27 March 2023

Report of the Board of Supervisors

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

In the year ended 31 December 2022, for the Company's long-term interests and shareholders' interests, the Board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and the Listing Rules and earnestly performed their duties of supervision over the activities of the Directors and senior management of the Company. The major works performed by of the Board of Supervisors are presented below

I. MEETINGS CONDUCTED BY THE BOARD OF SUPERVISORS

In the year ended 31 December 2022, the Board of Supervisors convened 13 meetings.

II. WORK OF THE BOARD OF SUPERVISORS

The work of the Supervisory Committee during the year ended 31 December 2022 mainly includes the following:

1. Monitoring implementation of resolutions of general meetings

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

2. Monitoring legal compliance of the Group's general operation

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

3. Monitoring daily operating activities of the Group

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

4. Monitoring the Group's financial conditions

The Board of Supervisors has reviewed the Group's 2022 consolidated financial statements, supervised an monitored the Group's implementation of relevant financial policies and legislations as well as details of the Group's assets, financial income and expenditure. It is of the opinion that the Group's 2022 consolidated

Independent Auditor's Report

(De Shi Bao (Shen) Zi (23) No. P03164

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

1. AUDIT OPINION

We have audited the financial statements of Flat Glass Group Co., Ltd. (hereinafter referred to as "Flat Group"), including the consolidated and parent company's balance sheet as at 31 December 2022, the consolidated and pare company's income statement, the consolidated and parent company's statement of cash flow, the consolidated and parent company's statement of changes in shareholders' equity and notes to the financial statements in 2022.

In our opinion, the attached financial statements have been prepared in accordance with the accounting standard for business enterprises in all material aspects, and have given a fair view of the consolidated and parent company's financial position as at 31 December 2022, and of its consolidated and parent company's operating results and consolidated and parent company's cash flow in 2022.

2. BASIS FOR FORMING AUDIT OPINION

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

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements in 2022. The responses to these matters were based on the audit of the financial statements a a whole and the formation of audit opinions. We do not provide a separate opinion on these matters and we confirm that the following matters are the key audit matters to be communicated in the audit report.

(1) Cut-off of revenue recognition

Item description

As stated in Note (VI), 43 to the financial statements, the sales revenue of Flat Group in 2022 was mainly from the sales of PV glass amounting to RMB13,681,797,758.21. The sales revenue of PV glass is recognised when the customer obtains the control right of relevant goods. According to the agreement of the sales contract, for domestic sales, Flat Group transported the goods to the agreed place of delivery or picked up by the buyers on their own, with the revenue recognised on receiving the goods; and for export sales, Flat Group recognises the sales revenue according to the time when the control of goods is transferred under different trade modes. As revenue is one of the key performance indicators of Flat Group, and the timing of the transfer of control of goods is different, there may be a risk that the sales revenue is not recognised in the appropriate period. Therefore, we consider whether the sales revenue of PV glass is included in the appropriate accounting period as the key audit matter.

How our audit addressed the key audit matter

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

(1) Obtain an understanding of the key internal control related to the cut-off of sales 3 sales 3 salsF 0 lo 42

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese certified public accountant:
(engagement partner)

Chinese certified public accountant:

27 March 2023

Consolidated Balance Sheet

31 December 2022

RMB

Items	NOTE (VI)	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	1	2,932,152,844.19	2,842,677,267.48
Trading financial assets	2	2,000,000.00	200,000,000.00
Derivative financial assets	3	–	62,739.00
Bills receivable	4	2,505,753,674.34	939,748,112.41
Trade receivables	5	2,811,090,070.19	1,105,759,571.75
Financing receivables	6	784,825,969.52	531,196,547.78
Advance payment	7	578,012,656.23	692,261,958.13
Other receivables	8	101,299,773.96	54,999,617.97
Inventories	9	2,396,316,964.60	2,276,469,528.29
Assets held for sale	10	35,107,159.30	–
Other current assets	11	234,733,656.64	255,127,082.80
Total current assets		12,381,292,768.97	8,898,302,425.61
Non-current assets:			
Long-term equity investments	12	82,753,089.96	71,530,334.22
Investment properties	13	17,370,760.63	18,802,231.03
Fixed assets	14	11,225,965,058.08	6,316,279,511.19
Construction in progress	15	1,874,354,593.74	3,067,207,867.50
Right-of-use asset	16	194,194,008.63	170,070,872.22
Intangible assets	17	3,783,656,023.65	662,708,796.08
Long-term prepaid expenses		15,689,934.37	6,948,461.94
Deferred income tax assets	18	92,555,237.76	4,162,665.30
Other non-current assets	19	2,713,891,130.26	866,903,935.41
Total non-current assets		20,000,429,837.08	11,184,614,674.89
Total assets		32,381,722,606.05	20,082,917,100.50

The notes are an integral part of the financial statements.

The financial statements on pages 65 to 76 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Balance Sheet

31 December 2022

RMB

Items	NOTE (VI)	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	20	3,095,354,079.23	1,860,696,500.00
Derivative financial liabilities	21	1,765,968.98	–
Bills payables	22	964,727,516.59	1,036,982,577.72
Trade payables	23	4,100,044,464.81	2,306,910,116.65
Contract liabilities	24	115,048,763.64	352,681,717.14
Payroll payable	25	102,797,701.22	67,519,702.61
Tax payable	26	186,516,829.00	48,629,486.85
Other payables	27	655,490,858.12	136,664,417.03
Non-current liabilities due within one year	28	1,302,218,275.31	310,100,070.52
Other current liabilities	29	9,449,715.18	44,277,908.91
Total current liabilities		10,533,414,172.08	6,164,462,497.43
Non-current liabilities:			
Long-term borrowings	30	3,889,070,000.00	1,967,748,428.04
Bonds payables	31	3,588,678,749.97	–
Lease liabilities	32	11,926,193.55	10,879,703.29
Deferred income	33	58,535,568.54	25,441,145.12
Deferred tax liabilities	18	123,532,426.28	104,216,253.83
Long-term payable	34	137,660,340.97	–
Estimated liabilities	35	6,457,941.49	–
Total non-current liabilities		7,815,861,220.80	2,108,285,530.28
Total liabilities		18,349,275,392.88	8,272,748,027.71
Shareholders' equity:			
Share capital	36	536,723,491.75	536,723,313.50
Other equity instruments	37	491,731,580.66	–
Capital reserve	38	4,864,749,251.17	4,832,768,261.83
Less: Treasury stock	36	23,806,600.00	32,096,200.00
Other comprehensive income	39	42,350,277.12	(7,613,180.72)
Special reserve	40	28,583,407.89	17,266,053.61
Surplus reserve	41	268,361,745.88	268,361,656.75
Undistributed profit	42	7,823,754,058.70	6,194,759,167.82
Total equity attributable to shareholders of the parent company		14,032,447,213.17	11,810,169,072.79
Minority interests		–	–
Total shareholders' equity		14,032,447,213.17	11,810,169,072.79
Total liabilities and shareholders' equity		32,381,722,606.05	20,082,917,100.50

The notes are an integral part of the financial statements.

The financial statements on pages 65 to 76 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet of the Parent Company

31 December 2022

RMB

Items	NOTE (XIV)	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	1	1,344,936,876.17	593,095,104.71
Trading financial assets		2,000,000.00	–
Bills receivable	2	978,734,026.78	448,120,747.17
Trade receivables	3	866,961,465.37	347,593,588.48
Financing receivables	4	352,288,693.13	176,107,817.92
Advance payment	5	223,591,163.60	113,797,898.71
Other receivables	6	1,796,012,370.71	1,837,334,934.64
Inventories	7	550,731,004.00	319,598,489.09
Other current assets	8	30,915,492.40	20,480,374.08
Total current assets		6,146,171,092.16	3,856,128,954.80
Non-current assets:			
Long-term equity investments	9	4,175,936,572.86	1,350,059,171.12
Fixed assets	10	2,806,194,051.34	1,280,018,460.38
Construction in progress	11	311,715,690.72	1,309,136,814.51
Intangible assets	12	390,586,647.85	392,286,140.98
Long-term prepaid expenses		7,149,939.45	2,596,418.88
Deferred income tax assets	13	–	–
Other non-current assets	14	7,015,771,026.31	4,622,171,949.91
Total non-current assets		14,707,353,928.53	8,956,268,955.78
Total assets		20,853,525,020.69	12,812,397,910.58

The notes are an integral part of the financial statements.

The financial statements on pages 65 to 76 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet of the Parent Company

31 December 2022

RMB

Items	NOTE (XIV)	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	15	1,582,350,831.00	1,261,939,500.00
Bills payables	16	756,215,273.27	557,046,846.40
Trade payables	17	1,224,166,055.55	874,183,753.59
Contract liabilities	18	10,618,004.63	172,956,634.95
Payroll payable	19	40,625,739.50	28,878,501.78
Tax payable	20	30,206,386.78	17,775,591.40
Other payables	21	1,411,260,098.53	565,827,131.31
Non-current liabilities due within one year		30,230,500.00	30,230,500.00

Consolidated Income Statement

For the year ended 31 December 2022

RMB

Income Statement of the Parent Company

For the year ended 31 December 2022

RMB

Items	NOTE (XIV)	Amount incurred in the current year	Amount incurred in the previous year
I. Operating revenue	26	5,163,792,304.43	4,240,815,109.00
Less: Operating costs	26	4,307,788,238.64	3,243,247,134.09
Taxes and surcharges	27	6,143,594.29	9,793,483.01
Selling expenses	28	56,008,878.46	21,974,383.56
General and administrative expenses	29	152,673,066.25	137,560,070.42
Research and development expenses	30	182,071,321.18	162,189,552.61
Financial expenses	31	113,892,718.33	24,219,360.35
Including: Interest expenses		243,702,867.66	44,142,410.74
Interest income		39,915,635.70	16,825,294.54
Add: Other income	32	33,830,556.61	22,642,494.29
Investment income	33	10,883,515.73	804,952,405.23
Including: Gains on investment in associates		6,277,401.74	3,506,986.46
Gains (losses) on credit impairment	34	(16,741,308.91)	23,816,457.19
Asset impairment loss	35	(824,680.43)	(9,739,396.44)
Gains on disposal of assets	36	515,053.81	4,838,620.24
II. Operating profit		372,877,624.09	1,488,341,705.47
Add: Non-operating income	37	685,390.38	516,476.14
Less: Non-operating expenses	38	2,133,889.98	2,921,500.29
III. Total profit		371,429,124.49	1,485,936,681.32
Less: Income tax expenses	39	31,112,933.05	84,328,997.76
IV. Net profit		340,316,191.44	1,401,607,683.56
V. Other comprehensive income, net of tax		(476,288.57)	5,354,652.39
I. Other comprehensive income that cannot be classified into profit or loss		–	–
II. Other comprehensive income that will be classified into profit or loss		(476,288.57)	5,354,652.39
– Changes in fair value of receivables financing		(476,288.57)	5,354,652.39
VI. Total comprehensive income		339,839,902.87	1,406,962,335.95

Consolidated Statement of Cash Flow

For the year ended 31 December 2022

RMB

		NOTE (VI)	Amount incurred in the current year	Amount incurred in the previous year	
I.	Cash flow from operating activities:				
	Cash received from sale of goods or rendering of services		6,801,275,904.86	6,537,348,276.08	
	Cash received from refunds of taxes		513,984,013.73	342,619,295.00	
	Cash received relating to other operating activities	59 (1)	177,358,576.29	91,022,670.51	
	Subtotal of cash inflows		7,492,618,494.88	6,970,990,241.59	
	Cash paid for goods and services		5,500,683,742.51	4,871,746,794.88	
	Cash paid to and on behalf of employee		699,612,904.48	470,096,109.60	
	Cash paid for payments of taxes and surcharges		493,778,700.20	559,917,652.96	
	Cash paid relating to other operating activities	59 (2)	621,645,499.94	489,500,831.78	
	Subtotal of cash outflows		7,315,720,847.13	6,391,261,389.22	
	Net cash flow from operating activities	60 (1)	176,897,647.75	579,728,852.37	
II.	Cash flow from investing activities:				
	Cash received from disposal of investments		900,000,000.00	2,250,000,000.00	2,250,0

Cash recebonid isa,000,000.00 services

Cash receborrowromnd services

ies60 (1)

Statement of Cash Flow of the Parent Company

For the year ended 31 December 2022

RMB

		NOTE (XIV)	Amount incurred in the current year	Amount incurred in the previous year
I.	Cash flow from operating activities:			
	Cash received from sale of goods or rendering of services		1,677,675,095.57	3,432,057,551.27
	Cash received from refunds of taxes		113,963,166.53	14,957,610.82
	Cash received relating to other operating activities	40 (1)	81,285,539.72	30,470,047.46
	Subtotal of cash inflows		1,872,923,801.82	3,477,485,209.55
	Cash paid for goods and services		1,987,939,916.91	1,885,775,659.34
	Cash paid to and on behalf of employee		271,694,713.51	192,145,789.57
	Cash paid for payments of taxes and surcharges		111,455,575.58	132,990,917.72
	Cash paid relating to other operating activities	40 (2)	205,701,515.85	184,791,705.57
	Subtotal of cash outflows		2,576,791,721.85	2,395,704,072.20
	Net cash flow from operating activities	41 (1)	(703,867,920.03)	1,081,781,137.35
II.	Cash flow from investing activities:			
	Cash received from disposal of investments		300,000,000.00	300,000,000.00
	Cash received from returns on investments		804,606,113.99	1,445,418.77
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,280,595.51	9,408,471.16
	Cash received relating to other investing activities	40 (3)	5,280,669,322.94	343,610,274.28
	Subtotal of cash inflows		6,387,556,032.44	654,464,164.21
	Cash paid to purchase fixed assets, intangible assets and other long-term assets		713,626,039.77	792,779,466.15
	Cash paid for investments		302,000,000.00	300,000,000.00
	Net cash amount received from subsidiaries and other operating entities		2,298,652,400.00	–
	Cash paid relating to other investing activities	40 (4)	8,314,753,459.99	3,194,456,828.46
	Subtotal of cash outflows		11,629,031,899.76	4,287,236,294.61
	Net cash flow from investing activities		(5,241,475,867.32)	(3,632,772,130.40)
III.	Cash flow from financing activities:			
	Cash received from capital contribution		–	2,509,960,996.79
	Cash received from bonds issuing		3,978,000,000.00	–
	Cash received from borrowings		5,541,898,697.84	2,474,530,801.75
	Cash received relating to other financing activities	40 (5)	8,8cash outflows 0 44of 31,898,697.84	

3t cash amount receiv,000,equival9,466 [(Nngible assets418 -1.15 Td 2.9682ve7tments)Tj /T1_1 1 T221w 35.707 9 009 0083015,867.32)

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

RMB

Items	The current year									
	Equity attributable to the owners of the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Opening balance of the current year	536,723,313.50	–	4,832,768,261.83	32,096,200.00	(7,613,180.72)	17,266,053.61	268,361,656.75	6,194,759,167.82	–	11,810,169,072.79
II. Increase/decrease for the current year										
(I) Total comprehensive income	–	–	–	–	49,963,457.84	–	–	2,122,780,428.43	–	2,172,743,886.27
(II) Contribution of shareholders	178.25	491,731,580.66	31,980,989.34	(7,070,600.00)	–	–	–	–	–	530,783,348.25
1. Common shares contributed by owners	–	–	–	(7,070,600.00)	–	–	–	–	–	7,070,600.00
2. Contribution of capital by other equity instrument owners	178.25	491,731,580.66	32,400.14	–	–	–	–	–	–	491,764,159.05
3. Amount of share-based payment included in owners' equity	–	–	31,948,589.20	–	–	–	–	–	–	31,948,589.20
(III) Profit distribution	–	–	–	(1,219,000.00)	–	–	89.13	(493,785,537.55)	–	(492,566,448.42)
1. Appropriation to surplus reserve	–	–	–	–	–	–	89.13	(89.13)	–	–
2. Appropriation to shareholders	–	–	–	(1,219,000.00)	–	–	–			

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

RMB

	The last year										
	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	Minority

Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2022

RMB

Items	The current year							
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Opening balance of the current year	536,723,313.50	–	4,832,768,261.83	32,096,200.00	(609,915.05)	268,361,656.75	2,894,223,275.67	8,499,370,392.70
II. Increase/decrease for the current year								
(I) Total comprehensive income	–	–	–	–	(476,288.57)	–	340,316,191.44	339,839,902.87
(II) Contribution and withdrawal of capital by shareholders	178.25	491,731,580.66	31,980,989.34	(7,070,600.00)	–	–	–	530,783,348.25
1. Common shares contributed by owners	–	–	–	(7,070,600.00)	–	–	–	7,070,600.00
2. Contribution of capital by other equity instrument owners	178.25	491,731,580.66	32,400.14	–	–	–	–	491,764,159.05
3. Amount of share-based payment included in owners' equity			31,948,589.20	–	–	–	–	31,948,589.20
(III) Profit distribution	–	–	–	(1,219,000.00)	–	89.13	(493,785,537.55)	(492,566,448.42)
1. Appropriation to surplus reserve	–	–	–		–	89.13	(89.13)	–
2. Appropriation to shareholders	–	–	–	(1,219,000.00)	–		(493,785,448.42)	(492,566,448.42)
III. Closing balance of the current year	536,723,491.75	491,731,580.66	4,864,749,251.17	23,806,600.00	(1,086,203.62)	268,361,745.88	2,740,753,929.56	8,877,427,195.40

The notes are an integral part of the financial statements.

The financial statements on pages 65 to 76 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2022

RMB

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

The notes are an integral part of the financial statements.

The financial statements on pages 65 to 76 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

(I) CORPORATE INFO/A685 0/GSMATION

(I) CORPORATE INFORMATION (Continued)

1. Company Overview (Continued)

As approved by the China Securities Regulatory Commission, the Company publicly issued 14.50 million A share convertible corporate bonds (the “Convertible Bonds”) with a par value of RMB100 each on 27 May 2020. The total amount of this issuance is RMB1,450,000,000.00 and the term is 6 years. Pursuant to the Rule Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant regulations and the Prospectu of A Share Convertible Corporate Bond through Public Issuance of Flat Glass Group Co., Ltd., the Convertible Bonds can be converted into the RMB ordinary shares (A shares) of the Company from 3 December 2020. Th initial conversion price is RMB13.56 per share. The Company will adjust the conversion price based on the prospectus upon the occurrence of distribution of stock dividend, capitalisation issue, issuance of new share

(I) CORPORATE INFORMATION (Continued)

1. Company Overview (Continued)

On 25 May 2021, the Company held the second meeting of the sixth session of the Board, at which the

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has implemented the Accounting Standards for Business Enterprises and other relevant regulation 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 th Stock Exchange of Hong Kong.

Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since 31 December 20 and is not aware of any events or conditions that may cast significant doubt upon the ability to continue as a going concern. So the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

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

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of Compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and present truly and completely the consolidated and the Company's financial position as at 31 December 2022 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 2022.

2. Accounting Period

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

3. Operating Cycle

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

4. Functional Currency

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

5. Business Combinations

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

For transactions not under common control, the acquirer will consider whether to adopt the simplified judgment method of "concentration test" when judging whether the acquired combination constitute a business. If the combination passes the concentration test, it does not constitute a business. If the combination fails the concentration test, the judgment shall be made according to business conditions.

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

5. Business Combinations (Continued)

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, 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.

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

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.

The impact of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidated financial statements is 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.

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

6. Preparation of Consolidated Financial Statements (Continued)

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 a short-term (generally means due within three months from the date of purchase), 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 initia 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 betwee the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at th previous balance sheet date are recognised in profit or loss for the period, except that: (1) exchange differences related to special borrowings denominated in foreign currency eligible for capitalisation shall be capitalised into the cost of the related assets during the capitalisation period; (2) exchange difference 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 exchang rate at the date the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes in exchange rates) and is recognised in profit or loss or as other comprehensive income.

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

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

8.2 Translation of foreign currency financial statements

For the purpose of preparing the consolidated financial statements, the foreign currency financial statements of overseas operations are translated into RMB financial statements using the following method: all assets and liabilities in the balance sheet are translated at the spot exchange rate at the balanc 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 an cash equivalents".

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

9. Financial Instruments

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

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

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

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

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

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

9. Financial Instruments (Continued)

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

9.1 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

9. Financial Instruments (Continued)

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

9.1.2 Financial assets classified as at FVTOCI

Except for impairment losses or gains related to financial assets at FVTOCI, interest income calculated using the effective interest method and exchange gains and losses are recognised in profi 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 financia 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 receivabl formed due to the income standard in accordance with the amount equivalent to lifetime ECL.

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

For other financial instruments, except for purchased or originated credit impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk on the financial instrument has increased significantly since initial recognition, the Group measures its loss allowance at an amount equal to lifetime ECL of the financial instrument. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to next 12-month ECL of the financial instrument. Except for financial assets measured at FVTOCI, the increased or reversed amount of credit loss provision shall be included in profit and loss for the period as impairment loss or gain. The Group recognises credit loss provision for financial assets at FVTOCI in other comprehensive income and recognises loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

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

9.2.1 Significant increase in credit risk

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

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

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

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

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

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

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

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

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

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

9.2.2 Credit impaired financial assets

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

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

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

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

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

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

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

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

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.3 Determination of ECL

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

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

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

- As for the financial assets with credit impairment occurred on the balance sheet date but not purchased or generated, the credit loss is the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original effective interest rate.

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

9.2.4 Write-down of financial assets

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

9.3 Transfer of financial assets

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

(III) SIGNIFICANT ACCOUNTING POLICIES AN24 Tm (92)Tj ET q 0 Tc 0 Tw 0 g 0 TL/Fm.(_1 1 T0 Tw 0 g 0 TL/FmE

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

9. Financial Instruments (Continued)

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

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

9.4.1.1 Financial liabilities at FVTPL (Continued)

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

9.4.1.2 Other financial liabilities

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

When the Group and a counterparty modify or renegotiate a contract that does not result

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

9. Financial Instruments (Continued)

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

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

9.4.1.2 Other financial liabilities (Continued)

9.4.1.2.1 Financial guarantee contracts

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

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

9. Financial Instruments (Continued)

9.5 Derivative instruments

Derivative instruments including forward foreign exchange contracts, currency swap contracts and interest rate swap contracts, etc. Derivatives are initially measured at fair value on the signing dates of the relevant contracts and subsequently measured at fair value.

9.6 Offsetting financial assets and financial liabilities

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

9.7 Reclassification of financial instruments

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

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

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

9.8 Convertible bonds

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

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

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

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

9. Financial Instruments (Continued)

9.8 Convertible bonds (Continued)

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

10. Financing receivables

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

11. Inventories

11.1 Classification of inventories

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

11.2 Pricing of inventories delivered

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

11.3 Determination of net realisable value of inventories

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

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

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

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

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

11. Inventories(Continued)

11.4 Inventory system

The inventory system is a perpetual inventory system.

11.5 Amortisation of low-value consumables

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

12. Assets Held for Sale

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

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

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

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

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

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

13. Long-term Equity Investments

13.1 Basis of determination of joint control and significant influence

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

13.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost of a long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. Where the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination, and the total nominal value of the shares issued is recognised as share capital. The difference between the initial investment cost of a long-term equity investment and the total nominal value of the shares issued is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. Other comprehensive income recognised for the previously held equity investments by accounting treatment of equity method or investments in non-trading equity instruments designated as at FVTOCI is not subject to accounting treatment temporarily.

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

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

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

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

13. Long-term Equity Investments (Continued)

13.3 Subsequent measurement and recognition of profit or loss

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

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

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

13.3.2 Long-term equity investment accounted for by equity method

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

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

When adopting equity method accounting, the investment income and other comprehensive income shall be recognised separately according to the share of net profit or loss and other comprehensive income realised by the invested entity, and the carrying amount of long-term equity investment shall be adjusted at the same time; the carrying amount of long-term equity investment shall be reduced accordingly by calculating the portion to be enjoyed according to the profit or cash dividend declared by the invested entity; the carrying amount of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's rights and interests of the invested entity except net profit or loss, other comprehensive income and profit distribution. When recognising the share of the net profit or loss of the invested entity, the net profit of the invested entity shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested entity at the acquisition date. If the accounting policies and periods adopted by the invested entity are inconsistent with those of the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and period of the Company. The investment income and other comprehensive income shall be recognised accordingly.

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

13. Long-term Equity Investments (Continued)

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

13.3.2 Long-term equity investment accounted for by equity method (Continued)

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

13.4 Disposal of long-term equity investments

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

14. Investment Properties

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

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

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

15. Fixed Assets

15.1 Conditions of recognition

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, fo 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 cos

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 subsequen expenditures other than the above are charged to profit or loss for the current period when incurred.

15.2 Depreciation methods

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

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

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

15.3 Other description

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

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

16. Construction in Progress

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

18. Intangible Assets (Continued)

18.2 Internal research and development expenditures

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

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

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

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

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

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

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

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

19. Impairment of Long-term Assets

The Group assesses at each balance sheet date whether there is any indication that long-term equity investmen investment properties, fixed assets, construction in progress measured using the cost method and intangibl 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 th recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on th basis of the asset group to which the asset belongs. The recoverable amount is the higher of an asset's or as 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 asse is made based on the difference and recognised in profit or loss for the period.

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

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

20. Long-term Deferred Expenses

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

21. Contract Liabilities

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

22. Employee Compensation

22.1 Accounting for short-term employee compensation

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

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

22.2 Accounting for post-employment benefits

Post-employment benefits are all defined contribution plans.

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

22.3 Accounting for termination benefits

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

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

24. Share-based Payments (Continued)

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

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

25. Revenue

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

The Group recognises revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customerials.
toat sa oodsand sarvicesthat ss tditingc shall be rransferred tbythe Grou ucpto the customerialTe transaction atheiuuetomerireceivesiandiuonsumesitheieuonomiutbenefitstbroughttby theiGroupiwhileiperforming obligatio

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

26. Government Grants (Continued)

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

For details, please see Note (VI) 31 for the Group's government grants related to assets. Such grants ar government grants as they related to fixed assets that were built or acquired.

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

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

Please refer to Note (VI) 60 for details of the grants related to revenue of the Group. As they are directly related to the expenses incurred during the period, such government grants are government grants relate to revenue.

A government grant related to revenue used to compensate for relevant costs, expenses and losses 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 governmen grants related to revenue used to compensate for relevant costs, expenses or losses already incurred 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 gran are included in non-operating income or expense.

27. Safety Production Expenses

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

28. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

28.1 Current income tax

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

28.2 Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

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

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

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

The carrying amount of a deferred income tax asset is reviewed at each balance sheet date and is reduc 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 tha sufficient taxable profits will be available.

28.3 Offsetting of income tax

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

UNTING T:8217226 32. T:8 /T1_ T:821

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

29. Lease(Continued)

29.1 The Group as lessee (Continued)

29.1.4 Short-term leases and low-value leases

For short-term leases of machinery and equipment, the Group chooses the right-of-use assets an lease liabilities that are not certain to use. Short-term lease is defined as a lease has a lease ter 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.

29.2 The Group as lessor

29.2.1Classification of leases

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

29.3 The Group as lessor under operating leases

The Group recognises lease payments for operating leases as rental income by using the straight-lin 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 a charged to profit or loss for the period in stages.

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

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

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

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

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

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

Impairment of trade receivables

The Group applies significant accounting estimates when assessing the expected recoverable amount of trade receivables, and assesses expected credit losses and calculates credit impairment with reference to th historical default, current credit risk status and forecast of future economic status. As at 31 December 2022, expected credit losses of trade receivables of the Group was RMB84,020,148.45 (as at 31 December 2021: RMB53,799,906.07).

Impairment of fixed assets

The management of the Group regularly reviews whether there are any indications of impairment for fixed assets and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group conducts impairment test on fixed assets whenever there is an indication that the fixed assets may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of its future cash flows. In determining the recoverable amount of fixed assets, the management of the Group has taken into account factors including future profitability, growth rate and discount rate, etc. As at 31 December 2022, the balance of the Group's provision for impairment of fixed assets was RMB19,486,994.22 (as at 31 December 2021: RMB20,235,277.71).

Recognition of deferred income tax assets

As at 31 December 2022, the Group has recognised deferred income tax assets of RMB92,555,237.76 (as a 31 December 2021: RMB4,162,665.30) which are included in the balance sheet. Deferred income tax assets arise from the actual profits and temporary differences are mainly based on the actual tax rates utilised in the upcoming years. In cases where the actual future profits generated are less than expected, a reversal o deferred income tax assets recognised may arise, which would be recognised in the income statement for the period in which such a reversal takes place. In the opinion of the management of the Group, it is uncertain whether it is probable that sufficient taxable profits will be available in the future for certain subsidiaries, and therefore, as at 31 December 2022, the deductible losses and other temporary differences in relation to the unrecognised deferred income tax assets amounted to RMB27,182,534.19 in aggregate (as at 31 Decembe 2021: RMB33,307,024.87).

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

31. Significant Changes in Accounting Policy

Interpretation of Accounting Standards for Business Enterprises No.15

On 30 December 2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 155 ("Interpretation No. 15"), which regulates the accounting treatment of changes in the basis for determining the accounting treatment for fixed assets before they are brought to their intended useable condition or products produced in R&D process or external sales of by-products.

Accounting treatment of changes in the basis for determining the accounting treatment for fixed assets before they are brought to their intended useable condition or products produced in R&D process or external sales of by-products

Interpretation No. 15 clarified, for fixed assets before they are brought to their intended useable condition or products produced in R&D process or external sales of by-products, the relevant revenue and cost shall be accounted for in accordance with the requirements of Accounting Standards for Business Enterprises No.14 – Revenue and No.1 Inventory and recognised in the statement of profit or loss by the enterprises. The net amount arising from relevant revenue for Trial Operation Sales offsetting relevant costs for Trial Operation Sales should not be written off against the cost of fixed assets or R&D expenditure. In addition, the enterprise shall separately disclose the relevant information such as the relevant income and cost amount of the trial operation sales, the specific presentation items, and the major accounting estimates used in determining the relevant costs of the trial operation sale and other relevant information in the notes. The requirement shall be effective from 1 January 2022, and the enterprise shall make retrospective adjustment for the trial operation sales incurred between the beginning of the earliest period for the presentation of the financial statements and 1 January 2022.

After evaluation, the Group believes that the adoption of this requirement has no significant impact on the Group's financial statements.

Judgment on onerous contracts

The Interpretation No. 15 clarifies that the "cost to perform the contract" considered by an enterprise in determining whether a contract is an onerous contract shall include the incremental cost to perform the contract and the apportioned amount of other costs directly related to the performance of the contract. The Interpretation became effective on 1 January 2022, and an enterprise shall implement this Interpretation on contracts to which the obligations have not been completely fulfilled by 1 January 2022. The accumulative effect is adjusted for the opening balance of retained earnings for the year when the Interpretation is implemented and other related items to the financial statements, but not adjusted for the comparative data of prior periods.

Upon assessment, the Group considers that the adoption of this Interpretation has no significant impact on the financial statements of the Group.

(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 (output-VAT) less deductible input-VAT for the current period)	13%
Urban maintenance and construction tax	Turnover tax payment	7%
Education surcharge	Turnover tax payment	3%
Local educational surcharges	Turnover tax payment	2%
Property tax	Cost of properties/rental income	Note 1
Resources tax	Amount of mining products sold	7%
Enterprise income tax (EIT)	Taxable income	Note 2
Environmental protection tax	Pollutant emissions	RMB1.2 or RMB1.4 per pollutant equivalent

(IV) TAXATION (Continued)

1. Major Types of Tax and Tax Rates (Continued)

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

Note 2: EIT rates for the Company and subsidiaries:

	Tax rate
The Company	15%
ê E : $ š ¨ Þ " ® !Zhejiang Flat Glass Co., Ltd.*	25%
ê — E š ¨ Þ " ® !Zhejiang Jiafu Glass Co., Ltd.*	15%
j E : $ š ¨ Þ " ® !Shanghai Flat Glass Co., Ltd.*	25%
Ä Ï E : $ ˆ • š ¨ Þ " ® !Anhui Flat Solar Glass Co., Ltd.*	15%
Ä Ï E : $ ˆ • ¿ Ø Þ " ® !Anhui Flat Solar Material Co., Ltd.*	25%
E : $(0 ¥) Þ " ® !Flat (Hong Kong) Limited*	Note 1
— 3 E : $ - • U Å ¦ Þ " ® !Jiaxing Flat New Energy Technology Co., Ltd.*	25%
E : $(s Ì) Þ " ® !Flat (Vietnam) Company Limited*	0%
E : $(0 ¥) ³ Þ " ® !Flat (Hong Kong) Investment Limited*	Note 1
E : $(— 3) † y q ø Þ " ® !Flat (Jiaxing) Import and Export Trade Limited*	25%
þ ¢ E : $ Â Í M 8 Þ " ® !Fengyang Flat Natural Gas Pipeline Co., Ltd.*	25%
E : $(V K) ˆ • š ¨ Þ " ® !Flat (Suqian) Solar Glass Co., Ltd.*	25%
E : $(Ì ·) ˆ • š ¨ Þ " ® !Flat (Nantong) Solar Glass Co., Ltd.*	25%
Ä Ï E : $ 6 Ð á M # Þ " ® !Anhui Flat Supply Chain Management Co., Ltd.*	25%
þ ¢ E : $ - • U Å ¦ Þ " ® !Fengyang Flat New Energy Technology Co., Ltd.*	25%
FLAT (AUSTRALIA) PTY LTD	30%
Ä Ï } 6 Ù $ 8 Þ " ® !Anhui Dahua Dongfang Mining Company Limited*	25%
Ä Ï g b $ 8 Þ " ª , ® !Anhui Sanli Mining Company Limited*	25%
E : $(s Ì) † y q ø Þ " ® !Flat (Vietnam) Import and Export Trade Limited*	20%
j E : $ Å ¦ ï • Þ " ® !Shanghai Flat Technology Development Co., Ltd*	25%
— 3 E : $ } • ê Þ " ® !Jiaxing Flat Intelligent Equipment Co., Ltd.*	25%
Ì · E : $ ¥ Þ " ® !Nantong Flat Port Co., Ltd.*	25%
— 3 E : $ • U M # Þ " ® !Jiaxing Flat Energy Management Co., Ltd.*	25%
E!ô ˆ • Þ " ® !Fuyan Photoenergy Co., Ltd.*	25%
E : $(?) ˆ • Þ " ® !Flat (Guangxi) Photoenergy Co., Ltd.*	25%

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

* *for identification purpose only*

(IV) TAXATION (Continued)

2. Tax Preferences

The Company

On 24 December 2022, the Company obtained the "High Technology Enterprise Certificate" (No. GR202233007200) 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 2022 to 2024.

Zhejiang Jiafu Glass Co., Ltd.

On 24 December 2022, Zhejiang Jiafu Glass Co., Ltd. obtained the "High Technology Enterprise Certificate" (No. GR202233006951) 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 2022 to 2024.

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.

Flat (Vietnam) Company Limited

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

(V) INTERESTS IN OTHER ENTITIES

1. Acquisition of subsidiaries

Asset acquisition in 2022

RMB

Acquiree	Acquisition date	Acquisition cost	Shareholding (%)	Acquisition method	Basis for acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit (loss) of the acquiree from the acquisition date to the end of the period
Anhui Dahua Dongfang Mining Company Limited ("Dahua Mining") (Note)	28 February 2022	1,209,518,000.00	100	Cash	Control transferred	374,632,526.87	56,897,150.49
Anhui Sanli Mining Company Limited ("Sanli Mining") (Note)	28 February 2022	2,134,429,600.00	100	Cash	Control transferred	948,483,580.52	(11,397,323.40)

Note: The Company entered into an equity transfer agreement and a supplementary agreement to the equity transfer agreement with Anhui Fengsha Minin Company Limited ("Fengsha Group") on 27 October 2021 and 13 February 2022 respectively, pursuant to which the Company intends to purchase 100% equity of Dahua Mining and 100% equity interests of Sanli Mining by paying cash and undertaking liabilities, with a total transaction price of RMB3,343,947,600.00, including the equity transfer price paid by the transferee of the target equity of RMB2,805,000,000.00 and the debt of the target company to the counterparty Fengsha Group of RMB538,947,600.00. The management of the Company believes that the above transactio does not constitute a business acquisition and considers the acquisition as an asset acquisition. The equity transfer was completed on 28 Februa 2022.

(V) INTERESTS IN OTHER ENTITIES (Continued)

1. Acquisition of subsidiaries (Continued)

Assets, liabilities and acquisition consideration of the acquiree on the acquisition date

RMB

	Dahua Mining Fair value on the acquisition date	Sanli Mining Fair value on the acquisition date
Cash at bank and on hand	1,127,564.56	17,906,764.60
Bills receivable	13,740,000.00	–
Trade receivables	–	247,187,416.40
Advance payment	145,038.88	31,666.46
Other receivables	537,080.71	4,802,780.12
Other current assets	17,752.39	–
Current assets	15,567,436.54	269,928,627.58
Fixed assets	14,842,270.00	476,780.00
Intangible assets	1,219,062,083.72	2,233,872,400.00
Including: Intangible assetsmining rights	1,219,059,300.00	2,233,872,400.00
Intangible assets other	2,783.72	–
Non-current assets	1,233,904,353.72	2,234,349,180.00
Subtotal of assets	1,249,471,790.26	2,504,277,807.58
Short-term borrowings	13,740,000.00	–
Trade payables	–	16,495,150.06
Contract liabilities	9,000,000.00	188,819.35
Payroll payable	256.45	–
Tax payable	6,099,925.37	118,729,740.92
Other payables	477,893,189.50	70,519,112.54
Non-current liabilities due within one year	–	52,220,000.00
Current liabilities	506,733,371.32	258,152,822.87
Long-term payable	–	172,824,479.03
Non-current liabilities	–	172,824,479.03
Subtotal of liabilities	506,733,371.32	430,977,301.90
Net assets	742,738,418.94	2,073,300,505.68
Net assets received	742,738,418.94	2,073,300,505.68
Acquisition consideration- cash	740,000,000.00	2,065,000,000.00

(V) INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in Subsidiaries

The composition of the corporate group

Level	Name of subsidiary	Place of incorporation and business	Particulars of issued and capital	Nature of business	Shareholding and voting rights percentage as at 31 December 2022 (%) Direct	Indirect	Acquisition method
1	Zhejiang Flat Glass Co., Ltd. ("Zhejiang Flat")	Zhejiang, China − Domestic enterprise	RMB10,000,000	Engaged in the manufacture and sale of architectural or household glass products	100.00	−	Establishment
2	Zhejiang Jiafu Glass Co., Ltd. ("Zhejiang Jiafu")	Zhejiang, China − Domestic enterprise	RMB150,000,000	Manufacture and sale of photovoltaic glass	100.00	−	Establishment
2.1	Flat (Hong Kong) Investment Limited ("Flat Investment") (Note 9)	Hongkong, China − Domestic enterprise	HKD1,000,000	Investments	−	100.00	
2.1.1	FLAT (AUSTRALIA) PTY LTD ("Australia Flat")	Australia	AUD10	Mine operations and sale of quartz ore	−	100.00	Establishment
3	Shanghai Flat Glass Co., Ltd. ("Shanghai Flat") (Note 3)	Shanghai, China − Domestic enterprise	RMB70,000,000	Architectural glass processing	100.00	−	Establishment
4	Anhui Flat Solar Glass Co., Ltd. ("Anhui Flat Glass")	Anhui, China − Domestic enterprise	RMB1,000,000,000	Anhui Flat Solar Glass Co., Ltd.	100.00	−	Establishment
4.1	Fengyang Flat Natural Gas Pipeline Co., Ltd.* (þ ¢ E : $ Â Í M 8 þ " ® !) ("Flat Natural Gas")	Anhui, China − Domestic enterprise	RMB10,000,000	Development of natural gas utilisation technology, installation and sales of natural gas pipelines	−	100.00	Establishment
4.2	Fengyang Flat New Energy Technology Co., Ltd.* (þ ¢ E : $ - • U Ã ¦ þ " ® !) ("Fengyang Flat New Energy")	Anhui, China − Domestic enterprise	RMB10,000,000	Investment, construction, operation and maintenance of new energy power plants	−	100.00	Establishment
4.3	Anhui Flat Supply Chain Management Co., Ltd.* (Ä Ï E : $ 6 Ð á M # þ " ® !) ("Flat Supply Chain")	Anhui, China − Domestic enterprise	RMB5,000,000	Supply chain management services	−	100.00	Establishment
4.4	Anhui Flat Solar Material Co., Ltd. ("Anhui Flat Material")	Anhui, China − Domestic enterprise	RMB30,000,000	Mine operations and sale of quartz ore	−	100.00	Establishment
4.4.1	Anhui Dahua Dongfang Mining Company Limited* (Ä Ï } 6 Ù $ 8 þ " ® !) (" Dahua Mining") (Note)	Anhui, China − Domestic enterprise	RMB50,000,000	Mine operations and sale of quartz ore	−	100.00	Acquisition
4.4.2	Anhui Sanli Mining Company Limited* (Ä Ï g b $ 8 þ " ª , ® !)(" Sanli Mining")(Note)	Anhui, China − Domestic enterprise	RMB170,000,000	Mine operations and sale of quartz ore	−	100.00	Acquisition
5	Flat (Hong Kong) Limited ("Flat (Hong Kong)")	Hongkong, China − Domestic enterprise	HKD77,548,590	Glass export	100.00	−	Establishment
5.1	Flat (Vietnam) Company Limited ("Flat (Vietnam)")	Vietnam	VDN1,752,800,000,000	Manufacture and sale of photovoltaic glass	−	100.00	Establishment
5.1.1	Flat (Vietnam) Import and Export Trade Limited* (E : $(s Ì) † y q ø þ " ® !)(" Vietnam Import and Export Trade")	Vietnam	VDN2,286,000,000	Import and export trade	−	100.00	Establishment

* *for identification purpose only*

Level	Name of subsidiary	Place of incorporation and business	Particulars of issued and capital	Nature of business	Shareholding and voting rights percentage as at 31 December 2022 (%)		Acquisition method
					Direct	Indirect	

(V) INTERESTS IN OTHER ENTITIES (Continued)

3. Interest in associates

Name of associate	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2022 (%)	Accounting treatment method for investment in associates
JiaXing Kaihong Flat Supply Chain Management Co., Ltd.* (— 3 ñ ¿ E : $ 6 Đ á M # Þ " ® !) ("Kaihong Flat")	Zhejiang	Zhejiang	Transportation of goods	40.00	Equity method
Kaihong Flat Logistics (Vietnam) Co., Ltd.* (ñ ¿ E : $ J t(s Ì) Þ " ® !)	Vietnam	Vietnam	Transportation of goods	40.00	Equity method
Fengyang PetroChina Kunlun Gas Co., Ltd.* (þ ¢ • i 0 ú ? ÷ Þ " ® !) ("Kunlun Gas")	Anhui	Anhui	Installation, sales and operation of natural gas pipelines	35.00	Equity method
JiaXing Gas Group Co., Ltd.* (— 3 9 ÷ « p ... Þ " ® !) ("JiaXing Gas")	Zhejiang	Zhejiang	Installation, sales and operation of natural gas pipelines	4.53 (note)	Equity method
Flat (Jiaxing) Energy Supply Chain Co., Ltd.* (E : $(— 3) • U 6 Đ á Þ " ® !) ("Jiaxing Energy")	Zhejiang	Zhejiang	wholesale and sales of chemicals	45.00	Equity method

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

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

(1) Financial information summary of insignificant associate

Unit: RMB

Items	Amount incurred in the current year
Associates:	
Total invested book value	82,753,089.96
Listed total number calculated by shareholding percentage	
− Net profit	6,722,755.74
− Other comprehensive income	–
− Total comprehensive income	6,722,755.74

* *for identification purpose only*

(V) INTERESTS IN OTHER ENTITIES (Continued)

3. Interest in associates (Continued)

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

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

(3) Contingent liabilities relating to investment of associates

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

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Items	Closing balance		
	Foreign currency amount	Conversion rate	RMB amount
Cash on hand:			
RMB	–	–	15,002.78
Cash at bank:			
RMB	–	–	1,755,052,715.09
US dollars	76,968,626.29	6.9646	536,055,694.66
Euro	1,725,926.87	7.4229	12,811,382.56
Yen	94,343,718.00	0.0524	4,939,648.39
Australian dollars	282,743.53	4.7138	1,332,796.45
Hong Kong dollars	3,751,682.89	0.8933	3,351,265.77
Pound	3,911.63	8.3941	32,834.61
Vietnamese Dong	18,296,321,438.00	0.0003	5,490,124.20
Other cash at bank and on hand:			
RMB	–	–	493,001,484.64
US dollars	17,240,027.34	6.9646	120,069,894.41
Yen	12.00	0.0524	0.63
Total			2,932,152,844.19
Including: total amount deposited abroad			347,456,029.61

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

1. Cash at Bank and on Hand (Continued)

RMB

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

Other notes:

Among other cash at bank and on hand of the Group at the end of the year, the restricted cash at bank and c hand amounted to RMB613,071,379.68 (at the end of the previous year: RMB740,946,588.02), including bill margin of RMB289,050,886.59 (at the end of the previous year: RMB628,018,672.77), pledged fixed deposits of RMB318,398,200.00 (at the end of previous year: RMB100,000,000.00), wealth management and forward foreign exchange contracts margin of RMB2,695,547.06 (at the end of the previous year: RMB11,766,158.10), guarantee deposits for letter of credit of RMB1,671,694.34 (at the end of previous year: nil), mining margin of RMB1,131,055.93 (at the end of the previous year: RMB1,129,011.75) and other margin of RMB123,995.76 (at the end of the previous year: RMB32,745.40).

2. Trading Financial Assets

RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss:		
Bank wealth management products	2,000,000.00	200,000,000.00
Total	2,000,000.00	200,000,000.00

3. Derivative Financial Assets

RMB

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