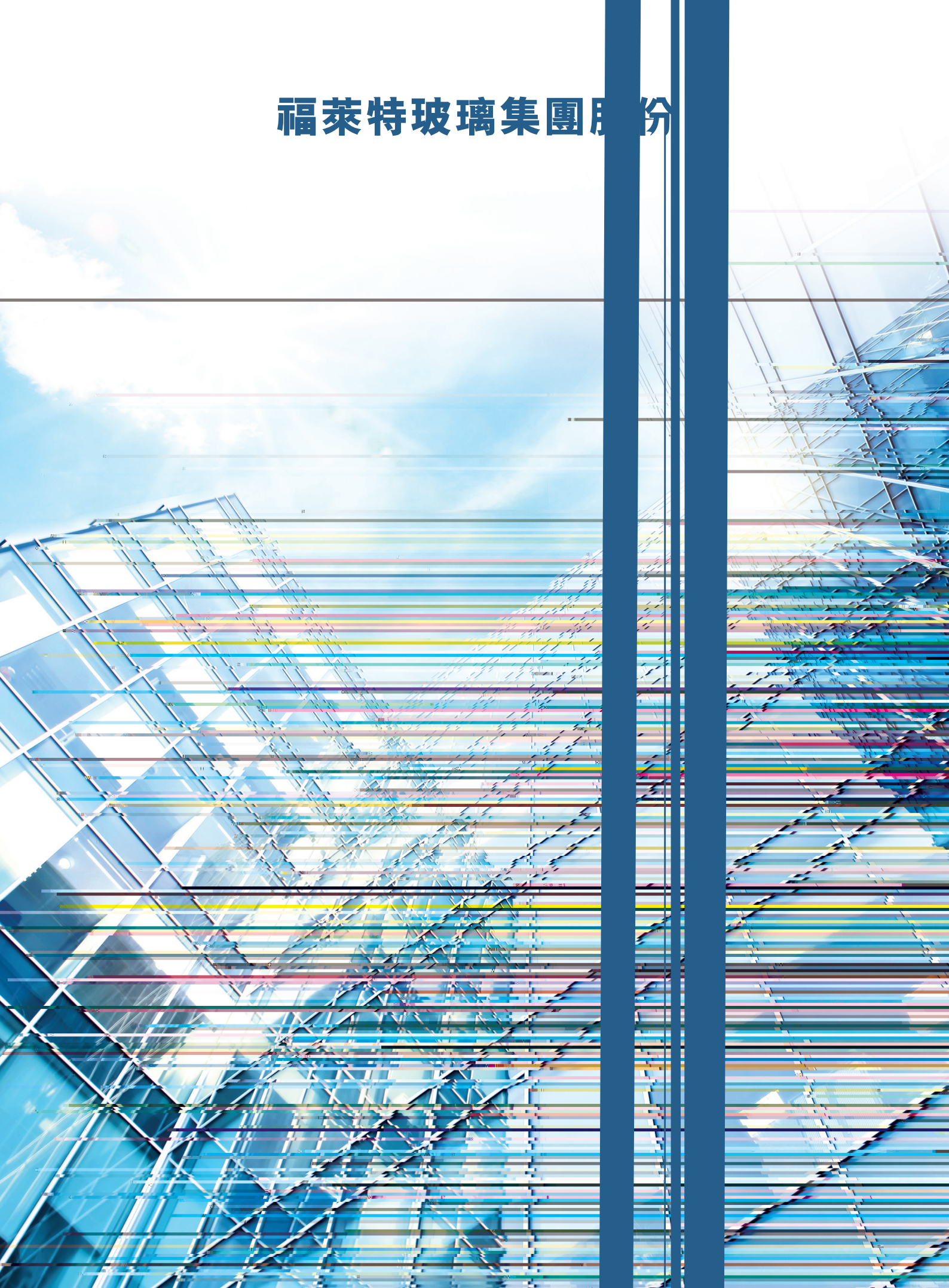
福萊特玻璃集團股份



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

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

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

Ms. Ruan Zeyun

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Morgan, Lewis & Bockius

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

Dear Shareholders:

On behalf of the board (the Board) of directors (Directors) of Flat Glass Group Co., Ltd. (the Company , together with its subsidiaries, the Group), I present the audited consolidated financial report of the Group for the year ended 31 December 2021 (FY2021 or the Reporting Period).

In FY2021, the Group benefited from the impact of the release of new capacity as well as stable and strong increase demand of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY202 was approximately RMB8,713.23 million, representing an increase of 39.18% as compared to RMB6,260.42 million for FY2020. The net profit attributable to Shareholders of the parent company for FY2021 was RMB2,119.92 million, representing an increase of 30.15% as compared to RMB1,628.78 million for FY2020.

2021 is the first year of the 14th Five-Year Plan, and it is also the beginning year of moving towards the goal of China will step up its efforts in striving to reach carbon peak emissions by 2030 and achieve carbon neutrality by 2060 proposed by General Secretary Xi. In October 2021, the State Council of CCCPC issued the Opinions on Fully, Accurately and Comprehensively Implementing the New Development Concept to Achieve Carbon Peak and Carbon Neutrality (º ı ˘ _ ‰ & « ˘ - ï # ´ » A : / A q * Y) and the Notice on Printing and Distribution of the Action Plan for Carbon Peak Before 2030 (º ı ï2030 ¸ ˆ A : / ÙØ Y •]), which clearly put forward the short-term goal that non-fossil energy sources account for 20% of energy consumption by 2025, the medium-term goa that non-fossil energy account for 25% of energy consumption by 2030, and the long-term goal that non-fossil energy account for 80% of energy consumption by 2060. The PV power generation industry will achieve high-quality leapfrog during the period of the 14th Five Year Plan.

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

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

Due to the vigorous development of the whole PV industry and the differentiated requirements of downstream customers for large-sized and thin glass, the Group expects that the present capacity will not be able to meet the demand of downstrea customers for the Group s products. At present, the Group is constructing phase III and phase IV project in Anhui production base and intends to construct four PV glass furnaces with a daily melting capacity of 1,200 tons in Nantong, Jiangsu province, which is in the progress of approval. After approval, the Group will accelerate the construction progress.

Ruan Hongliang
Chairman

Jiaxing, Zhejiang Province, PRC
21 March 2022

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

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

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

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

In FY2021, the Group benefited from the impact of capacity expansion and the boom of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2021 was approximately RMB8,713.23 million, representing an increase of 39.18% as compared to RMB6,260.42 million for the year ended 31 December 2020 (FY2020). The net profit attributable to shareholders of the parent company (the Shareholders) for FY2021 was RMB2,119.92 million, representing an increase of 30.15% as compared to RMB1,628.78 million for FY2020.

Due to the vigorous development of the whole PV industry and the differentiated requirements of downstream customers for large-sized and thin glass, the Group expects that the present capacity will not be able to meet the demand of downstream customers for the Group s products. At present, the Group is constructing phase III and phase IV project in Anhui production base and intends to construct four PV glass furnaces with a daily melting capacity of 1,200 tons in Nantong, Jiangsu province, which is in the progress of approval. After approval, the Group will accelerate the construction progress.

In order to further increase the production efficiency, the Group has cold repaired one PV glass furnace with a daily melting capacity of 600 tons at the production base in Jiaxing, Zhejiang Province, the PRC, which was completed and ignited in the first quarter of 2022.

On 5 February 2021, the Company announced to propose to issue up to 76,000,000 new H shares, which has bee approved by the Board. The cap of the new H shares proposed to be issued shall represent: (i) approximately 3.5% of the total issued share capital of the Company as at the date of the Board meeting; (ii) approximately 3.4% of the total issued share capital of the Company enlarged by this issuance; (iii) approximately 16.9% of the total issued H shares of the Company as at the date of the Board meeting; and (iv) approximately 14.4% of the total issued H shares of the Company enlarged by this issuance. This issuance has been considered and approved at the 2021 fir extraordinary general meeting, the 2021 first A share class meeting and the 2021 first H share class meeting held on 25 March 2021. I.roved at the 2025 Tworte issupany J /C SecuritludiRegulatoryy enme he inY2020CSRCfor F

On 25 May 2021, the Company announced the reserved grant of 700,000 shares of restricted A shares to thre participants at a grant price of RMB14.23 per share. On 5 July 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP examined the reserved grant of restricted A shares actually paid by the participants and issue the Capital Verification Report (Yan) Zi (21) No.00324. As at 25 June 2021, the Company received a total of s0.5 (the)0.5 (participants)3 Tnbd0m cash fromw 0 -1 0.5 (issued)2fo Deubscrip(21)estricted TJ 0.024n 5 Ju

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 the date this report

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

d. Maximum entitlement of each participant under the Scheme

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

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

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

The exercise arrangement for the First Grant of Share Options:

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

The exercise arrangement for the Reserved Share Options:

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

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

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

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

There is no amount payable on application or acceptance of the option and there is no time requirement fo 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 of announcement of the Scheme (draft), being RMB44.02 per Share (as compared to 80% of the average trading price on such date as set out in the announcement, being RMB35.22 per Share); or

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

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

i The remaining life of the Scheme

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

j. accounting policy adopted for the share options

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

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

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

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

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

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

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

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

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

a. Date of grant

19 November 2021

b. Number of grant

5,341,072

c. Number of participants of grant

288

d. Connected person as participants

Except for Mr. Zhu Yuping ([` ;), son of Mr. Zhu Quanming ([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 under Chapter 14A of the Listing Rules. A total of 40,000 share options were granted to Mr. Zhu Yuping under the First Grant of Share Options to the participants.

e. Exercise price and exercise period

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

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

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

RMB46.55 per share

g. Source of shares

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

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

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

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

Dahua Dongfang Mining is a company established under the laws of the PRC with limited liability on 27 May 2011, and is principally engaged in mining and sale of quartzite. As of the date of the Report, Dahua Dongfang Mining had one mining license (C3490002020037130149488) covering a total area of 0.2288 km². Sanli Mining is a company established under the laws of the PRC with limited liability on 6 January 2003, and is principally engaged in mining and sale of quartzite. As of the date of the Report, Sanli Mining had one mining license (C3400020101271401097 71) covering a total area of 0.2009 km². The main business of the Target Companies is the operation of the mining and sale of quartzite.

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

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

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

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

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

Notes:

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

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

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

The sales expenses of the Group for FY2021 amounted to RMB85.72 million, representing an increase of 79.97% a

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

For FY2021, financial costs of the Group amounted to RMB52.52 million, representing a decrease of 62.89% from RMB141.53 million in FY2020. The decrease was mainly due to the increase in interest income and exchange gain. The primary economic environment in which the principal subsidiary of our Company operates is the PRC and its functional currency is RMB. However, certain sales and purchases of the Group are denominated in United States dollars, Euros and VDN, which expose the Group to foreign currency risk.

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

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

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

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

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

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

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

As at 31 December 2021, 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 41.19% increased by 0.17 percentage point as compared to 41.02% as at 31 December 2020, remaining stable.

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

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

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

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

Most of the Group s revenues and expenses are paid in RMB, while some of the Group s sales, procurement and financia liabilities are denominated in US dollars, Euros, Hong Kong dollars, Vietnam dong and Japanese yen. Most of the Group s bank deposits are deposited in RMB and US dollars, while bank loans of the Group were in RMB and United States dollars.

During the Reporting Period, the Group entered into certain forward contracts of currency structure to reduce foreign exchange risks. The Group will pay close attention to the continuous changes in exchange rate and will consider other hedging arrangements.

As at 31 December 2021, the Group employed a total of 5,679 employees and most of them were based in the PRC with a total employee remuneration amounted to RMB488.68 million, representing 5.61% of the Group s total revenue.

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

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

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

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

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

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 ¯ e 7 ü < e 7 · 9 6 º ı ¥ p C 9 t ł L • ÚS ˆ Þº 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 receive 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 Hon 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 sha report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainlan 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 ¯ e 7 ü < e 7 · 9 6 º ı ¥ p C 9 t ł L • ÚS ˆ Þº 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 receive by mainland securities investment funds from investment through the Shenzhen-Hong Kong Stock Connect, individua income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hon 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 sha report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainlan 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 abov requirements.

Mr. Ruan Hongliang ($ s []) (Mr. Ruan), aged 60, is a founder of the Group and a de facto controller of the Company. Mr. Ruan is currently an executive director and the chairman of the Board and the general manager of the Company, mainly responsible for the development of overall corporate strategies, business management and operation o the Group. Mr. Ruan is a member of the remuneration committee and the nomination committee, and also the chairman of strategic development committee and risk management committee of the Company. Mr. Ruan graduated from Dongbei University of Finance and Economics* (Ì ¾ “) in January 2022 majoring in business administration.

Mr. Ruan has over 36 years experience in glass industry. Mr. Ruan is currently a director of a majority of subsidiaries of the Company and also serves in various industry and business associations, including deputy head of PV Glass Professional Committee of China Architectural and Glass Association* (7 ¤ ~ 8 ¤ X 6 ¤ Y 8 p 6) and president of Zhejiang Provincial Glass Industry Association* (Œ † ¤ X 6). Apart from the Group, Mr. Ruan has served as a director of Jiaxing Xiuzhou District Lianhui Venture Capital Co., Ltd.* (3 9 ł r L 6 ô 8 ‡ Þ" fi !) since June 2009, a director of Fengyang Petro China Kunlun Gas Co., Ltd.* (þ¢ i 0 œ ? ÷ Þ " fi !) since April 2020, a director of Eternity Sunny PTE. Ltd since January 2021, and an independent non-executive director of Jiaxing Gas Group Co., Ltd* (3 9 ÷ « p Þ" fi !) since June 2021.

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

Ms. Jiang Jinhua (ô' 6 ~ {) (Ms. Jiang), formerly known as Ms. Jiang Jin e (ô'), aged 60, joined the Group in June 2000. Ms.Jiang is currently an executive director, the vice chairman of the Board, and a deputy general manage of the Company, mainly responsible for assisting Mr. Ruan to fulfill his duties as the general manager of the Company. Ms. Jiang is a member of the risk management committee of the Company. Ms. Jiang has served as a supervisor o Flat (Jiaxing) Import and Export Trade Limited Œ:$ 3 yqÞfi!) since June 2019, supervisor of Fengyang Flat New Energy Technology Co., Ltd.* (þ¢ E : $ - U ¯ ƒ Þ" fi !) since June 2021. Ms.Jiang has also served as the general manager of industries at the headquarters since January 2022. Ms. Jiang is de facto controll of the Company. Ms. Jiang graduated from Arizona State University in the United States in May 2013 with a master degree in business management.

Ms. Jiang has over 28 years experience in glass industry. She also serves in various social organizations, including vice president of the Zhejiang Female Entrepreneur Association* (Œ † ~ 8 X 6) and vice president of Jiaxing High-tech Enterprise Association* (3 9 ÷- ƒ 8 X 6). Apart from the Group, Ms. Jiang has been the the executive director and general manager of Zhejiang Deyuan Agricultural Development Co., Ltd* (Œ C U 5 8 ï Þ" fi !) since December 2020.

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

Mr. Wei Yezhong (g âÀ []) (Mr. Wei), aged 50, is a co-founder of the Group and is currently an executive director and a deputy general manager of the Company, mainly responsible for management of our industrial parks o the headquarters. Mr. Wei is a member of the strategic development committee of the Company. Mr. Wei held various positions of the Group from 1998 when he joined the Group to 2021. Mr. Wei has been a supervisor of Zhejiang Jiafu Glass Co., Ltd. since March 2014. Mr. Wei has also been a deputy general manager of industries of the headquarters the Company since January 2022.

Mr. Wei has over 26 years experience in glass industry. Mr. Wei has been an engineer recognized by Jiaxing Municipa Human Resources and Social Security Bureau3 ϑ [b U ~ _ 6 › æ) since February 2013. Mr. Wei has also been an expert member of the Building Curtain Wall Risk Detection Technology Committee of Detection Technology Branch of the Chinese Ceramic Society* (7 ^ — > " 6 » ƒ – 6 · , Ł » ƒ p 6) since March 2015. Prior to joining the Group, Mr. Wei was engaged in sales of glass.

Mr. Shen Qifu (ˇ I æ []) (Mr. Shen), aged 55, joined the Group in September 1999 and is currently an executive director of the Company, mainly responsible for management of the business and operation of Zhejiang Flat. Mr. She graduated from Shanghai University of Engineering Science* (j ß ƒ } ") in Shanghai, the PRC, in January 1987, majoring in machinery manufacturing and equipment. Mr. Shen has over 19 years experience in glass industry Mr. Shen held various positions of the Group from 1998 when he joined the Group to 2021. He has been a deputy gener manager of the industry park of the headquarters of the Company since January 2022.

Ms. Xu Pan (– ~ {) (Ms. Xu), aged 34, joined the Group in May 2021, is currently an independent non-executive director of the Company, chairman of the audit committee, remuneration committee and nomination committee, and also a member of the strategic development committee. Ms. Xu obtained a doctor s degree in accounting from Nanjing University in September 2019. She is now a teacher of the accounting department of the school of management o Zhejiang University of Technology* (Œ 8 } "). 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" fi !) since October 2017, an independent director of Zhejiang Lante Optics Co., Ltd.* (Œ $ " p Þ" fi !) since December 2017, an independent director of Zhejiang Walt Technology Co., Ltd.* (6 ' ¯ ƒ « p Þ" fi !) since December 2017, and an independent director of Tanac Automation Co., Ltd.* (Œ ^ Z Úp Þ " fi !) since April 2018.

Ms. Hua Fulan (6 , ~ {) (Ms. Hua), aged 59, joined the Group in November 2018 and is currently an independent non-executive director of the Company, and a member of the audit committee, remuneration committee, nomination committee and risk management committee. Ms. Hua graduated from Zhejiang Sci-Tech University with a master degre in engineering in July 2011.

Apart from the Group, Ms. Hua has been a director and deputy general manager of Zhejiang Torch Spark Technolog Development Co., Ltd.* (Œ æ K æ¯ ƒ ï Þ" fi !) since 2013. She has been a supervisor of Zhejiang Torch

Ms. Ng Yau Kuen Carmen (N < ~ {) (Ms. Ng)

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

Ms. Niu Liping (1 ~ {) (Ms. Niu), aged 36, joined the Group in October 2003. Ms. Niu was appointed as a staff representative supervisor of the Company on 23 September 2019. Ms. Niu held various positions of the Group from 200 when she joined the Group to 2021. She has been the head of treasury of the finance management department under

Ms. Ruan Zeyun ($ ª fi ~ {) (Ms. Ruan), formerly known as Ms. Ruan Xiao ($ ¨), aged 35, joined the Group in October 2009, is currently a company secretary and deputy general manager of the Company, mainly responsible for the daily affairs of the Board and management and operation of overall corporate business of the Group. Ms. Yuan is one of the de facto controller of the Company. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management. Ms. Ruan also serves in various industry and business associations. She is member of PV Glass Professional Committee of China Architectural and Industrial Glass Association* (7 ¤ ~ 8 ¤ X 6 ¤ Y 8 p 6), executive vice president of Shanghai Zhejiang Young Entrepreneurs Association* (j 9 Œ ¡ ¸ 8 X 6), and vice president of Jiaxing Youth Federation * (3 9 ¡ ¸ L ¥ 6).

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

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

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

The Board recognizes the importance of good corporate governance in the management structure and internal contr procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-makin process are properly regulated and are in full compliance with the applicable laws and regulations.

In the opinion of the Directors, the Company had complied with the code provisions in the Corporate Governance Code (CG Code) as set forth in Appendix 14 to the Rules Governing the Listing of Securities (the Listing Rules) on the Stock Exchange since 1 January 2021 up to and including 31 December 2021 except for code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and shou not be performed by the same individual. Mr. Ruan Hongliang currently holds both positions. Throughout the Group s business history of over 23 years, Mr. Ruan has held the key leadership position of the Group and has been deeply involv in the formulation of corporate strategies and management of business and operations of the Group. Taking into accou the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Board considers that Mr. Ruan is the best candidate for bot positions and the present arrangements are beneficial and in the interest of the Company and the shareholders as a wh

The Board currently comprises four executive Directors and three independent non-executive Directors. Biographica details of the Directors are set forth on pages 25 to 29 of this annual report.

The Directors during the year ended 31 December 2021 were:

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

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

Mr. Ruan Hongliang, an executive Director and chairman of the Board, is the spouse of Ms. Jiang Jinhua, an executiv Director.

Ms. Ruan Zeyun, the Board secretary and the company secretary of the Company, is the daughter of Mr. Ruan Hongliar and Ms. Jiang Jinhua. Mr. Zhao Xiaofei, a deputy general manager of the Company, is the spouse of Ms. Ruan Zeyun a the son-in-law of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Other than that, there is no relationship among member of the Board in respect of financial, business or other material relationship.

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating operating and financial performance, reviewing the corporate governance measures and supervising of the overall management of the Group. The Board is also responsible for developing, reviewing and monitoring policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The senior management of the Group is responsible for the implementation of business strategies and day-to-day operations of the Group under the leadership of the chairman of the Group. The Directors have full access to all the information of the Group in relation to business operations and financial performance of the Group. Senior management of the Group also reports to the Directors from time to time regarding the business operations of the Group. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group s expense upon their request. Throughout the year ended 31 December 2021, all Directors are provided with monthly updates on the Company s performance and financial position to enable the Board as a whole and each Director to discharge their duties.

The Board meets regularly either in person or through electronic means of communication to discuss the overall strategy

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 fu aware of his duties and responsibilities as a director under applicable rules and requirements.

Throughout the year ended 31 December 2021, briefings and updates on the latest development regarding the Listing Rul 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 Boar meetings to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2021, the following existing Directors have participated in continuous professiona 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				

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment a Board meetings and scrutinizing the Group s performance. Their views carry significant weight in the Board s decisions. In particular, they bring an impartial view to bear on issues of the Group s strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and managem experience and have provided their professional advice to the Board. The independent non-executive Directors provid independent advice on the Group s business strategy, results and management so that all interests of shareholdee

In accordance with code provisions A.1.1 and A.1.3 of the CG Code, the Board shall hold at least four Board meetings each year, and a notice of at least 14 days shall be given for a regular Board meeting. Since 1 January 2021 up to an including 31 December 2021, 4 Board meetings were held with a notice of at least 14 days having been given to the Directors in compliance with the relevant code provision.

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

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

In accordance with the Articles of Association, a person may be appointed as a Director either by the shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligibl for re-election by the shareholders.

The board of supervisors of the Company consists of five members. The employee representative supervisors, namely Ms Niu Liping and Ms. Zhang Huizhen, were elected by employees as the staff representative supervisors of the 6th session of the supervisory committee of the Company. The other supervisors were elected by the shareholders in general meeting The functions and duties of the board of supervisors include, but are not limited to: review the financial operations of the Company; supervise the performance of Directors, general manager and senior executives of their duties to the Company request Directors, general manager and senior executives to rectify actions which are damaging to the Company s interests examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors to assist in the examination; propose the convening of extraordinary general meetings and motions at the general meetings conduct investigation if there are any unusual circumstances in the Company s operations; and exercising other rights given to them under the Articles of Association.

The Company has taken out appropriate insurance coverage on Directors , Supervisors and senior management s liabilitie in respect of legal actions taken against the same arising out of corporate activities.

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

The Board has established the (i) audit committee (the Audit Committee); (ii) remuneration committee (the Remuneration Committee); (iii) nomination committee (the Nomination Committee); (iv) strategic development committee (the Strategic Development Committee); and (v) risk management committee (the Risk Management Committee), with defined terms of reference. The terms of reference of the Board committees, which explain their respective roles and th authority delegated to them by the Board are available on the websites of the Company and the Stock Exchange. Th Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are al to seek independent professional advice and other assistance in appropriate circumstances, at the Company s expens

The Audit Committee was established on 16 October 2015. From 1 January 2021 to 20 May 2021, members of the Aud Committee comprised of Mr. Cui Xiaozhong, Ms. Hua Fulan and Mr. Ng Ki Hung, from 20 May 2021 to 31 December 2021, members of the Audit Committee comprised of Ms. Xu Pan, Ms. Hua Fulan and Ms. Ng Yau Kuen Carmen all of whom are independent non-executive Directors. Ms. Xu Pan, who has appropriate professional qualification and experience in accounting matter, was the chairman of the Audit Committee. The Audit Committee primarily assists the Board to review the financial reporting process, evaluate the effectiveness of financial controls and oversee the auditin processes of the Group and relationship with external auditors of the Group.

During FY2021, the Audit Committee held six meetings to review annual financial results and reports for the year ended 31 December 2020 and interim financial results and reports for the six months ended 30 June 2021. Matters reviewed durin the meetings included significant matters on the financial reporting, operational and compliance controls, effectiveness o the risk management and internal control systems and internal audit function, scope of work and appointment of externa auditors, related parties transactions and arrangements for employees to raise concerns about possible improprieties. T attendance records are set out under Meetings and Directors Attendance Record on page 31.

The Audit Committee is of the view that the preparation of the financial results of the Group for the year ended 31 December 2021 complied with the applicable accounting standards and requirements and that adequate disclosure h been made. The Audit Committee is also of the view that the internal control systems are effective and adequate base on its review.

The Remuneration Committee was established on 16 October 2015. From 1 January 2021 to 20 May 2021, members of the Remuneration Committee comprised of Mr. Cui Xiaozhong and Ms. Hua Fulan, independent non-executive Directors, and Mr. Ruan Hongliang, an executive Director, from 20 May 2021 to 31 December 2021, members of the Remuneration Committee comprised of Ms. Xu Pan and Ms. Hua Fulan, independent non-executive Directors, and Mr. Ruan Hongliang, an executive Director and Ms. Xu Pan was the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include preparing assessment codes and evaluating the senior management of the Group, determining and reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management. No Director takes part in any discussion on his or her own remuneration.

During FY2021, the Remuneration Committee met four to review, determine and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management, assessing performance of executive Directors and other related matters. The attendance records are set out under Meetings and Directors Attendance Record on page 31.

Pursuant to code provision B1.5 of the CG Code, the remuneration of the members of the senior management (including executive Directors) by band for the year ended 31 December 2021 is set forth below:

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

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

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

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

The Nomination Committee provides consultation to the Board of Directors with respect to the nomination of directors.

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

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

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

During FY2021, the Nomination Committee held one meeting. For the details of members attendance of the Nominatio Committee meeting, please refer to page 25. The Nomination Committee also considered the Board Diversity Policy an whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhan the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, th Nomination Committee has concluded that based on the Company s existing business model and specific needs, t current composition of the Board satisfies the Board Diversity Policy for the Reporting Period.

The Strategic Development Committee was established on 16 October 2015. From 1 January 2021 to 20 May 202 members of the Strategic Development Committee comprised of Mr. Ruan Hongliang and Mr. Wei Yezhong, executive Directors, and Mr. Cui Xiaozhong, an independent non-executive Director, from 20 May 2021 to 31 December 2021, members of the Strategic Development Committee comprised of Mr. Ruan Hongliang and Mr. Wei Yezhong, executive Directors, and Ms. Xu Pan, an independent non-executive Director. The chairman of the Strategic Development Committe is Mr. Ruan Hongliang, an executive Director. The primary duties of Strategic Development Committee are to study, advise on and review the Company s long-term development plans and strategies.

During FY2021, the Strategic Development Committee met once to discuss the business strategies of the Group and t attendance records are set out under Meetings and Directors Attendance Record on page 31.

The Risk Management Committee was established on 16 October 2015. From 1 January 2021 to 20 May 2021, member of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jinhua, executive Directors, and Mr. Cui Xiaozhong, an independent non-executive Director, from 20 May 2021 to 31 December 2021, members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jinhua, executive Directors, and Ms. Hua Fulan, an independent non-executive Director. The chairman of the Risk Management Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of the Risk Management Committee are to review the Group s business operations, especially on overseas and export business to supervise and control the Group s sanctums-relat risks and to monitor and review the Group s risk management and internal control systems and formulate our Group s risk management strategies.

During FY2021, the Risk Management Committee met once to discuss the risk associated with overseas and export busines of the Group and the attendance records are set out under Meetings and Directors Attendance Record on page 31.

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board reviewed the Company s corporate governance policies and practices, training and continuous professional developmen of directors and senior management, and the Company s policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company s compliance with the CG Code and disclosure in this Corporate Governance Report.

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Stock Exchange and the Company. During the Reporting Period, the Company amended the Articles of Association regarding change of the registered capital of the Company in March 2021 and August 2021.

The Company had prepared the consolidated financial statements for the year ended 31 December 2021, which were reviewed by the Audit Committee and external auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (C ˇ 6 Q 6 “ + Ô $ ÿ w • ¥ «)) in the PRC. The Directors acknowledge that it is their responsibilities in (i) preparing the financial statements of the Group for each financial year with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (i [(Gs7elpectingsupitibleaAccounting policies andmak (C ˇ 6 Q 6 “ + Ô $ ÿ w • ¥ «

Ms. Ruan Zeyun is the company secretary of the Company during the year under review. During FY2021, Ms. Ruan had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographica details of the company secretary are set out in the section headed Biographies of Directors, S Management on page 29 in this annual report.

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (C ˇ 6 Q 6 " + Ô ÿ w • ¥ «)) in the PRC as the external auditor for the year ended 31 December 2021. The Audit Committee has been notified of the nature (namely, Report on Use of Previous Proceeds and Capital Verification Report etc.) and the servi charges of non-audit services performed by Deloitte Touche Tohmatsu Certified Public Accountants LLP (C ˇ 6 Q 6 " + 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-audi approved its fees.

For the year ended 31 December 2021, the total auditor s remuneration was approximately Touche Tohmatsu Certified Public Accountants LLP ÿ (w • C ¥ ˇ «)) charged the Group for audit and assurance services. The remuneration of non-audit services was approximately RMB569,013.57.

There was no disagreement between the Board and the Audit Committee on the sel auditors during the Reporting Period.

The Group has established risk management system and internal control system responsible for the internal audit function of the Group. The Board is resp internal control and risk management systems (the Systems) over the Group s as as for reviewing the Systems effectiveness. The Systems are designed to provide against misstatement or loss, and to manage risks of failure in the Group s the Systems include financial, operational and compliance controls, as well clearly defined lines of responsibility and authority, which is maintain proper accounts and ensure compliance with regulations (inclu information). In particular, regarding the controls for handling and disseminati senior management and the Directors of the Company who possesses or handle inside information requirements under the Listing Rules, the Securities and F of Hong Kong) and the requirements under other relevant laws and regulat Ruan Zeyun, the company secretary of the Company, and the internal audit to ensure the inside information, if any, is kept confidential and dissimilate t listed shares of the Company. The Company may also seek professional a information to be public as and when necessary to ensure the Company wil Rules, the Securities and Futures Ordinance (Chapter 571 of the laws of Hong relevant laws and regulations.

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

For FY2021, the Audit Committee and the Group s internal audit team, with the assistance of the management of the Group, conducted a review of the Systems and assessed the effectiveness of the Systems by taking into account the revie by its auditor. Based on the above review, the Board considers that the Group has fully complied with provisions of the CG Code regarding the Systems in general for FY2021, and the Group s Systems are generally appropriate, effective and adequate.

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 an other general meetings where shareholders meet and exchange views with the Board, and to exercise their righ to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 20 business days before the annual general meeting and business days before the extraordinary general meeting. At general meetings, separate resolutions are proposed o each substantial issue, including the election of individual Directors.

According to the Articles of Association, any shareholder(s) individually or jointly holding more than 10% of the Company s total voting shares (inclusive) may sign one or several written requests with the same format and content to propose to the Board to convene an extraordinary general meeting or class general meeting, and specify the topics of the meeting. The Board shall convene an extraordinary or class general meeting within 10 days after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated with reference to the date on which the shareholder(s) makes the written request.

If the Board cannot or fails to convene a general meeting, the board of supervisors of the Company shall duly convene such meeting and preside. If the board of supervisors of the Company also cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company s shares for more than 90 consecutive days may by themselves convene and preside over a general meeting, th procedure for convening such meeting shall, to the extent possible, be the same as the procedure for convening a general meeting by the board of directors.

Where shareholders convene and preside over a meeting because the Board fails to convene the meeting pursua to the aforesaid request, reasonable expenses incurred shall be borne by the Company.

According to the articles of association of the Company, any shareholder(s) individually or jointly holding more than 3% of the Company s shares may submit a written provisional motion to the convener 10 business days befor a general meeting is convened, and the convener shall issue a supplementary notice of the shareholders meeti announcing the contents of the supplementary motion(s) within two days after receipt of the said motion(s).

The Company is devoted to developing and maintaining continuous relationship and effective communications with shareholders and investors. To strengthen relationships and enhance communications, the Company has established following communication channels:

(i) An occasion shall be arranged for shareholders of the Company at the annual general meeting for putting forwar their opinions and exchanging views with the Board. Directors shall be present in person at the annual genera meeting and answer shareholders questions;

(ii) Where possible, the interim performance and yearly performance shall be issued early to enable shareholders o the Company to better understood the performance and business operations of the Group;

(iii) The Company also publishes all corporate correspondence on the Company s website www.flatgroup.com.cn; and

(iv) Shareholders may raise any enquiries and proposals to the Board by either directly raising questions at genera meetings or providing written notice of such enquiries or proposals for the attention of Ms. Ruan Zeyun, the company secretary, at the principal place of business of the Company situated at 1999 Yunhe Road, Xiuzhou District, Jiaxing Zhejiang Province, PRC or via e-mail to flat@flatgroup.com.cn.

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

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

The payment and the amount of any dividends, if paid, will depend on the Group s results of operations, cash flows financial condition, statutory and regulatory restrictions on such payment of dividends, future prospects and other factors that the Company may consider relevant. The declaration, payment and amount of dividends will be subject to the Company s discretion. Dividends may be paid only out of the Group s distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the Group s operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The Board intends to recommend at the relevant Shareholder meeting an annual dividend of no less than 20% of the Company s profit for the year available for distribution to the Shareholders, after taking into consideration the factors described above in the foreseeable future.

For the year ended 31 December 2021, considering the funding requirements of the Company, the Board does no recommend the declaration and payment of any final dividend.

inr FY1 D0:tRMB3,371,547.10)al dividend.DIUNCERTAINTIES FACED BY THE GROUPD

CSRC Main Board Issuance Approval Committee (7 ˙ 9 6 ô ï 2 Ł p 6) reviewed the application of the Company for the proposed issuance of A share convertible bonds on 9 January 2020. According to the result of the review published on the website of CSRC, the Company s application for the proposed issuance of A share convertible bonds has been approved and written approval from CSRC was received by the Company. Such public issuance of A share convertible bonds amounted to RMB1.45 billion in terms of par value with a term of six years. The issuance of A share convertible bonds was completed in June 2020. The A share convertible bonds under this issuance were with a nominal value of RMB100 and were issued at par. The subscription funds for the A share convertible bonds under this issuance totaled RMB1,450,000,000.00. After deducting the issuance fee of RMB8,578,301.90, the net funds raised were RMB1,441,421,698.10. As at the date of redemption registration (29 January 2021), the Company s A share convertible bonds in the accumulated nominal value of RMB1,447,297,000 had been converted into the Shares of the Company, representing 99.81% of total A share convertible bonds issued and the number of Shares converted by such convertible bonds is 107,048,107 Shares, representing 5.48% of the total issued Shares of the Company before conversion (2 December 2020), of which 107,048,107 Shares were converted during the period from 3 December 2020 to 29 January 2021. Since 1 February 2021, the A share convertible bonds has ceased trading and share conversion, and the outstanding A share convertible bonds of RMB2,703,000 have been frozen. According to the data provided by CSDC Shanghai Branch, 27,030 convertible bonds were redeemed by the Company, at a total redemption amount of RMB2,710,406.22, which was paid on 1 February 2021. The Company s Flat Convertible Bonds (bond code:113035) (conversion code:191035) was delisted on Shanghai Stock Exchange on 1 February 2021.

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB1,441.4 million. As at 31 December 2021, the use of such proceeds were as follows:

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

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

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

In order to meet the development needs of the Company, enhance the Company s core competitiveness, enhanc sustainable profitability, and safeguard the interests of minority shareholders of the Company, on 12 June 2020 and 15 July 2020, the Board approved the proposed non-public issuance of A shares and its revised version which was also approved by shareholders at the 2020 first extraordinary general meeting, the 2020 second A share class 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 of A Shares was published on the website of HKEX and the closing 6Jrce of A Share on that day was RMB15.61 per share. The target subscribers including securities investment fund management companies, securities firms, satisfy the relevant requirements of the CSRC and other corporate bodies, individuals or other institutional inves which satisfy the relevant requirements of the relevant laws and regulations.

The total net proceeds the non-public issuance of A shares by the Company amounted to approximatelya

For the year ended 31 December 2021 and up to the date of this annual report, the Directors and Supervisors of th
Company in office are shown as below:

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

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

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 thei
independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the independent non-executive Directo
are independent of the Company.

Biographical details of Directors, supervisors and senior management of the Company are set out on pages 25 to 29
this annual report.

No contracts of significance between the Company or any of its subsidiaries and its controlling shareholders or any of it
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.

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

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

Save as disclosed above, none of the Directors or supervisors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

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

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

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

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

During the Reporting Period, neither were there any amounts paid or receivable by Directors or supervisors of the Company as an inducement to1ny amous 0 Pe joins ofupon joining Periinducem th ofwnt ths paid ocnduensation ivable

Save as disclosed above, as at 31 December 2021, to the knowledge of the Company, none of the Directors or supervisors and the chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31 December 2021, the persons or corporations, other than the Directors, supervisors and the chief executive of the Company, who had an interest or short position in the Shares, underlying Shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholder	Number of Shares held	Class	Nature of Interest	Approximate percentage of shareholding in the relevant class of Shares[4]	Approximate percentage of shareholding in the total share capital of the Company[2]
Ms. Ruan Zeyun[3]	1,118,772,000 (L)	A Shares	Beneficial owner and parties acting in concert	65.93%	52.11%
	1,569,000 (L)	H Shares		0.35%	0.07%
Mr. Zhao Xiaofei[3]	1,118,772,000 (L)	A Shares	Beneficial owner and parties acting in concert	65.93%	52.11%
	1,569,000 (L)	H Shares		0.35%	0.07%
JPMorgan Chase & Co.[4]	52,601,764 (L)	H Shares	Interest of controlled corporation, investment manager, security interest in shares and approved lending agent	11.69%	2.45%
	13,506,824 (S)			3.00%	0.63%
	15,267,941 (P)			3.39%	0.71%
The Capital Group Companies, Inc.[5]	45,190,000 (L)	H Shares	Interest of controlled corporation	10.04%	2.10%
BlackRock, Inc.[6]	37,084,601 (L)	H Shares	Interest of controlled corporation	8.24%	1.73%
	1,258,000 (S)			0.28%	0.06%
Bank of America Corporation[7]	35,336,934 (L)	H Shares	Interest of controlled corporation	7.85%	1.65%
	34,733,045 (S)			7.72%	1.62%

Shareholder	Number of Shares held	Class	Nature of Interest	Approximate percentage of shareholding in the relevant class of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Citigroup Inc.[8]	32,943,578 (L) 16,894,276 (S) 15,675,005 (P)	H Shares	Interest of controlled corporation and approved lending agent	7.32% 3.75% 3.48%	1.53% 0.79% 0.73%
Pacific Asset Management Co., Ltd.	31,525,000 (L)	H Shares	Investment manager	7.01%	1.47%
UBS Group AG[9]	29,116,545 (L) 23,462,499 (S)	H Shares	Interest of controlled corporation	6.47% 5.21%	1.36% 1.09%
Shanghai Greenwoods Asset Management Company Limited[10]	27,042,000 (L)	H Shares	Investment manager	6.01%	1.26%
Xizang Jingning Corporate Management Company Limited[10]	27,042,000 (L)	H Shares	Interest of controlled corporation	6.01%	1.26%
CICC Pucheng Investment Co., Ltd.	23,870,000 (L)	H Shares	Beneficial owner	5.30%	1.11%
China International Capital Corporation Limited[11]	22,573,000 (L)	H Shares	Interest of controlled corporation	5.02%	1.05%

Notes:

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

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

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2021, Mr. Ruan Hongliang owns 439,358,400 A Shares and 485,000 H Shares. Ms Jiang Jinhua owns 324,081,600 A Shares and 111,000 H Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, the daughter of Mr. Ruan Hongliang and Ms Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares and 973,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. In addition, pursuant to a conce party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei, each of Mr. Rua Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei jointly owned 1,118,772,000 A Shares and 1,569,000 H Shares under the SFO.

(4) JPMorgan Chase & Co. held relevant interests and short positions through a series of its controlled corporations, including holding of certain listed derivatives (cas settlement: 25,600 shares (short positions) and unlisted derivatives (physical settlement: 414,400 shares (long positions) and 438,804 shares (short positions); ca settlement j5,671,000 shares (long positions) and 734,200 shares (short positions)).

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

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

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

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

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

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

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

Save as disclosed above, as at 31 December 2021, so far as is known to the Directors, there is no other person (other 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.

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2021.

No contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or supervisor of the Company or an entity connected with a Director or supervisor had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

The related party transactions in relation to the emoluments of Directors, Supervisors and employees are connected transactions exempt from reporting, announcement and independent shareholders approval requirements pursuant to Ru 14A.95 of the Listing Rules. The related party transactions conducted during the year under review as disclosed in note (IX) to the financial statement of the Group were transactions not falling under the defin1.3 Tms

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.

The independent non-executive Directors have reviewed these continuing connected transactions and confirmed th
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.

The Group abides by the laws and regulations in relation to employee benefits and retirement planning promulgated by the Chinese government. Details of the Group s retirement plans are set out in note (VI) 24 to the financial statements.

For the year ended 31 December 2021, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

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

The audit committee of the Company had reviewed together with the Board and external auditors the accounting standards and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ende 31 December 2021.

Deloitte Touche Tohmatsu Certified Public Accountants LLP will be the only auditor auditing the Company s financial statements in accordance with the CASBE and undertaking the role of international auditors in compliance with the Listing Rules. The consolidated financial statements for the year ended 31 December 2021 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (C ˇ 6 Q 6 “ + Ô $ ÿw • ¥ «)).

Deloitte Touche Tohmatsu Certified Public Accountants LLP (C ˇ 6 Q 6 “ + Ô $ ÿw • ¥ «)) 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 ˇ 6 Q 6 “ + Ô $ ÿw • ¥ «)) as auditors of the Group is to be proposed at the annual general meeting of the Company.

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

On behalf of the Board of Directors

Ruan Hongliang
Chairman

Jiaxing, Zhejiang, the PRC
21 March 2022

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

In the year ended 31 December 2021, for the Company s long-term interests and shareholders interests, the Boa 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

The Board of Supervisors has reviewed the Group s 2021 consolidated financial statements, supervised and monitored the Group s implementation of relevant financial policies and legislations as well as details of the Group s assets, financial income and expenditure. It is of the opinion that the Group s 2021 consolidated financial statements truly and completely reflect the financial position and operating results of the Group.

Zheng Wenrong
Chairman of the Board of Supervisors

Jiaxing, Zhejiang, the PRC
21 March 2022

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

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

We have audited the financial statements of Flat Glass Group Co., Ltd. (hereinafter referred to as Flat Group), including the consolidated and parent company s balance sheet as at 31 December 2021, the consolidated and par company s income statement, the consolidated and parent company s statement of cash flow, the consolidated a parent company s statement of changes in shareholders equity and notes to the financial statements in 2021.

In our opinion, the attached financial statements have been prepared in accordance with the accounting standar for business enterprises in all material aspects, and have given a fair view of the consolidated and parent company financial position as at 31 December 2021, and of its consolidated and parent company s operating results an consolidated and parent company s cash flow in 2021.

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 othe 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.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements in 2021. The hat theDo Q BThos (matter (wera beand onat the audit of th[(financial statemer

The management of Flat Group is responsible for the preparation of the financial statements that give a fair view in accordance with the accounting standards for business enterprises, and designing, implementing and maintaining th necessary internal controls so that the financial statements are free from material misstatement due to fraud or erro

In preparing the financial statements, the management is responsible for assessing the Flat Group s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going conce assumption unless the management either intend to liquidate the Group or to cease operations, or have no realist alternative but to do so.

Those charged with governance are responsible for overseeing the Flat Group s financial reporting process.

Our objectives are to obtain reasonable assurnance l0.5 (lajwhent ei5 (t)0.0.5 (e)022s finan (ent)0ial statemable)0.m

(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 achieve fair presentation.

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese certified public accountant:
(engagement partner)

Chinese certified public accountant:

21 March 2022

RMB

Items	NOTE (VI)	[redacted]	Opening balance
Current assets:			
Cash at bank and on hand	1		1,589,967,013.69
Trading financial assets	2		400,000,000.00
Derivative financial assets	3		1,445,666.57
Bills receivable	4		546,772,640.17
Trade receivables	5		1,388,373,649.20
Financing receivables	6		684,530,748.37
Advance payment	7		363,154,384.40
Other receivables	8		24,267,677.88
Inventories	9		479,395,186.67
Other current assets	10		91,369,716.90

RMB

Items	NOTE (VI)	[redacted]	Opening balance
Current liabilities:			
Short-term borrowings	20		617,402,035.00
Bills payables	21		713,571,260.89
Trade payables	22		1,294,643,492.26
Contract liabilities	23		91,178,042.21
Payroll payable	24		48,938,953.78
Tax payable	25		303,432,110.05
Other payables	26		100,815,515.00
Non-current liabilities due within one year	27		160,819,952.95
Other current liabilities	28		
Total current liabilities			3,330,801,362.14
Non-current liabilities:			
Long-term borrowings	29		1,375,011,882.07
Bonds payables	30		236,681,991.63
Lease liabilities	31		11,508,090.39
Deferred income	32		33,039,484.74
Deferred tax liabilities	18		44,014,924.20
Total non-current liabilities			1,700,256,373.03
Total liabilities			5,031,057,735.17
Shareholders equity:			
Share capital	33		510,312,197.00
Other equity instruments	34		49,401,670.49
Capital reserve	35		2,045,095,156.05
Less: Treasury stock	33		28,359,000.00
Other comprehensive income	36		(26,338,876.15)
Special reserve	37		14,369,931.38
Surplus reserve	38		220,705,199.31
Undistributed profit	39		4,449,556,361.77
Total equity attributable to shareholders of the parent company			7,234,742,639.85
Minority interests			
Total shareholders equity			7,234,742,639.85
Total liabilities and shareholders equity			12,265,800,375.02

The notes are an integral part of the financial statements.

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

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items	NOTE (XIV)	[redacted]	Opening balance
Current assets:			
Cash at bank and on hand	1		299,567,786.91
Bills receivable	2		488,505,596.47
Trade receivables	3		588,347,375.06
Financing receivables	4		633,026,500.88
Advance payment	5		39,787,487.32
Other receivables	6		682,247,356.05
Inventories	7		179,788,994.03
Other current assets	8		17,020.44
Total current assets			2,911,288,117.16
Non-current assets:			
Long-term equity investments	9		1,046,552,184.66
Fixed assets	10		1,016,732,435.83
Construction in progress	11		293,288,787.44
Intangible assets	12		237,077,496.41
Long-term prepaid expenses			11,649.38
Deferred income tax assets	13		22,181,477.91
Other non-current assets	14		2,161,507,235.87
Total non-current assets			4,777,351,267.50
Total assets			7,688,639,384.66

The notes are an integral part of the financial statements.

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

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items	NOTE (XIV)	[redacted]	Opening balance
Current liabilities:			
Short-term borrowings	15		140,391,130.00
Bills payables	16		
Trade payables	17		604,274,221.67
Contract liabilities	18		58,126,632.90
Payroll payable	19		25,684,776.32
Tax payable	20		64,209,186.23
Other payables	21		1,647,392,704.28
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities			2,540,078,651.40
Non-current liabilities:			
Long-term borrowings	22		235,000,000.00
Bonds payables			236,681,991.63
Deferred income	23		23,487,048.57
Deferred income tax liabilities	13		
Total non-current liabilities			495,169,040.20
Total liabilities			3,035,247,691.60
Shareholders equity:			
Share capital			510,312,197.00
Other equity instruments			49,401,670.49
Capital reserve			2,045,095,156.05
Less: Treasury stock			28,359,000.00
Other comprehensive income	24		4,832,768,261.83

For the year ended 31 December 2021

RMB

Items	NOTE (VI)	[redacted]	Amount incurred in the previous year
I. Operating revenue	40	[redacted]	6,260,417,792.26
Less: Operating costs	40	[redacted]	3,600,864,085.34
Taxes and surcharges	41	[redacted]	61,083,688.80
Selling expenses	42	[redacted]	47,632,079.18
General and administrative expenses	43	[redacted]	172,349,032.43
Research and development expenses	44	[redacted]	284,717,812.81
Financial expenses	45	[redacted]	141,528,692.18
Including: Interest expenses		[redacted]	80,273,151.69
Interest income		[redacted]	16,412,291.81
Add: Other income	46	[redacted]	25,471,233.82
Investment income	47	[redacted]	5,675,836.26
Including: Gains on investment in associates		[redacted]	2,614,841.66
Gain (loss) from changes in fair value	48	[redacted]	1,245,626.59
Gains (losses) on credit impairment	49	[redacted]	(29,914,991.88)
Asset impairment loss	50	[redacted]	(71,783,469.77)
Gains (losses) on disposal of assets	51	[redacted]	(18,018,346.26)
II. Operating profit		[redacted]	1,864,918,290.28
Add: Non-operating income	52	[redacted]	12,889,216.85
Less: Non-operating expenses	53	[redacted]	3,899,465.44
III. Total profit		[redacted]	1,873,908,041.69
Less: Income tax expense	54	[redacted]	245,124,254.06
IV. Net profit		[redacted]	1,628,783,787.63
Net profit attributable to shareholders of the parent company		[redacted]	1,628,783,787.63
Profit or loss attributable to minority interests		[redacted]	
V. Other comprehensive income, net of tax		[redacted]	(32,274,518.98)
Other comprehensive income, net of tax attributable to the owners of the parent company		[redacted]	(32,274,518.98)
(1) Other comprehensive income that cannot be reclassified to profit or loss		[redacted]	(3,217,914.84)
Changes in fair value of other equity instruments		[redacted]	(3,217,914.84)
(2) Other comprehensive income that will be reclassified to profit or loss		[redacted]	(29,056,604.14)
Exchange differences on foreign currency financial statements translation		[redacted]	(23,092,036.70)
Changes in fair value of financing receivables		[redacted]	(5,964,567.44)
Other comprehensive income, net of tax attributable to minority interests		[redacted]	
VI. Total comprehensive income		[redacted]	1,596,509,268.65
Attributable to shareholders of the parent company		[redacted]	1,596,509,268.65
Attributable to the minority interests		[redacted]	
VII. Earnings per share:		[redacted]	
(1) Basic earnings per share	55	[redacted]	0.83
(2) Diluted earnings per share	55	[redacted]	0.81

The notes are an integral part of the financial statements.

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

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

Items		NOTE (XIV)	[redacted]	Amount incurred in the previous year
I.	Operating revenue	26	[redacted]	4,553,484,065.43
	Less: Operating costs	26	[redacted]	3,782,289,387.62
	Taxes and surcharges	27	[redacted]	22,889,998.05
	Selling expenses	28	[redacted]	12,329,110.69
	General and administrative expenses	29	[redacted]	109,487,312.67
	Research and development expenses	30	[redacted]	145,433,731.51
	Financial expenses	31	[redacted]	79,213,541.67
	Including: Interest expenses		[redacted]	58,260,295.56
	Interest income		[redacted]	5,119,750.54
	Add: Other income	32	[redacted]	15,040,420.63
	Investment income (loss)	33	[redacted]	(4,288,623.74)
	Including: Gains on investment in asso0.7j /TB0, /Toj 0i3 0030.7og0		[redacted]	2349

RMB

		NOTE (VI)	[redacted]	Amount incurred in the previous year
I.	Cash flow from operating activities:			
	Cash received from sale of goods or rendering of services			4,260,896,686.12
	Cash received from refunds of taxes			150,547,543.63
	Cash received relating to other operating activities	56 (1)		42,603,582.52
	Subtotal of cash inflows			4,454,047,812.27
	Cash paid for goods and services			1,667,088,694.33
	Cash paid to and on behalf of employee			316,786,736.20
	Cash paid for payments of taxes and surcharges			248,246,780.53
	Cash paid relating to other operating activities	56 (2)		520,758,281.51
	Subtotal of cash outflows			2,752,880,492.57
	Net cash flow from operating activities	57 (1)		1,701,167,319.70
II.	Cash flow from investing activities:			
	Cash received from disposal of investments			
	Cash received from returns on investments			25,655,598.20
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets			11,614,469.66
	Cash received relating to other investing activities	56 (3)		125,909,899.04
	Subtotal of cash inflows			163,179,966.90
	Cash paid to purchase fixed assets, intangible assets and other long-term assets			1,950,128,106.90
	Cash paid for investments			468,488,079.84
	Cash paid relating to other investing activities	56 (4)		118,724,788.85
	Subtotal of cash outflows			2,537,340,975.59
	Net cash flow from investing activities			(2,374,161,008.69)
III.	Cash flow from financing activities:			
	Cash received from capital contribution			28,658,000.00
	Cash received from bonds issuing			1,444,025,000.00
	Cash received from borrowings			2,772,983,295.88
	Cash received relating to other financing activities	56 (5)		255,660,791.32
	Subtotal of cash inflows			4,501,327,087.20
	Cash paid for payment of borrowings			2,330,256,654.52
	Cash paid for distribution of dividends, and profits or payment of interest			244,567,836.56
	Cash paid relating to other financing activities	56 (6)		557,330,065.30
	Subtotal of cash outflows			3,132,154,556.38
	Net cash flow from financing activities			1,369,172,530.82
IV.	Effect of foreign exchange rate changes on cash and cash equivalents			(29,075,003.29)
V.	Net increase in cash and cash equivalents			667,103,838.54
	Add: Cash and cash equivalents at the beginning of the year	57 (2)		479,068,091.59
VI.	Cash and cash equivalents at the end of the year	57 (2)		1,146,171,930.13

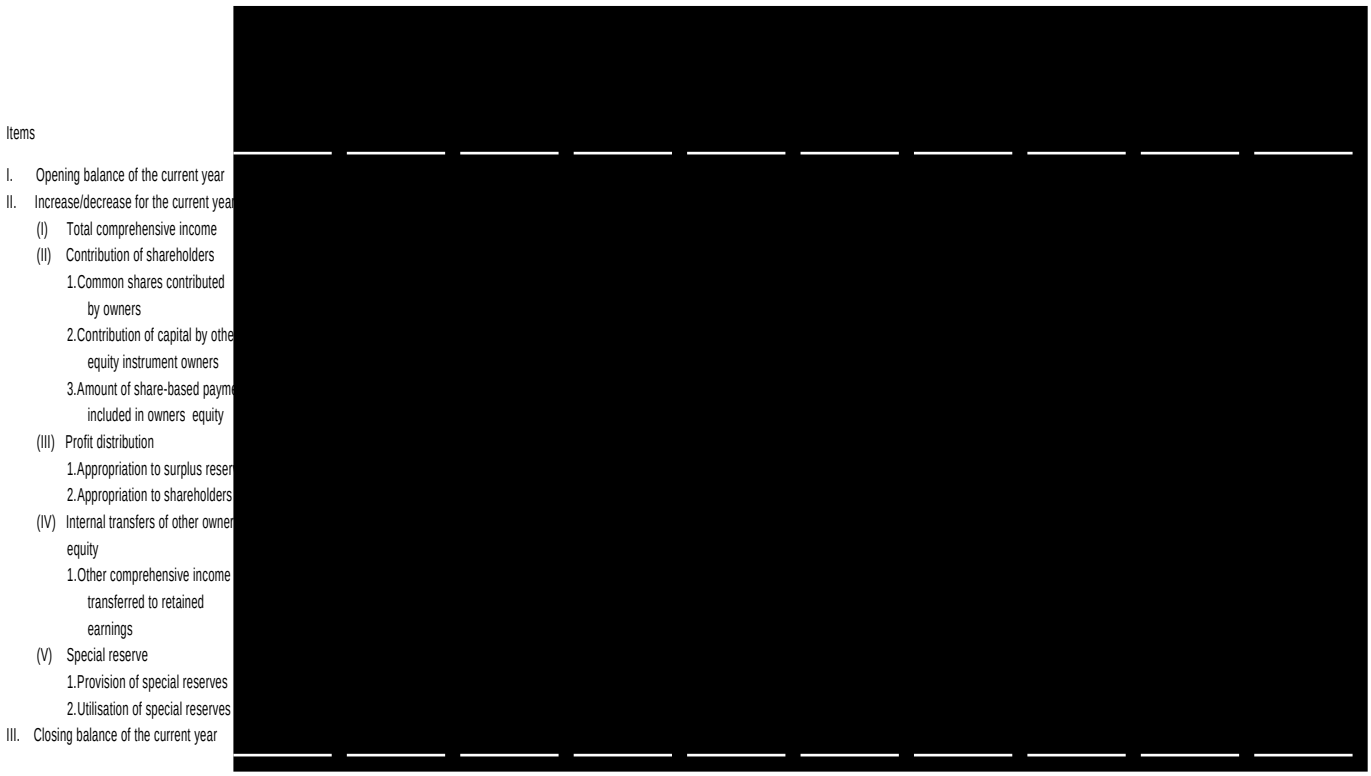
The notes are an integral part of the financial statements.

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

Legal Representative: Chief Financial Officer: Chief Accountant:

For the year ended 31 December 2021

RMB



The notes are an integral part of the financial statements.

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

Legal Representative: Chief Financial Officer: Chief Accountant:

RMB

	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
I. Opening balance of the last year	487,500,000.00		839,115,113.41		5,935,642.83	11,810,858.31	193,555,355.70	2,974,971,417.75		4,512,888,388.00
II. Increase/decrease for the current year										
(I) Total comprehensive income					(32,274,518.98)			1,628,783,787.63		1,596,509,268.65
(II) Contribution of shareholders	22,812,197.00	49,401,670.49	1,205,980,042.64	28,658,000.00						1,249,535,910.13
1.Common shares contributed by owners	1,150,000.00		27,508,000.00	28,658,000.00						
2.Contribution of capital by other equity instrument owners	21,662,197.00	49,401,670.49	1,162,828,718.24							1,233,892,585.73
3.Amount of share-based payment included in owners equity			15,643,324.40							15,643,324.40
(III) Profit distribution				(299,000.00)			27,149,843.61	(154,198,843.61)		(126,750,000.00)
1.Appropriation to surplus reserve							27,149,843.61	(27,149,843.61)		
2.Appropriation to shareholders				(299,000.00)				(127,049,000.00)		(126,750,000.00)
(IV) Special reserve						2,559,073.07				2,559,073.07
1.Provision of special reserves						2,559,073.07				2,559,073.07
III. Closing balance of the last year										

RMB

	The last year							
Items	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholders equity

As approved by the China Securities Regulatory Commission, the Company publicly issued 14.50 million A share convertible corporate bonds (the Convertible Bonds) with a par value of RMB100 each on 27 May 2020. The total amount of this issuance is RMB1,450,000,000.00 and the term is 6 years. Pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant regulations and the Prospectus of A Share Convertible Corporate Bond through Public Issuance of Flat Glass Group Co., Ltd., the Convertible Bonds can be converted into the RMB ordinary shares (A shares) of the Company from 3 December 2020. The initial conversion price is RMB13.56 per share. The Company will adjust the conversion price based on the prospectus upon the occurrence of distribution of stock dividend, capitalisation issue, issuance of new shares (excluding the increase in share capital due to the convertible corporate bonds in this issuance), rights issue or distribution of cash dividend. On 9 November 2020, the Company adjusted the conversion price to RMB13.48 per share based on the A-share restricted share incentive scheme and 2020 interim profit distribution proposal. On 28 January 2021, the Company adjusted the conversion price to RMB14.15 per share due to the non-public issuance of RMB ordinary shares (A shares). During the period from 3 December 2020 to 27 January 2021,

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

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

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

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

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

Level 1 inputs are the unadjusted quoted prices of the same assets or liabilities in the active market that can be obtained on the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

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

The financial statements of the Company have been prepared in accordance with the CASBE, and present truly and completely the consolidated and the Companye finn pr 0.5cN di-poson of at the3o Qivembto

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 Vietnar 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.

Business combinations are classified into business combinations involvi1.3i us.

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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.

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

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

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

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

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

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

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

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.

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.

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).

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.

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.

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.

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.

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).

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.

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

9.4.1 Classification, recognition and measurement of financial liabilities

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

9.4.1.1 Financial liabilities at FVTPL

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

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

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

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

9.4.1.1 Financial liabilities at FVTPL (Continued)

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

9.4.1.2 Other financial liabilities

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

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

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

9.4.1.2 Other financial liabilities *(Continued)*

9.4.1.2.1 Financial guarantee contracts

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

9.4.2 Derecognition of financial liabilities

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

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

9.4.3 Equity instruments

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

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

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.

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.

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.

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.

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.

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

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.

The inventory system is a perpetual inventory system.

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

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 o 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 expect to be completed within one year.

The Group measures non-current assets or disposal groups held for sale at the lower of carrying amount an 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 o fair value less costs to sell of non-current assets held for sale at the subsequent balance sheet date, the amo 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 disposa groups held for sale. The interest of liabilities and other expenses in the disposal groups held for sale shal be continuously recognised.

The equity investments in associates are classified in whole or in part as assets held for sale. The part of suc 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.

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.

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.

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

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

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

13.3.2 Long-term equity investment accounted for by equity method

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

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

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

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.

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.

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

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.

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.

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.

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

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;

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.

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.

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.

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.

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.

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

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

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

Equity-settled share-based payments to employees

Equity-settled share-based payments to employees in exchange for services rendered by employee are measured at the fair value of the equity instruments granted to employees at the grant date. Suc amount is recognised as related costs or expenses on a straight-line basis over the vesting period, base on the best estimate of the number of equity instruments expected to vest./When the grant is veste immediately, the amount of the fair value is included in the related costs or expenses on the grant date with a corresponding increase in capital reserve.

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

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

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.

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.
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For details, please see Note (VI) 32 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.

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 governmer
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.

Pursuant to the requirements of the Administrative MCS1mento revenue

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

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.

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.

The carrying amount of a deferred income tax asset is reviewed at each balance sheet date and is reduce
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.

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.

29.1.2 Right-of-use assets

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

the amount of the initial measurement of the lease liability;

any lease payments made at or before the commencement date, less the relative amount of any lease incentives enjoyed if there are lease incentives;

any initial direct costs incurred by the Group;

an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease.

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

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

29.1.3 Lease liabilities

Except for short-term leases, the Group initially measures the lease liability at the present value of
lease payments that are unpaid at the lease commencement date. In calculating the present value
lease payments, the Group uses the interest rate implicit in the lease as discount rate, and adopt

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For the year ended 31 December 2021

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

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

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

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

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

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

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

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

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.

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

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.

Level	Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2021 (%) Direct	Indirect	Acquisition method
1	Zhejiang Flat Glass Co., Ltd. (Zhejiang Flat)	Zhejiang, China	Zhejiang, China	Engaged in the manufacture and sale of architectural or household glass products	100.00		Establishment
2	Zhejiang Jiafu Glass Co., Ltd. (Zhejiang Jiafu)	Zhejiang, China	Zhejiang, China	Manufacture and sale of photovoltaic glass	100.00		Establishment
2.1	Flat (Hong Kong) Investment Limited (Flat Investment) (Note 9)	Hong Kong, China	Hong Kong, China	Investments		100.00	
2.1.1	FLAT (AUSTRALIA) PTY LTD (Australia Flat)	Australia	Australia	Mine operations and sale of quartz ore		100.00	Establishment
3	Shanghai Flat Glass Co., Ltd. (Shanghai Flat) (Note 3)	Shanghai, China	Shanghai, China	Architectural glass processing	100.00		Establishment
4	Anhui Flat Solar Glass Co., Ltd. (Anhui Flat Glass)	Anhui, China	Anhui, China	Anhui Flat Solar Glass Co., Ltd.	100.00		Establishment
4.1	Fengyang Flat Natural Gas Pipeline Co., Ltd.* (þ¢ E : $ ´ ˝ M 8 Þ" fi !) (Flat Natural Gas)	Anhui, China	Anhui, China	Development of natural gas utilisation technology, installation and sales of natural gas pipelines		100.00	Establishment
4.2	Fengyang Flat New Energy Technology Co., Ltd.* (þ¢ E : $ - U ¯ ƒ Þ" fi !) (Fengyang Flat New Energy)	Anhui, China	Anhui, China	Investment, construction, operation and maintenance of new energy power plants		100.00	Establishment
4.3	Anhui Flat Supply Chain Management Co., Ltd.* (˜ ˇ E : $ 6 — Æ M # Þ" fi !) (Flat Supply Chain)	Anhui, China	Anhui, China	Supply chain management services		100.00	Establishment
5	Anhui Flat Solar Material Co., Ltd. (Anhui Flat Material)	Anhui, China	Anhui, China	Mine operations and sale of quartz ore	100.00		Establishment
6	Flat (Hong Kong) Limited (Flat (Hong Kong))	Zhejiang, China	Hong Kong, China	Glass export	100.00		Establishment
6.1	Flat (Vietnam) Company Limited (Flat (Vietnam))	Vietnam	Vietnam	Manufacture and sale of photovoltaic glass		100.00	Establishment
7	Jiaxing Flat New Energy Technology Co., Ltd. (Flat New Energy)	Zhejiang, China	Zhejiang, China	Investment, construction, operation and maintenance of new energy power plants	100.00		Establishment
8	Flat (Jiaxing) Import and Export Trade Limited (Flat Import and Export Trade) (Note 10)	Zhejiang, China	Zhejiang, China	Import and export trade	100.00		Establishment
9	Flat (Nantong) Solar Glass Co., Ltd.* (E : $(Ì •) ¤ Þ" fi !) (Nantong Flat)	Jiangsu, China	Jiangsu, China	Manufacture and sale of photovoltaic glass	100.00		Establishment
10	Flat (Suqian) Solar Glass Co., Ltd.* (E : $(V K) ¤ Þ" fi !) (Suqian Flat)	Jiangsu, China	Jiangsu, China	Manufacture and sale of photovoltaic glass	100.00		Establishment

* *for identification purpose only*

Name of associate	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2021 (%)	Accounting treatment method for investment in associates

RMB

Items			
Cash on hand:			
RMB			
Cash at bank:			
RMB			
US dollars			
Euro			
Yen			
Australian dollars			
Hong Kong dollars			
Pound			
Vietnamese Dong			
Other cash at bank and on hand:			
RMB			
US dollars			
Yen			
Total			
Including: total amount deposited abroad			

RMB

Items	Closing balance		
	Foreign currency amount	Conversion rate	RMB amount
Cash on hand:			
RMB			17,673.90
Cash at bank:			
RMB			627,174,299.81
US dollars	73,572,615.60	6.5249	480,053,961.74
Euro	1,779,048.96	8.0250	14,276,867.91
Yen	97,644,876.00	0.0632	6,174,671.39
Australian dollars	300,325.40	5.0163	1,506,522.30
Hong Kong dollars	167,585.13	0.8416	141,046.35
Pound	3,995.13	8.8903	35,517.90
Vietnamese Dong	59,163,138,811.00	0.0003	16,791,368.83
Other cash at bank and on hand:			
RMB			443,794,856.80
US dollars	32.98	6.5249	215.19
Yen	12.00	0.0632	0.76
Swiss Franc	1.46	7.4006	10.81
Total			1,589,967,013.69
Including: total amount deposited abroad			379,200,657.97

Other notes:

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

RMB

Items	[redacted]	Opening balance
Bank acceptance bills	[redacted]	545,166,435.99
Commercial acceptance bills	[redacted]	1,606,204.18
Less: bad debt provision	[redacted]	
Total	[redacted]	546,772,640.17

RMB

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

RMB

Items	[redacted]	Amounts not derecognised at the beginning of the year
Endorsed bank acceptance bills	[redacted]	395,214,640.80
Discounted bank acceptance bills	[redacted]	1,000,000.00
Total	[redacted]	396,214,640.80

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

At the end of the year, the Group had no bills transferred to trade receivables due to the drawer s failure
to perform.

RMB

Classification	[redacted]				
Bad debt provision by portfolio	[redacted]				
Including:					
Bank acceptance bills					
Commercial acceptance bills					
Total	[redacted]				

	Opening balance				
	Book balance		Bad debt provision		
Classification	Amount	Percentage (%)	Amount	Percentage (%)	Book value
Bad debt provision by portfolio					
Including:					
Bank acceptance bills	545,166,435.99	99.71			545,166,435.99
Commercial acceptance bills	1,606,204.18	0.29			1,606,204.18
Total	546,772,640.17	100.00			546,772,640.17

Bills receivable with bad debt provision by portfolio

RMB

Name of portfolio	[redacted]	Opening balance		
		Book balance	Bad debt provision	Accrual Percentage (%)
Low risk		545,166,435.99		
Normal		1,606,204.18		
Total		546,772,640.17		

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

RMB

Classification	Opening balance	Changes in amount for the year			[redacted]
		Provided	Transferred	Written off	
Normal		2,711,098.05			
Total		2,711,098.05			

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

RMB

Ageing	[redacted]	Opening balance		Accrual percentage (%)
		Trade receivables	Bad debt provision	
Within 1 year		1,431,590,651.45	48,055,237.42	3.36
1 2 years		30,065,427.35	25,227,192.18	83.91
2 3 years		795,125.49	795,125.49	100.00
Over 3 years		7,175,879.10	7,175,879.10	100.00
Total		1,469,627,083.39	81,253,434.19	5.53

The Group always measures the loss provision of receivables at an amount equal to the lifetime expected credit loss (ECL) and calculates its ECL based on the comparison table of credit risk rating and default loss rate. The credit risk portfolio is divided into low risk, normal, concerned and loss. The default loss rate is calculated based on the actual credit loss experieal,/on the actual credit loss experieal,/on the actua

RMB

Credit risk rating	Opening balance Within 1 year	1 2 years	2 3 years	Over 3 years	Total
Normal					
ECL rate	2.84%	2.84%	2.84%	2.84%	
Trade receivables	1,369,486,563.41				1,369,486,563.41
ECL	38,910,526.79				38,910,526.79
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	62,104,088.04	30,065,427.35	795,125.49		92,964,640.88
ECL	9,144,710.63	25,227,192.18	795,125.49		35,167,028.30
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables				7,175,879.10	7,175,879.10
ECL				7,175,879.10	7,175,879.10
Total					
Book balance of trade receivables	1,431,590,651.45	30,065,427.35	795,125.49	7,175,879.10	1,469,627,083.39
ECL	48,055,237.42	25,227,192.18	795,125.49	7,175,879.10	81,253,434.19
Carrying amount of trade receivables	1,383,535,414.03	4,838,235.17			1,388,373,649.20

RMB

Credit loss provision	
Balance at 1 January 2021	
Changes of the opening balance in the year:	
Provision for the year (transferred)	)
Transfers out due to derecognised financial assets (including direct write-down)	)
Balance at 31 December 2021	

RMB

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

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

RMB

Items	Opening balance
Bank acceptance bills	684,530,748.37

The Group has made classification on bank acceptance bills, and separately managed bank acceptance bi
issued by banks with higher credit rating, so as to endorse or discount them when necessary. Since the busine
model of holding these specific bank acceptance bills aims at both collecting contractual cash flows and selling
such financial assets, they are classified as financial assets at FVTOCI, and are listed as financing receivable

On 31 December 2021, the Group measured the bad debt provision according to the lifetime ECL. The Group
believes that there is no significant credit risk in the bank acceptance bills held by it, as the probability of
significant loss due to bank default is low.

RMB

Items	Opening balance
Cost	691,547,886.53
Fair value	684,530,748.37
Accumulated changes in fair value included in other comprehensive income	(7,017,138.16)

RMB

Items	
Bank acceptance bills	

RMB

Items	[redacted]	Amounts not derecognised at the beginning of the year
Endorsed bank acceptance bills	[redacted]	706,981,322.62
Discounted bank acceptance bills	[redacted]	408,650,239.78
Total	[redacted]	1,115,631,562.40

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

RMB

Ageing	[redacted]	Opening balance	
		Amount	Percentage (%)
Within 1 year	[redacted]	358,810,968.32	98.80
1 2 years	[redacted]	3,653,939.76	1.01
2 3 years	[redacted]	49,194.67	0.01
Over 3 years	[redacted]	640,281.65	0.18
Total	[redacted]	363,154,384.40	100.00

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

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

RMB

Items	[redacted]	Opening balance
Other receivables	[redacted]	24,267,677.88
Total	[redacted]	24,267,677.88

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

RMB

Credit risk rating	[redacted]		
Low risk			
Total			

RMB

Credit risk rating	Default loss rate	Opening balance Other receivables	Credit loss provision
Low risk	0.00%	24,267,677.88	
Loss	100.00%	50,000.00	50,000.00
Total		24,317,677.88	50,000.00

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

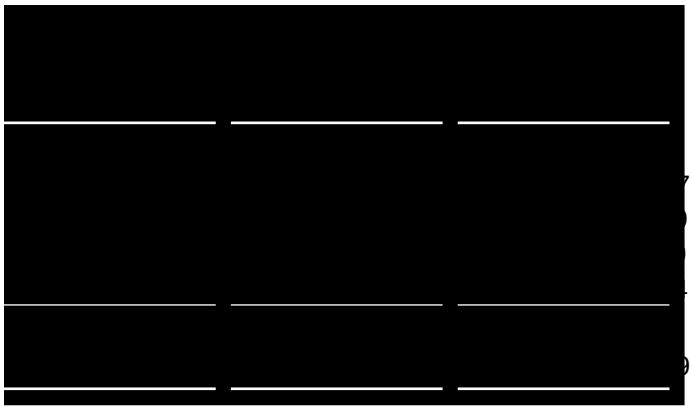
RMB

Credit loss provision				
Balance at 1 January 2021				
Changes of the opening balance in the year:				
Reversed for the year				)
Balance at 31 December 202				

RMB

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

RMB



Items			
Raw materials			
Low-valued consumables			
Work in progress			
Finished goods			
Total			

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

RMB

RMB

Items	[redacted]	Opening balance
Value-added tax recoverable		73,386,905.13
Export tax rebate		17,552,947.29
Prepaid income tax		
Prepaid rent		412,844.04
Others		17,020.44
Total		91,369,716.90

RMB

Invested unit	[redacted]				
Associate:					
Kaihong Flat					

RMB

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

RMB

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

RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	1,295,252,919.67	3,474,993,261.25	66,665,814.28	45,410,931.98	4,882,322,927.18
2. Amount increased in the current year	974,762,414.86	2,489,307,703.12	39,812,991.71	8,287,806.98	3,512,170,916.67
(1) Purchase	1,540,330.51	42,978,763.70	30,903,313.67	5,651,442.65	81,073,850.53

RMB

Items	Book value	Accumulated depreciation	Impairment provision	Net book value
Machinery and equipment	8,292,131.46	2,728,761.44	5,563,370.02	
Other equipment	268,037.61	225,506.25	42,531.36	
Total	8,560,169.07	2,954,267.69	5,605,901.38	

At the end of the current year, the Group s idle fixed assets included some equipment of certain subsidiaries of the Company, namely Zhejiang Jiafu and Zhejiang Flat. The Group has made full provision for impairment of related assets in accordance with the lower of the book value and the recoverable amount

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

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

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

RMB

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

RMB

Items	[redacted]	Opening balance
Construction in progress	[redacted]	1,914,760,672.93
Engineering materials	[redacted]	22,390,712.49
Total	[redacted]	1,937,151,385.42

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

a. Construction in progress

RMB

Items	[redacted]
Annual output of 750,000 tons of PV cover glass project phase II	
Annual production of 750,000 tons of solar equipment ultra thin and ultra-high-transparent panel manufacturing proj	
Annual production of 1,200,000 tons of photovoltaic mo cover glass project	
Annual production of 750,000 tons of photovoltaic modu cover glass project-phase III	
PV phase II cold repair project	
Annual production of 42 million square meters of PV backplane project	
Nature gas direct supply project	
110KV circuit and transformer substation construction project	
Vietnam Flat PV glass production line	
Vietnam Flat pier building project	
PV phase I cold repair project	
PV backplane glass with an annual production capacity 28 million square meters project	
Machinery and equipment to be installed and others	
Total	

a. Construction in progress (Continued)

RMB

Items	Book balance	Opening balance Impairment provision	Net book amount
Vietnam Flat PV glass production line	1,332,893,350.87		1,332,893,350.87
Annual output of 750,000 tons of PV cover glass project	340,005,791.57		340,005,791.57
PV phase I cold repair project	110,494,434.62		110,494,434.62
110KV transformer substation project	42,388,491.05		42,388,491.05
Annual production of 42 million square meters of PV backplane project	35,997,355.15		35,997,355.15
Float glass process phase II cold repair project	13,219,535.07		13,219,535.07
Cold repair of Jiafu (phase I) project	972,276.22		972,276.22
Machinery and equipment to be installed and others	38,789,438.38		38,789,438.38
Total	1,914,760,672.93		1,914,760,672.93

b. Changes in major construction projects in progress in the year

RMB

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

c. At the end of the current year, there was no indication of impairment of the Group s construction in progress, so no provision for impairment was made.

RMB

Items	[redacted]	Opening balance
Specialised equipment		
Refractory materials		
Electric wire and cable		
Steel and wire rod		
Others		22,390,712.49

Other notes:

The Group leased several lands in Vietnam, with terms ranging from 29 to 42 years.

The short-term lease expenses included in the simplified processing of current profit and loss for the year were RMB14,561,324.81 (in the previous year: RMB10,620,628.36).

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

RMB

Items	Land use right	Emission rights (Note 1)	Mining rights (Note 2)	Energy use rights (Note 3)	Software	Total
I. Book value						
1. Opening balance	469,457,768.42	30,427,822.04	232,964,000.00		7,595,886.72	740,445,477.18
2. Amount increased in						

RMB

Items	Opening balance Deductible temporary difference	Deferred income tax assets
Provision for asset impairmer	64,161,454.49	9,640,751.87
Provision of credit impairmen	81,303,434.19	13,376,610.46
Deferred revenue	33,039,484.74	5,295,812.37
Depreciation difference for fixed assets	29,585,538.31	4,437,830.75
Share payment	15,643,324.40	2,346,498.66
Changes in fair values of financing receivables	7,017,138.16	1,052,570.72
Sub-total	230,750,374.29	36,150,074.83

RMB

Items	Opening balance Taxable temporary differences	Deferred tax liabilities
Property revaluation arising from conversion to a joint stock company	13,717,191.97	2,057,578.80
Accelerated depreciation of fixed assets	278,401,586.08	41,760,237.91
Trial production cost	66,635,003.81	9,995,250.57
Changes in fair values of derivative financial asset	1,445,666.57	361,416.64
Sub-total	360,199,448.43	54,174,483.92

RMB

Items	[redacted]	Opening balance	Offset amount of deferred income tax assets and liabilities at the end of the period	Deferred income tax assets or liabilities after offsetting
Deferred income tax assets			10,159,559.72	25,990,515.11
Deferred tax liabilities			10,159,559.72	44,014,924.20

RMB

Items	[redacted]	Opening balance
Deductible losses		78,222,599.22
Others		1,080,737.08
Total		79,303,336.30

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

RMB

	[redacted]	Opening balance
2021		5,383,141.31
2022		2,253,828.56
2023		5,267,794.80
2024		11,498,471.76
2025		53,819,362.79
2026		
Total		9,362.79

RMB

	[redacted]	Opening balance
Mortgaged borrowings (Note)	[redacted]	429,391,130.00
Bill discounting borrowings	[redacted]	1,000,000.00
Credit borrowings	[redacted]	187,010,905.00
Total	[redacted]	617,402,035.00

Note: For the types and amount of the asset of the mortgaged borrowings, please refer to the Notes (VI), 13, 14, 15 and 17.

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

The annual interest rate of the above borrowings in current year is from 0.79% to 3.85% (last year: from 1.25% to 4.35%).

RMB

	[redacted]	Opening balance
Bank acceptance bills	[redacted]	713,571,260.89
Total	[redacted]	713,571,260.89