



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

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 6865

2024 INTERIM REPORT



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Corporate Information

DIRECTORS

Executive directors

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

Independent non-executive directors

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

SUPERVISORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGIC DEVELOPMENT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Ms. Ruan Zeyun

AUTHORISED REPRESENTATIVES

Mr. Ruan Hongliang
Ms. Ruan Zeyun

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CORPORATE WEBSITE

www.flatgroup.com.cn

LEGAL ADVISERS AS TO HONG KONG LAW

Morgan, Lewis & Bockius

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

PRINCIPAL BANKERS

Bank of China Limited
China CITIC Bank Corporation Limited
Industrial and Commercial Bank of
China Limited
DBS Bank Limited

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Financial Summary

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating revenue	10,695,995.50	9,678,423.35
Operating costs	8,152,106.51	7,828,002.16
Gross profit	2,543,888.99	1,850,421.19
Total profit	1,712,024.61	1,184,447.15
Income tax expense	211,763.67	99,079.31
Net profit	<u>1,500,260.94</u>	<u>1,085,367.84</u>
	As at	As at
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets	28,587,229.45	26,149,026.24
Current assets	16,102,415.52	16,832,971.75
Current liabilities	9,768,430.10	9,184,979.78
Net current (liabilities) assets	6,333,985.42	7,647,991.97
Total assets less current liabilities	34,921,214.87	33,797,018.21
Net assets	22,543,176.02	22,290,910.45
Share capital	587,831.07	587,831.06
Undistributed profit	10,609,676.67	9,998,276.04
Total equity	<u>22,543,176.02</u>	<u>22,290,910.45</u>

Management Discussion and Analysis

BUSINESS OVERVIEW

Flat Glass Group Co., Ltd. (the “Company”) and its subsidiaries (together with the Company, the “Group”) are principally engaged in the manufacturing and sales of various glass products, including PV glass, float glass, architectural glass and household glass. The production facilities of the Group are strategically located in Jiaxing, Zhejiang Province, Fengyang County, Chuzhou, Anhui Province in the PRC and Haiphong, Vietnam. The Group mainly sells glass products to customers in areas including China, Korea, India, Germany, Turkey, the United States and Southeast Asia.

SHARE SCHEMES OF THE COMPANY

2020 Restricted A Share Incentive Scheme

On 29 June 2020, the shareholders of the Company approved a restricted A share incentive scheme (the “2020 Incentive Scheme”). The principal terms of the 2020 Incentive Scheme are as follows:

a. The purpose of the 2020 Incentive Scheme

For the purpose of further improving the corporate governance structure, establishing and improving the Company’s long-term incentive and restraint mechanism, attracting and retaining senior and middle management and key technical staff, fully mobilizing their enthusiasm, effectively enhancing the cohesion of core team and core competitiveness of the enterprise, bonding the interests of shareholders, the Company and core teams together effectively, enabling all parties to jointly pay attention to the long-term development of the Company and securing the successful achievement of the Company’s long-term development goals and business objectives, and under the premise of fully safeguarding the interests of the shareholders, the 2020 Incentive Scheme is prepared following the principle of reciprocity between revenue and contribution in accordance with the relevant laws, regulations and normative documents including the Company Law of the PRC, the Securities Law of the PRC and the Assessment Management Measures for the Implementation of the Restricted A Share Incentive Scheme for 2020 of the Company, the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), as well as the Articles of Association.

b. The participants of the 2020 Incentive Scheme

The participants of the 2020 Incentive Scheme include the senior and middle management and key technical staff of the Company (including its subsidiaries).

c. The total number of Shares available for issue

6,000,000 restricted A Shares are proposed to be granted under the 2020 Incentive Scheme, representing 0.31% of the Company's total share capital of 1,950,000,000 Shares as at 29 June 2020, including 5,000,000 A Shares under the first grant, representing 0.26% of the Company's total share capital as at 29 June 2020 and 83.33% of the total restricted shares to be granted under the 2020 Incentive Scheme; and 1,000,000 reserved A Shares, representing 0.05% of the Company's total share capital as at 29 June 2020 and 16.67% of the total restricted shares to be granted under the 2020 Incentive Scheme.

There are no shares available for issue under the 2020 Incentive Scheme as at the date of the 2024 interim results announcement.

d. The maximum entitlement of each participant

The total number of A Shares to be granted to any participant under all the fully effective share incentive schemes of the Company shall not exceed 1.00% of the total share capital of the Company.

e. The remaining life of the 2020 Incentive Scheme

The validity period of the 2020 Incentive Scheme shall commence on the grant date and end on the date when all the restricted shares are unlocked or otherwise repurchased and cancelled, which shall not be longer than 72 months. As at 30 June 2024, the remaining life of the first granted shares of the 2020 Incentive Scheme and the reserved granted shares of the 2020 Incentive Scheme shall be 26 months and 35 months, respectively.

Details of the restricted shares granted under the 2020 Incentive Scheme during the six months ended 30 June 2024 are set out below:

Category of participants	Date of grant	Lock-up period	Grant price (RMB)	Number of Restricted Shares					As at 30 June 2024
				As at 1 January 2024	Granted during the period	Attributed during the period	Cancelled during the period	Lapsed during the period	
15 Employees	11 August 2020	Notes 1, 3	6.23 (Note 5)	1,840,000	Nil	Nil	Nil	Nil	1,840,000
3 Employees	25 May 2021	Notes 2, 3	14.23 (Note 6)	420,000	Nil	140,000	Nil	Nil	280,000
Total				2,260,000	Nil	140,000	Nil	Nil	2,120,000
						(Note 4)			

Notes:

- The unlocking arrangement for the restricted shares under the first grant of the 2020 Incentive Scheme is shown in the table below:

Unlocking arrangement	Unlocking Period	Unlocking proportion
First Unlocking Period	Commencing from the first trading day upon the expiry of 12 months from the grant date of the first grant of the restricted shares to the last trading day upon the expiry of 24 months from the grant date of the first grant of the restricted shares	20%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the grant date of the first grant of the restricted shares to the last trading day upon the expiry of 36 months from the grant date of the first grant of the restricted shares	20%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the grant date of the first grant of the restricted shares to the last trading day upon the expiry of 48 months from the grant date of the first grant of the restricted shares	20%
Fourth Unlocking Period	Commencing from the first trading day upon the expiry of 48 months from the grant date of the first grant of the restricted shares to the last trading day upon the expiry of 60 months from the grant date of the first grant of the restricted shares	20%
Fifth Unlocking Period	Commencing from the first trading day upon the expiry of 60 months from the grant date of the first grant of the restricted shares to the last trading day upon the expiry of 72 months from the grant date of the first grant of the restricted shares	20%

2. The unlocking arrangement for the reserved restricted shares is shown in the table below:

Unlocking arrangement	Unlocking Period	Unlocking proportion
First Unlocking Period	Commencing from the first trading day upon the expiry of 12 months from the grant date of the reserved restricted shares to the last trading day upon the expiry of 24 months from the grant date of the reserved restricted shares	20%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the grant date of the reserved restricted shares to the last trading day upon the expiry of 36 months from the grant date of the reserved restricted shares	20%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the grant date of the reserved restricted shares to the last trading day upon the expiry of 48 months from the grant date of the reserved restricted shares	20%
Fourth Unlocking Period	Commencing from the first trading day upon the expiry of 48 months from the grant date of the reserved restricted shares to the last trading day upon the expiry of 60 months from the grant date of the reserved restricted shares	20%
Fifth Unlocking Period	Commencing from the first trading day upon the expiry of 60 months from the grant date of the reserved restricted shares to the last trading day upon the expiry of 72 months from the grant date of the reserved restricted shares	20%

3. For the restricted shares that have not been applied for unlocking or cannot be applied for unlocking due to failure to meet the unlocking conditions during the aforesaid unlocking periods, the Company will repurchase and cancel such restricted shares from relevant participants in accordance with the principles of the 2020 Incentive Scheme. If the unlocking conditions are satisfied, the Company shall handle the unlocking of the restricted shares which satisfied the conditions at its discretion. Please refer to the circular of the Company dated 27 May 2020 for details of the unlocking conditions under the 2020 Incentive Scheme.
4. The weighted average closing price of the shares immediately before the dates on which the restricted shares were vested is RMB23.39.
5. With reference to the relevant requirements under the Management Measures for Share Incentive Scheme Adopted by Listed Companies (上市公司股權激勵管理辦法) issued by the CSRC, the grant price of the restricted shares under the first grant shall not be lower than the par value of the Shares, and shall be the higher of the following:
- (1) 50% of the average trading price of the Shares of the Company for the last trading day immediately preceding the date of the 2020 Incentive Scheme draft, being RMB6.23 per share;
 - (2) 50% of the average trading price of the Shares of the Company for the last 20 trading days immediately preceding the date of the 2020 Incentive Scheme draft, being RMB5.75 per share.

6. Before each grant of the reserved restricted shares, the Company shall hold a meeting of the board of directors (the “Board”) to pass the relevant resolution, and shall disclose an announcement on such grant. With reference to the relevant requirements under the Management Measures for Share Incentive Scheme Adopted by Listed Companies (上市公司股權激勵管理辦法) issued by the CSRC, the grant price of the reserved restricted shares shall not be lower than the par value of the Shares, and shall be the higher of the following:

- (1) 50% of the average trading price of the Shares of the Company for the last trading day immediately preceding the date of Board meeting relating to the grant of the reserved restricted shares;
- (2) 50% of the average trading price of the Shares of the Company for the last 20 trading days immediately preceding the date of Board meeting relating to the grant of the reserved restricted shares.

On 25 May 2021, the Company hold the second meeting of the sixth Board to consider and approve the Proposal on the Reserved Grant of the Restricted A Shares to Participants. Pursuant to which, the Company agreed to grant 700,000 restricted A shares to three participants, at the grant price of RMB 14.23 per share on the grant date of 25 May 2021.

The number of restricted shares available for grant under the 2020 Incentive Scheme at 1 January 2024 and 30 June 2024 is nil and nil, respectively. There is no service provider sublimit under the 2020 Incentive Scheme.

The Remuneration Committee is responsible for drafting and revising the 2020 Incentive Scheme and submitting the same to the Board for consideration. During the six months ended 30 June 2024, the Remuneration Committee reviewed the unlocking applications of the third tranche of 20% of the reserved restricted shares granted under the 2020 Incentive Scheme. Having considered that the unlocking conditions as stipulated under the 2020 Incentive Scheme have been fully satisfied, the Remuneration Committee approved such unlocking arrangement and the shares were fully vested. The Remuneration Committee and the Board are of the view that the arrangement is appropriate considering that the unlocking of the granted restricted shares acts as a means for the Company to reward the grantees’ past contributions to the Group and incentivise the grantees to continuously contribute to the operation, development and long-term growth of the Group, which is in line with the purpose of the 2020 Incentive Scheme.

2021 A Share Option Incentive Scheme

On 17 August 2021, the Company announced the plan to implement an A share option incentive scheme (the “2021 A Share Option Scheme”).

The principal terms of the 2021 A Share Option Scheme are as follows:

a. Purpose of the 2021 A Share Option Scheme

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

b. Eligible participants of the 2021 A Share Option Scheme

Participants of the 2021 A Share Option Scheme are the senior and mid-level management and technical personnel of the Company (including subsidiaries) as at the date of the announcement of the 2021 A Share Option Scheme published on the website of the Shanghai Stock Exchange. The Remuneration Committee prepared a list of eligible scope of the participants of the 2021 A Share Option Scheme and the list was reviewed and confirmed by the Supervisory Committee. None of the participants of the 2021 A Share Option Scheme is a Director or supervisor of the Company.

c. *Total number of Shares available for issue under the 2021 A Share Option Scheme and percentage to the issued share capital*

The number of share options proposed to be granted under the 2021 A Share Option Scheme is 5,947,858, representing approximately 0.28% of the total issued share capital of 2,146,893,254 Shares (excluding treasury shares) as at the date of approval, among which, the first grant of share options consists of 5,353,072 Shares (the “First Grant”), representing approximately 0.25% of the total issued share capital of 2,146,893,254 Shares as at the date of approval 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 as at the date of approval and 10% of the total number of share options under the grant.

The total number of shares available for issue under the 2021 A Share Option Scheme is 4,196,378, being 0.18% of the issued shares as at 30 June 2024.

d. *Maximum entitlement of each participant under the 2021 A Share Option Scheme*

The total number of Shares to be granted under the 2021 A Share Option 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 2021 A Share Option Scheme during the validity period will not exceed 10.00% of the total share capital of the Company when the 2021 A Share Option 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 2021 A Share Option 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 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 under the 2021 A Share Option Scheme, the granted share options are exercisable in five tranches upon expiry of 12 months from the Date of Grant.

f. The amount payable on acceptance of the option and the period within which payments must be made

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

g. The remaining life of the 2021 A Share Option Scheme

The validity period of the 2021 A Share Option Scheme commenced from the grant date of the share options i.e. 19 November 2021 and shall end on the date on which all the share options granted to the participants under the 2021 A Share Option Scheme have been exercised or cancelled, and shall not be longer than 72 months. As at 30 June 2024, the remaining life of the granted share options under the 2021 A Share Option Scheme shall be 41 months.

h. Accounting policy adopted for the share options

The date of the grant is 19 November 2021. On each balance sheet date within the vesting period, the Company shall recognize the relevant assets costs or current expenses for the services acquired during such period and 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 forward 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 (企業會計準則第11號 – 股份支付) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (企業會計準則第22號 – 金融工具確認和計量), the Company uses the Black-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 5 years, 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)

As at 30 June 2024, the details of movement in share options granted under the 2021 A Share Option Scheme are as follows:

Grantees	Date of grant	Exercise price (RMB)	Exercise period and exercisable portion of the share options granted	Vesting schedule of the share options granted	Number of share options					
					Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Mr. Zhu Yuping ^{Note 1}	19 November 2021	43.79 ^{Note 2}	Note 3	Note 4	32,000	Nil	Nil	Nil	Nil	32,000
Other 282 Employees	19 November 2021	43.79 ^{Note 2}	Note 3	Note 4	4,164,378	Nil	Nil	Nil	Nil	4,164,378
Total					<u>4,196,378</u>	-	-	-	-	<u>4,196,378</u>

Notes:

1. Mr. Zhu Yuping (祝宇平) is the son of Mr. Zhu Quanming (祝全明), a supervisor of the Company thus a connected person of the Company.
2. The exercise price under the First Grant of share options is RMB44.02 per share. According to the relevant provisions of the Measures for the Management of Equity Incentives for Listed Companies (《上市公司股权激励管理辦法》) and the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. (《福萊特玻璃集團股份有限公司2021年A股股票期權激勵計劃》), 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 2021 A Share Option 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 2021 A Share Option Scheme, and any adjustment shall not be less than the nominal value of the shares. The Company has paid an interim dividend of RMB0.23 per ordinary share (before tax) for 2022 to all shareholders on 23 November 2022. Therefore, the exercise price shall be adjusted to RMB43.79 per share.
3. Upon the fulfillment of conditions of the exercise of the share options under the 2021 A Share Option Scheme, the share options granted 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 under the 2021 A Share Option Scheme is as follows:

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%

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

The participants of the 2021 A Share Option Scheme may exercise share options upon the expiration of the vesting period. The exercise date must be a trading day within the validity period of the 2021 A Share Option scheme, and shall not fall within the period prohibited from exercising rights of share options by the listing rules of the stock exchange where the Shares are listed.

The number of options available for grant under the 2021 A Share Option Scheme at 1 January 2024 and 30 June 2024 is nil and nil, respectively. There is no service provider sublimit under the 2021 A Share Option Scheme.

As at 30 June 2024, the number of shares that may be issued in respect of options and awards granted under all schemes of the Company divided by the weighted average number of shares in issue (excluding treasury shares) for the year is 0.18%.

INDUSTRY OVERVIEW

Industry Review

Global PV installation demand maintained a steady growth

It is an essential strategy to promote the green and low-carbon transformation of the whole society, and the development of PV industry. In August 2024, the CPC Central Committee and the State Council issued the Guidelines To Ramp Up Green Transition In All Areas Of Economic And Social Development, which reemphasized the importance to vigorously develop non-fossil energy. By 2030, the proportion of non-fossil energy will increase to around 25% of energy consumption. Based on the consistent policies and directions, in the first half of 2024, China's new PV installed capacity reached 102.48GW, representing an increase of 30.7% year-on-year.

China remained the world's largest market for PV installations. In addition, the new PV installations also showed a growth in Europe, the US, India and the Middle East.

Rising trade barriers inhibited short-term demand

Facing intensified competition in PV industry chain in China, major enterprises adopted a going global strategy to distribute the production capacity into Southeast Asia, India, the Middle East, the US and other regions, thereby participating in a more in-depth global collaboration of PV industry chain. In this case, PV products from Southeast Asia became the key objects of the double-reverse investigation by the US. On 14 May 2024, the US announced to raise tariffs on US\$18 billion of imports from China, including an increase in tariffs on PV modules and PV batteries from 25% to 50%. In addition, from 6 June 2024, tariffs were reinstated on solar products from Cambodia, Malaysia, Thailand and Vietnam, and the installations were required to be completed within six months. These trade protection policies caused a reduction in production capacity and even shut-down in Southeast Asia. Undoubtedly, such policies affected PV installation demand in the short term, which in turn affected PV glass demand.

Industry supply chain continued to increase supply

In the first half of 2024, PV industry experienced a series of changes and challenges in China. Overall, the PV industry chain greatly improved production capacity. Specifically, in the first half of the year, the national production of polysilicon, silicon wafers, cells and modules each increased by more than 30% year-on-year. The exports of silicon wafers, cells and modules increased by 34.5%, 32.1% and 19.7% year-on year, respectively.

The past few years saw a rapid growth in demand for PV glass, which was used for modules as necessary auxiliary materials. In 2022, the drive for production expansion of PV glass reached its peak, and the main projects were ignited for implementation. From 2023, the overall growth rate slowed down. However, in the first half of this year, the production capacity continued to increase, the new kilns of PV glass with a daily melting capacity of over 17,000 tons were put into production.

Demand and supply mismatch triggered a price drop and accelerated cold repair

In the PV supply side, the intensified competition caused the production capacity growth exceeding the demand, which triggered an irrational price drop in the industry chain. According to data from the China Photovoltaic Industry Association, in the first half of 2024, polysilicon and silicon wafer prices fell by more than 40%, and cell and module prices fell by more than 15%. PV glass price tumbled after a slight rebound in April and May. Up to now, 2.0mm glass price has fallen by more than 20%. Given the price drop, the profit margins of the whole industry have been severely squeezed.

In line with the narrowing of profit margins, and even some enterprises operating at a loss, PV glass's production capacity, especially the small scale and long useful life production capacity accelerated cold repair. According to statistics, up to now, the industry has cold repaired more than 10,000 tons of production capacity. Meanwhile, taking into account the profitability, approval policies and financing costs, many new investment projects have been terminated or postponed.

Future Prospect

Steadily expand production with continuous cost decreasing and efficiency increasing

As of 30 June 2024, the Group's total production capacity reached 23,000 tons/day, including 2,600 tons/day already finished cold repair. Currently, all of Anhui and Nantong projects in China and overseas project are advancing normally. Subsequently, the time for project implementation will depend on the project construction progress and market situation.

In the Group's existing production lines, large kilns with a capacity of 1,000 tons and above account for more than 90%. Compared to small kilns, large kilns boost their more stable combustion and temperature, lower unit consumption, and increasingly higher rate of finished products. Therefore, on the basis of the existing scale, the Group will independently develop and make breakthroughs in technical bottleneck of large kilns, thereby further reducing costs and strengthening the competitive advantage in the PV glass industry.

In the future, leveraging its customer base as well as advantages in scale, resource and technology, the Company will adhere to sound operation, striving to maintain a leading position in the industry.

Nowadays, while facing various challenges, new supply gradually becomes rational and outdated production capacity gradually becomes obsoleted. After fluctuations and throes in the short term, the PV industry will regain new vitality.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the industry faced great challenges in development in line with intensified competition and cyclical imbalance between supply and demand, due to a substantial increase in the new production capacity of the PV industry as well as the limitation of rapid growth in the demand-side by trade barriers and domestic absorption problems. In this context, the Group recorded a growth in operating income, benefiting from the continuous growth of demand in the PV glass market and the release of new production capacity. For the six months ended 30 June 2024, the amounts of operating revenue of the Group were RMB10,696.0 million, which increased by 10.51% as compared to the same period of 2023 of RMB9,678.4 million. In the first half of the year, the price of PV glass dropped due to the abundant supply in the industry. However, the adverse impact arising from such decrease in the average price of PV glass was offset by the increase in sales, implementation of measures on cost decreasing and efficiency increasing, and the decrease in costs of raw materials and energy. The net profit of the Group for the six months ended 30 June 2024 was RMB1,500.3 million, representing an increase of 38.23% as compared to the same period of 2023 of RMB1,085.4 million.

Revenue

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

Product type	Six months ended 30 June 2024		Six months ended 30 June 2023	
	RMB'000	(%)	RMB'000	(%)
PV glass	9,659,149.14	90.31	8,786,856.98	90.79
Float glass	182,678.03	1.71	171,486.28	1.77
Household glass	145,035.85	1.36	153,739.44	1.59
Architectural glass	237,702.85	2.22	262,976.21	2.72
Mineral products	264,539.55	2.47	272,461.91	2.82
Other business	206,890.07	1.93	30,902.53	0.31
Total	<u>10,695,995.49</u>	<u>100.00</u>	<u>9,678,423.35</u>	<u>100.00</u>

Location	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	RMB'000
Mainland China	8,252,330.12	7,519,092.24
Other countries in Asia (exclude China)	1,845,066.17	1,931,373.41
Europe	74,955.13	117,265.25
North America	514,863.69	102,983.24
Others	8,780.38	7,709.21
Total	<u>10,695,995.49</u>	<u>9,678,423.35</u>

For the six months ended 30 June 2024, the revenue of sales of the Group amounted to RMB10,696.0 million, increased by 10.51% as compared with the same period of 2023 of RMB9,678.4 million. Among them, the revenue of sales of PV glass amounted to RMB9,659.1 million, increased by 9.93% as compared with the same period of 2023 of RMB8,786.9 million, mainly due to the increase in sales volume resulted from the release of new production capacity of PV glass, which was partially offset by the decrease in average sales price. In terms of sales location, for the six months ended 30 June 2024, the sales revenue in Mainland China amounted to RMB8,252.3 million, increased by 9.75% as compared with the same period of 2023 of RMB7,519.1 million; overseas sales revenue amounted to RMB2,443.7 million, increased by 13.17% as compared with the same period of 2023 of RMB2,159.3 million. In the first half of 2024, the increase in overseas sales revenue was higher than sales revenue in Mainland China.

Operating Costs

The operating costs of the Group for the six months ended 30 June 2024 was RMB8,152.1 million, representing an increase of 4.14% as compared to the operating costs of RMB7,828.0 million for the same period of 2023. The increase was mainly due to the increase in sales volume of PV glass, but such increase was partly offset by the decrease in costs of certain raw materials and energy.

Gross Profit And Gross Profit Margin

The gross profit of the Group for the six months ended 30 June 2024 was RMB2,543.9 million, representing an increase of 37.48% from RMB1,850.4 million in the same period of last year. The gross profit margin of the Group for the six months ended 30 June 2024 was 23.78%, representing an increase of 4.66 percentage points from the gross profit margin of 19.12% in the same period of last year. The increase in gross margin was mainly due to the increase in gross margin of PV glass. The main reasons are as follows: 1. the average selling price of PV glass decreased as compared with the same period last year, due to the increase of supply of industry capacity supply and the competition intensified, but such impact was partly offset by the decrease in costs of certain raw materials and energy; 2. the Group is committed to improving the process and efficiency to achieve cost decreasing and benefit increasing, and making up for part of pressure from the rising cost, so as to maintain the industry competitiveness.

On the other hand, in the first half of this year, the sales price of float glass was basically flat compared with the same period of last year, but the average costs of raw materials and energy decreased. Therefore, the overall gross profits increased to a certain extent as the gross profits of float glass turned from negative to positive in the first half of this year.

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

Production type	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Gross profit RMB'000	Gross profit margin (%)	Gross profit RMB'000	Gross profit margin (%)
PV glass	2,386,120.90	24.70	1,758,944.10	20.02
Float glass	3,913.03	2.14	-44,938.19	-26.21
Household glass	19,266.79	13.28	11,726.28	7.63
Architectural glass	20,466.68	8.61	19,657.80	7.48
Mineral products	52,230.79	19.74	80,080.42	29.39
Other business	61,890.80	29.91	24,950.78	80.74
Total	<u>2,543,888.99</u>	<u>23.78</u>	<u>1,850,421.19</u>	<u>19.12</u>

Sales Expenses

For the six months ended 30 June 2024, the sales expenses amounted to RMB37.1 million, representing a decrease of 9.84% from RMB41.2 million for the six months ended 30 June 2023. The decrease was mainly due to the impact of increase in sales volume of PV glass, which was offset by the improvement in the utilization efficiency of iron pallets of the Group.

Administrative Expenses

For the six months ended 30 June 2024, the administrative expenses of the Group were RMB146.6 million, representing an increase of 21.61% from RMB120.5 million for the six months ended 30 June 2023. The increase was mainly due to the increase in administration related expenses as a result of the rapid development of the Group.

Research And Development Costs

For the six months ended 30 June 2024, the research and development costs of the Group were RMB325.8 million, representing an increase of 13.70% from RMB286.5 million for the six months ended 30 June 2023. The increase was mainly due to the increase of research and development projects, including the self-developed equipment to optimize production processes and ultra-thin, ultra-transparent, aesthetic glass and other technologies.

Financial Costs

For the six months ended 30 June 2024, the financial costs of the Group amounted to RMB187.2 million, representing an increase of 19.58% from RMB156.5 million for the six months ended 30 June 2023. The increase was mainly due to the decrease in exchange gain.

Income Tax Expense

For the six months ended 30 June 2024, the income tax expenses of the Group amounted to RMB211.8 million, representing an increase of 113.73% from RMB99.1 million for the six months ended 30 June 2023. The increase was mainly due to the increase in total profits and the decrease in preferential tax policies for subsidiaries.

EBITDA And Net Profit

For the six months ended 30 June 2024, the EBITDA of the Group (earnings before interests, taxes, depreciation and amortization) increased by RMB724.6 million from RMB2,287.8 million for the six months ended 30 June 2023 to RMB3,012.4 million. The Group's EBITDA margin was 28.16% for the six months ended 30 June 2024 as compared with 23.64% for the same period of 2023.

For the six months ended 30 June 2024, the net profit increased by RMB414.9million from RMB1,085.4 million for the same period of 2023 to RMB1,500.3 million.

Assets And Equity

As at 30 June 2024, the total assets amounted to RMB44,689.6 million, which increased by RMB1,707.6 million, or 3.97% from RMB42,982.0 million as at 31 December 2023. As at 30 June 2024, the shareholders' equity amounted to RMB22,543.2 million, which increased by RMB252.3 million, or 1.13% from RMB22,290.9 million as at 31 December 2023.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2024, the current ratio was 1.65 as compared with 1.83 as at 31 December 2023.

For the six months ended 30 June 2024, the Group's main sources of funding were cash from operating activities and credit financing provided by banks.

ASSET-LIABILITY RATIO

As at 30 June 2024, the Group's asset-liability ratio (asset-liability ratio equals to total debt divided by total asset as of the end of the year or period multiplied by 100%) was 49.56%, increased by 1.42 percentage as compared to 48.14% as at 31 December 2023.

CAPITAL EXPENDITURES

As at 30 June 2024, total capital expenditures of the Group amounted to approximately RMB2,612.1 million (as at 30 June 2023: RMB1,706.6 million), involving the purchase of fixed assets, construction in progress and intangible assets for PV glass projects.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group employed a total of 8,787 employees and most of them were based in the PRC, with a total employee remuneration amounting to RMB481.2 million for the six months ended 30 June 2024, representing 4.50% of the Group's operating revenue for the same period.

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

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

CREDIT RISK AND FOREIGN EXCHANGE RISK

Transactions of the Group are mainly settled in RMB, United States dollars, Hong Kong dollars, Vietnam Dong and Japanese yen, whereas, the Group's operating activities are mainly located in the PRC. Bank financing of the Group was settled in RMB and United States dollars for the six months ended 30 June 2024 with annual interest rates ranging from 1.85% to 6.88%. As the Group's trading currency of global certain sales, procurement and financing are not in the RMB but in foreign currencies, the Group is exposed to foreign exchange risk. For the six months ended 30 June 2024, such risks did not have any material impact on the financial performance of the Group.

CAPITAL STRUCTURE

As at 30 June 2024, the Company issued a total of 2,351,324,281 Shares, comprising of 1,901,324,281 A Shares (8,250,600 A Shares were held as treasury shares) and 450,000,000 H Shares.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no significant investments held as at 30 June 2024, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of the 2024 interim results announcement.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions in the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules on the Hong Kong Stock Exchange during the period from 1 January 2024 to 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the directors (the “**Directors**”) and supervisors of the Company. Directors and supervisors of the Company are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Group, all of the Directors and supervisors of the Company have confirmed that they had complied with the required standard set out in the Model Code throughout the period from 1 January 2024 to 30 June 2024.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2024, the interests and short positions of Directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short position which the Directors, supervisors or the chief executive were taken or deemed to have under such provisions) and the Model Code contained in the Listing Rules, were as follows:

Shareholder	Number of shares held	Class	Nature of interest	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Directors					
Mr. Ruan Hongliang ⁽³⁾	1,083,445,543 (L)	A shares	Beneficial owner and parties acting in concert	56.98%	46.08%
	38,610,682 (S)	A shares		2.03%	1.64%
	2,799,000 (L)	H shares		0.62%	0.12%
Ms. Jiang Jinhua ⁽³⁾	1,083,445,543 (L)	A shares	Beneficial owner and parties acting in concert	56.98%	46.08%
	38,610,682 (S)	A shares		2.03%	1.64%
	2,799,000 (L)	H shares		0.62%	0.12%
Ms. Ruan Zeyun ⁽³⁾	1,083,445,543 (L)	A shares	Beneficial owner and parties acting in concert	56.98%	46.08%
	38,610,682 (S)	A shares		2.03%	1.64%
	2,799,000 (L)	H shares		0.62%	0.12%
Mr. Wei Yezhong	15,600,600 (L)	A shares	Beneficial owner	0.82%	0.66%
Mr. Shen Qifu	10,400,400 (L)	A shares	Beneficial owner	0.55%	0.44%
Supervisors					
Mr. Zheng Wenrong	76,328,569 (L)	A shares	Beneficial owner	4.01%	3.25%
Mr. Shen Fuquan	31,201,200 (L)	A shares	Beneficial owner	1.64%	1.33%
Mr. Zhu Quanming	25,701,200 (L)	A shares	Beneficial owner	1.35%	1.09%
	5,500,000 (S)	A shares	Beneficial owner	0.29%	0.23%

Notes:

- (1) The calculation is based on the total number of 1,901,324,281 A Shares or 450,000,000 H Shares of the Company in issue as at 30 June 2024.
- (2) The calculation is based on the total number of 1,901,324,281 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,351,324,281 Shares) in issue as at 30 June 2024.
- (3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 30 June 2024, Mr. Ruan Hongliang owns 404,031,943 A Shares and 485,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares and 111,000 H Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares and 2,203,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. As at 30 June 2024, Mr. Ruan Hongliang also has 35,650,000 A Shares pledged to lenders other than qualified lenders as security.

As at 30 June 2024, Mr. Ruan Hongliang owns 1,386,600 A share convertible bonds, which is convertible into 3,284,225 A shares. Among such convertible bonds, Mr. Ruan Hongliang had pledged 1,250,000 A share convertible bonds to lenders other than qualified lenders as security for certain borrowings, which is convertible into 2,960,682 A shares, respectively.

Pursuant to a concert party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei, each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei is considered to be interested in 1,083,445,543 (long positions) A Shares, 38,610,682 (short positions) A Shares and 2,799,000 H Shares under the SFO.

Save as disclosed above, as at 30 June 2024, to the knowledge of the Company, none of the Directors, supervisors and the chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the shares or the underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, 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 ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Mr. Zhao Xiaofei ⁽³⁾	1,083,445,543 (L)	A Shares	Beneficial owner and parties acting in concert	56.98%	46.08%
	38,610,682 (S)	A Shares		2.03%	1.64%
	2,799,000 (L)	H Shares		0.62%	0.12%
JPMorgan Chase & Co. ⁽⁴⁾	41,236,795 (L)	H Shares	Interest of controlled corporation, investment manager, security interest in shares and approved lending agent	9.16%	1.75%
	11,086,006 (S)			2.46%	0.47%
	5,929,772 (P)			1.31%	0.25%
BlackRock, Inc. ⁽⁵⁾	32,628,827 (L)	H Shares	Interest of controlled corporation	7.25%	1.39%
	2,906,000 (S)			0.65%	0.12%
Pacific Asset Management Co., Ltd.	31,525,000 (L)	H Shares	Investment manager	7.01%	1.34%
Shanghai Greenwoods Asset Management Company Limited ⁽⁶⁾	27,042,000 (L)	H Shares	Investment manager	6.01%	1.15%
Xizang Jingning Corporate Management Company Limited ⁽⁶⁾	27,042,000 (L)	H Shares	Interest of controlled corporation	6.01%	1.15%
CICC Pucheng Investment Co., Ltd.	23,870,000 (L)	H Shares	Beneficial owner	5.30%	1.02%
China International Capital Corporation Limited ⁽⁷⁾	22,573,000 (L)	H Shares	Interest of controlled corporation	5.02%	0.96%
UBS Group AG ⁽⁸⁾	22,534,807 (L)	H Shares	Interest of controlled corporation	5.01%	0.96%

Notes:

- (1) The calculation is based on the total number of 1,901,324,281 A Shares or 450,000,000 H Shares of the Company in issue as at 30 June 2024.
- (2) The calculation is based on the total number of 1,901,324,281 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,351,324,281 Shares) in issue as at 30 June 2024.
- (3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 30 June 2024, Mr. Ruan Hongliang owns 404,031,943 A Shares and 485,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares and 111,000 H Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares and 2,203,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. As at 30 June 2024, Mr. Ruan Hongliang also has 35,650,000 A Shares pledged to lenders other than qualified lenders as security.

As at 30 June 2024, Mr. Ruan Hongliang owns 1,386,600 A share convertible bonds, which is convertible into 3,284,225 A shares. Among such convertible bonds, Mr. Ruan Hongliang had pledged 1,250,000 A share convertible bonds to lenders other than qualified lenders as security for certain borrowings, which is convertible into 2,960,682 A shares, respectively.

Pursuant to a concert party agreement dated 19 September 2016 entered into among Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei, each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei is considered to be interested in 1,083,445,543 (long positions) A Shares, 38,610,682 (short positions) A Shares and 2,799,000 H Shares under the SFO.

- (4) JPMorgan Chase & Co. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (physical settlement: 276,536 shares (short positions); cash settlement: 4,362,225 shares (long positions) and 1,495,000 shares (short positions)).
- (5) BlackRock, Inc. indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 684,000 shares (long positions) and 2,906,000 shares (short positions)).
- (6) Xizang Jingning Corporate Management Company Limited held 100% equity interest in Shanghai Greenwoods Asset Management Company Limited.
- (7) China International Capital Corporation Limited indirectly held relevant interests through a series of its controlled corporations.
- (8) 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: 446,000 shares (long positions)).

Save as disclosed above, as at 30 June 2024, so far as is known to the Directors, there is no other person (other than 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 Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

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

1. Repurchase H Shares

Reference is made to the announcements of the Company dated 30 October 2023 and 26 March 2024 in relation to proposed general mandate (the “H Share Repurchase Mandates”) to repurchase H shares and the circulars dated 4 December 2023 and 23 May 2024, to stabilize investors’ investment expectations, safeguard their general interests and strengthen their confidence in investing in the Company, taking into account its financial position and operation condition, the Company proposes to repurchase a portion of its H Shares for the purpose of boosting confidence for corporate growth, protecting share prices and practically enhancing the investment return of the shareholders of the Company. The Board is of the view that the flexibility afforded by the H Share Repurchase Mandates would be beneficial to and in the best interest of the Company and its shareholders. The relevant resolutions had been passed at the general meeting and the class meetings of the Company held on 22 December 2023 and 17 June 2024 respectively.

The Company bought back a total of 8,285,000 H Shares on the Hong Kong Stock Exchange during the six months ended 30 June 2024. Details of share purchases are as follows:

Date	Number of Shares bought back	Buy-back price per Share (HKD)		Total consideration (HKD)
		Highest	Lowest	
22 January 2024	1,990,000	15.24	14.62	29,789,120
25 January 2024	4,260,000	14.56	13.66	59,674,020
8 May 2024	715,000	17.98	17.88	12,835,340
6 June 2024	<u>1,320,000</u>	15.20	15.04	<u>19,993,260</u>
Total	<u>8,285,000</u>			<u>122,291,740</u>

On 5 August 2024, the repurchased H Shares were cancelled.

2. Repurchase A Shares

Reference is made to the announcement of the Company dated 23 February 2024 in relation to the repurchase plan of part of A shares by way of centralised price bidding. Based on the Company's confidence in its future sustainable development and recognition of the Company's value, and with the aim to safeguard the interests of general investors and enhance investors' confidence in the Company, while improving the Company's long-term incentive mechanism and promoting the long-term and sustainable development of the Company, it is proposed that the Company repurchase part of the Company's A shares with its own funds through the trading system of the Shanghai Stock Exchange by way of centralised price bidding, and use part of the repurchased A shares as and when appropriate in the future for the purpose of share incentive or employee stock ownership scheme.

The Company bought back a total of 8,250,600 A Shares on the Shanghai Stock Exchange during the six months ended 30 June 2024. Details of share purchases are as follows:

Date	Number of Shares bought back	Buy-back price per Share (RMB)		Total consideration (RMB)
		Highest	Lowest	
8 May 2024	957,900	26.25	25.94	24,998,095
15 May 2024	1,166,800	25.80	25.50	29,997,544
17 May 2024	1,236,100	24.50	23.94	29,996,642
27 May 2024	1,000,100	24.27	24.00	24,146,100
4 June 2024	190,000	24.50	24.24	4,633,464
6 June 2024	868,300	24.39	24.12	21,039,986
7 June 2024	1,274,300	23.81	23.34	29,998,105
17 June 2024	687,600	22.96	22.36	15,724,265
18 June 2024	869,500	22.95	22.74	19,866,148
Total	<u>8,250,600</u>			<u>200,400,349</u>

Save as disclosed in this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

ISSUANCE OF EQUITY SECURITIES AND USE OF PROCEEDS

1. Issuance of A Share Convertible Bonds

To further expand the capacity and maintain the leading technology and scale advantage of the Company's core product PV glass, while enhancing the financial strength and meet the working capital requirements of the Company, the Company proposed to issue A share convertible corporate bonds in the PRC, with total proceeds of no more than RMB4 billion. The relevant resolution was approved at the Board meeting held on 16 June 2021, and was approved at the 2021 second extraordinary general meeting, the 2021 second A share class meeting and the 2021 second H shareholders class meeting of the Company on 20 August 2021. On 16 June 2021, the announcement in relation to the issuance of A shares convertible bonds was published on the website of the Hong Kong Stock Exchange and the closing price of A share on that day was RMB29.53 per share. The target investors of the A share convertible bonds are natural persons, legal persons, securities investment funds and other investors who meet the requirements under the laws, and who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (except those prohibited by the state laws and regulations in the PRC). It was reported to the CSRC on 8 November 2021 and it was approved by CSRC in March 2022. The issuance of A share convertible bonds was completed in May 2022. The A share convertible bonds under this issuance were with a nominal value of RMB100 and were issued at par. The Company completed the issue of 40 million convertible bonds. The subscription funds for the A share convertible bonds under this issuance totaled RMB4,000,000,000.00. After deducting the issuance fee of RMB23,078,799.67, the net funds raised were RMB3,976,921,200.33. As of 30 June 2024, a total of RMB76,000 convertible bonds has been converted into 1,726 A Shares of the Company.

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB3,976.92 million. As at 30 June 2024, the use of such proceeds were as follows:

Use for	Percentage of net proceeds	Amount of net proceeds (RMB'0,000)	Amount utilized (RMB'0,000)	Amount unutilized (RMB'0,000)
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	48.91%	194,500.00	137,937.86	56,562.14
Distributed PV power generation construction project	15.97%	63,492.12	27,105.90	36,386.22
Annual production of 15 million square meters of solar PV ultra-white glass technical transformation project	4.95%	19,700.00	18,946.05	753.95
Working capital	30.17%	120,000.00	120,000.00	-
Total	100%	397,692.12	303,989.91	93,702.31

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

2. Issuance of A Shares to Specific Subscribers

In order to further increase the Company's capacity scale, meet the growing market demand of the photovoltaic industry, provide customers with better quality products and efficient and timely services, further improve the company's comprehensive competitive strength, and consolidate and enhance the company's market position, on 1 June 2022, the Board approved the proposed Issuance of A Shares to Specific Subscribers which was then approved by shareholders of the Company at the 2022 first extraordinary general meeting, the 2022 first A share class meeting and the 2022 first H share class meeting held on 29 July 2022. In November 2022, the Company received the "Approval in Relation to the Non-public Issuance of Shares by Flat Glass Group Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2742)" (《關於核准福萊特玻璃集團股份有限公司非公開發行股票的批覆》(證監許可[2022]2742號)) from the CSRC, which approved the Company's proposed non-public issuance of not more than 509,068,000 new A Shares. The proposed extension of the validity period of the resolution relating to the Issuance of A Shares to Specific Subscribers and the proposed extension of the validity period of the mandate to the Board to deal with matters relating to the Issuance of A Shares to Specific Subscribers were approved by shareholders at the 2023 first extraordinary general meeting, the 2023 first A share class meeting and the 2023 first H share class meeting held on 24 July 2023. 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 1 August 2023, the Company completed the Issuance of A Shares to Specific Subscribers with the issuance of 204,429,301 A Shares in total at issue price of RMB29.35 per share. The total proceeds from the Issuance of A Shares to Specific Subscribers is RMB5,999,999,984.35. After deducting the underwriting fee and other issuance fee (excluding value-added tax) of RMB34,592,837.65, the net funds raised were RMB5,965,407,146.70. On 1 June 2022, the announcement relating to the Issuance of A Shares to Specific Subscribers was published on the website of Hong Kong Stock Exchange and the closing price of A Share on that day was RMB42.51 per share. The target subscribers including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the relevant requirements of the CSRC and other corporate bodies, individuals or other institutional investors which satisfy the relevant requirements of the relevant laws and regulations.

The total net proceeds from the Issuance of A Shares to Specific Subscribers amounted to approximately RMB5,965,407,146.70. As at 30 June 2024, the use of such proceeds were as follows:

Project		Percentage of proceeds	Amount of net proceeds (RMB'0,000)	Amount utilized (RMB'0,000)	Amount unutilized (RMB'0,000)
Annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project	Annual production of 750,000 tons of new energy equipment high-transparent panel manufacturing project	32.353%	193,000.00 ^{note-2}	183,505.18	9,494.82
	Annual production of 1,200,000 tons of new energy equipment high-transparent panel manufacturing project				
Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project		37.473%	223,540.71 ^{note 1, 3}	180,084.43	43,456.28
Working capital		30.174%	180,000.00 ^{note-4}	180,000.00	-
Total		100%	596,540.71	543,589.61	52,951.10

Notes:

1. This project will be implemented in phases, and such proceeds from the Issuance of A Shares to Specific Subscribers will be used for the first phase of the project.
2. The proceeds of the Issuance of A Shares to Specific Subscribers will be utilized according to its progress and the amount unutilized is expected to be fully utilized by 31 December 2024.
3. The proceeds of the Issuance of A Shares to Specific Subscribers will be utilized according to its progress, and the amount unutilized is expected to be fully utilized by 30 June 2025.

4. The proceeds of the Issuance of A Shares to Specific Subscribers will be used to return bank loans and for general business operation. As at 31 December 2023, the proceeds have been used up.

As at the date of the 2024 interim results announcement, the directors confirm that the proceeds are proposed to be used according to the intentions previously disclosed.

TAXATION

Holders of A shares

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

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

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

For non-resident enterprise shareholders of A shares except the above-mentioned QFII, listed companies shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Tentative Measures for Administration of Withholding at the Source of Income Tax of Non-resident Enterprises (Guo Shui Fa [2009] No. 3) (《非居民企業所得稅源泉扣繳管理暫行辦法》(國稅發[2009]3號)) and the Response of the State Administration of Taxation Concerning Questions on Enterprise Income Tax over Dividend of B-shares and Other shares Received by Non-resident Enterprises (Guo Shui Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)). Non-resident enterprise shareholders entitled to preferential tax treatment shall make registration in accordance with the relevant provisions of the tax treaties.

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

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

Holders of H shares

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

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

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

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

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

DIVIDENDS

For the six months ended 30 June 2024, the Board recommended an ordinary interim dividend of RMB0.13 per share (before tax) and is subject to the approval by an extraordinary general meeting of shareholders of the Company (“the EGM”) to be convened. As the date of the EGM is yet to be set, the Company will announce in due course the details of the dates of closure of register of members, the record date and the payment date in a separate announcement.

Dividends on A Shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People’s Bank of China during the five business days prior to the date of the EGM.

REVIEW OF THE INTERIM REPORT BY THE AUDIT COMMITTEE OF THE COMPANY

The Company’s interim report for the six months ended 30 June 2024 is unaudited, but has been reviewed by the Company’s audit committee, comprising its three independent non-executive Directors.

Consolidated Balance Sheet

RMB

Items	Note (V)	30 June 2024	31 December 2023
Current assets:			
Cash at bank and on hand	1	5,607,129,980.23	6,616,387,667.80
Trading financial assets	2	230,013,187.05	230,000,000.00
Derivative financial assets	3	–	623,194.84
Bills receivables	4	1,818,806,328.71	1,593,420,392.78
Trade receivables	5	3,458,132,591.45	3,685,519,572.47
Financing receivables	6	2,060,807,380.16	2,006,375,691.99
Advance payment	7	214,206,735.06	334,679,147.36
Other receivables	8	190,719,713.66	110,981,841.18
Inventories	9	2,135,251,646.63	2,001,439,456.08
Other current assets	10	387,347,957.96	253,544,780.77
Total current assets		16,102,415,520.91	16,832,971,745.27
Non-current assets:			
Long-term equity investments	11	104,112,246.89	100,912,760.44
Investment properties	12	499,529,235.08	512,316,310.04
Fixed assets	13	15,803,940,524.33	15,114,905,877.20
Construction in progress	14	2,757,293,905.16	1,755,993,807.38
Right-of-use asset	15	894,633,297.78	772,995,833.34
Intangible assets	16	6,485,147,542.76	3,279,561,250.53
Long-term prepaid expenses	17	141,476,508.34	80,715,862.63
Deferred tax assets	18	268,454,431.48	219,705,261.03
Other non-current assets	19	1,632,641,760.60	4,311,919,275.66
Total non-current assets		28,587,229,452.42	26,149,026,238.25
Total assets		44,689,644,973.33	42,981,997,983.52

RMB

Items	Note (V)	30 June 2024	31 December 2023
Current liabilities:			
Short-term borrowings	20	1,317,052,694.24	1,913,771,731.03
Derivative financial liabilities	21	–	1,756,309.49
Bills payables	22	777,669,128.87	914,048,358.15
Trade payables	23	4,789,202,121.26	4,520,361,509.42
Contract liabilities	24	75,317,801.83	129,107,796.79
Payroll payable	25	84,897,298.89	105,339,978.73
Tax payable	26	175,395,485.51	200,138,915.37
Other payables	27	1,050,435,548.35	134,808,907.90
Including: Interests payable		20,724,271.06	30,801,288.06
Dividends payable		888,591,018.78	1,371,320.00
Non-current liabilities due within one year	28	1,490,631,032.13	1,253,366,988.69
Other current liabilities	29	7,828,991.84	12,279,287.63
Total current liabilities		9,768,430,102.92	9,184,979,783.20
Non-current liabilities:			
Long-term borrowings	30	7,261,195,966.40	6,655,130,751.81
Bonds payables	31	3,838,093,106.45	3,755,915,215.98
Lease liabilities	32	665,006,694.38	538,240,698.05
Long-term payables	34	95,976,999.10	93,846,651.81
Estimated liabilities	35	5,325,734.05	5,098,771.16
Deferred income	33	50,682,197.81	56,476,018.31
Deferred tax liabilities	18	461,758,152.77	401,399,642.04
Total non-current liabilities		12,378,038,850.96	11,506,107,749.16
Total liabilities		22,146,468,953.88	20,691,087,532.36

RMB

Items	Note (V)	30 June 2024	31 December 2023
Shareholders' equity			
Share capital	36	587,831,070.25	587,831,058.75
Other equity instruments	37	491,726,171.57	491,726,417.43
Capital reserve	38	10,804,208,452.55	10,798,133,395.26
Less: Treasury stock	39	325,548,182.40	15,986,520.00
Other comprehensive income	40	-58,699,890.61	11,349,243.83
Special reserve	41	62,589,519.26	49,829,227.15
Surplus reserve	42	293,915,529.38	293,915,529.38
Undistributed profit	43	10,609,676,668.83	9,998,276,039.62
Total equity attributable to shareholders of the parent company		<u>22,465,699,338.83</u>	<u>22,215,074,391.42</u>
Minority interests		<u>77,476,680.62</u>	<u>75,836,059.74</u>
Total shareholders' equity		<u>22,543,176,019.45</u>	<u>22,290,910,451.16</u>
Total liabilities and shareholders' equity		<u>44,689,644,973.33</u>	<u>42,981,997,983.52</u>

Balance Sheet of the Parent Company

RMB

Items	Note (XIV)	30 June 2024	31 December 2023
Current assets:			
Cash at bank and on hand		2,101,251,884.49	1,485,105,826.03
Trading financial assets		230,013,187.05	230,000,000.00
Derivative financial assets		–	617,987.00
Bills receivable		428,777,755.94	348,795,993.84
Trade receivables	1	748,152,206.43	996,978,753.08
Financing receivables		503,934,716.48	643,668,950.76
Advance payment		66,777,716.63	221,651,498.95
Other receivables	2	3,814,237,648.37	5,061,996,708.25
Inventories		395,621,333.91	385,726,062.73
Other current assets		25,841,429.66	–
Total current assets		8,314,607,878.96	9,374,541,780.64
Non-current assets:			
Long-term equity investments	3	3,515,184,480.21	1,851,859,972.86
Investment properties		484,305,680.05	496,377,019.81
Fixed assets		2,768,175,544.02	2,924,367,294.96
Construction in progress		182,768,612.94	149,964,701.84
Intangible assets		371,453,198.33	377,831,014.85
Long-term prepaid expenses		56,505,521.10	42,680,760.28
Other non-current assets		9,126,375,884.55	9,468,334,160.72
Total non-current assets		16,504,768,921.20	15,311,414,925.32
Total assets		24,819,376,800.16	24,685,956,705.96

RMB

Items	Note (XIV)	30 June 2024	31 December 2023
Current liabilities:			
Short-term borrowings		446,634,000.00	842,634,429.29
Derivative financial liabilities		–	1,487,532.00
Bills payables		37,424,136.26	29,047,323.68
Trade payables		876,070,657.61	701,544,721.10
Contract liabilities		12,256,430.45	120,714,229.28
Payroll payable		32,721,934.69	42,034,799.03
Tax payable		16,441,149.37	36,727,025.23
Other payables		1,745,442,981.99	1,086,523,404.71
Including: Interest payable		7,690,568.36	15,362,664.29
Dividends payable		888,591,018.78	1,371,320.00
Non-current liabilities due within one year		703,800,000.00	292,800,000.00
Other current liabilities		1,563,703.32	10,386,758.49
Total current liabilities		<u>3,872,354,993.69</u>	<u>3,163,900,222.81</u>
Non-current liabilities:			
Long-term borrowings		2,959,855,300.90	3,137,200,000.00
Bonds payables		3,838,093,106.45	3,755,915,215.98
Deferred income		12,975,603.82	14,894,289.70
Deferred income tax liability		53,596,436.85	63,323,814.92
Total non-current liabilities		<u>6,864,520,448.02</u>	<u>6,971,333,320.60</u>
Total liabilities		<u>10,736,875,441.71</u>	<u>10,135,233,543.41</u>

RMB

Items	Note (XIV)	30 June 2024	31 December 2023
Shareholders' equity:			
Share capital		587,831,070.25	587,831,058.75
Other equity instruments		491,726,171.57	491,726,417.43
Capital reserve		10,804,208,452.55	10,798,133,395.26
Less: Treasury stock		325,548,182.40	15,986,520.00
Other comprehensive income		-2,150,401.51	-4,968,086.42
Surplus reserve		293,915,529.38	293,915,529.38
Undistributed profit		2,232,518,718.61	2,400,071,368.15
Total shareholders' equity		14,082,501,358.45	14,550,723,162.55
Total liabilities and shareholders' equity		24,819,376,800.16	24,685,956,705.96

Consolidated Income Statements

RMB

Items	Note (V)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
I. Operating revenue		10,695,995,497.44	9,678,423,349.74
Including: Operating revenue	44	10,695,995,497.44	9,678,423,349.74
II. Operating costs		8,958,995,700.08	8,517,769,516.48
Including: Operating costs	44	8,152,106,505.23	7,828,002,160.09
Taxes and surcharges	45	110,166,378.18	84,960,558.56
Selling expenses	46	37,144,805.94	41,199,585.98
General and administrative expenses	47	146,576,187.90	120,524,957.28
Research and development expenses	48	325,805,907.04	286,539,318.55
Financial expenses	49	187,195,915.79	156,542,936.02
Including: Interest expenses		268,449,034.52	248,289,348.87
Interest income		60,847,569.88	31,712,351.86
Add: Other income	50	64,235,439.66	27,715,344.53
Investment income	51	15,074,051.36	12,019,302.67
Including: Gains on investment in associates and joint ventures		5,699,486.45	13,425,717.67
Profit arising from changes in fair value		-48,505.41	-398,640.66
Credit impairment loss	52	-1,291,228.78	-906,628.62
Asset impairment loss	53	-93,038,141.87	-15,019,996.98
Gains on disposal of assets	54	-9,815,832.35	-81,426.03
III. Operating profit		1,712,115,579.97	1,183,981,788.17
Add: Non-operating income	55	2,046,408.05	1,376,967.75
Less: Non-operating expenses	56	2,137,373.79	911,601.21

RMB

Items	Note (V)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
IV. Total profit		1,712,024,614.23	1,184,447,154.71
Less: Income tax expense	57	211,763,665.36	99,079,305.34
V. Net profit		1,500,260,948.87	1,085,367,849.37
(I) Classified on a going concern basis			
1. Net profit from continuing operation		1,500,260,948.87	1,085,367,849.37
(II) Classified by attribution of the ownership			
1. Net profit attributable to shareholders of the parent company		1,498,620,327.99	1,084,877,855.00
2. Profit or loss attributable to minority interests		1,640,620.88	489,994.37
VI. Other comprehensive income, net of tax		-70,049,134.44	42,142,116.96
(I) Other comprehensive income, net of tax attributable to the owner of parent company		-70,049,134.44	42,142,116.96
1. Other comprehensive income that will be reclassified to profit or loss		-70,049,134.44	42,142,116.96
(1) Changes in fair value of financing receivables		5,010,776.93	-8,135,918.85
(2) Exchange differences on foreign currency financial statements translation		-75,059,911.37	50,278,035.81

RMB

Items	Note (V)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
VII. Total comprehensive income		1,430,211,814.43	1,127,509,966.33
(I) Attributable to the shareholders of the parent company		1,428,571,193.55	1,127,019,971.96
(II) Attributable to the minority interests		1,640,620.88	489,994.37
VIII. Earnings per share			
(I) Basic earnings per share		0.64	0.51
(II) Diluted earnings per share		0.64	0.51

For the business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was RMB0, and the net profit recognized by the merged party in the previous period was RMB0.

Income Statements of the Parent Company

RMB

Items	Note (XIV)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
I. Operating revenue	4	2,282,090,139.41	2,574,352,580.32
Less: Operating costs	4	1,879,357,303.83	2,180,762,674.83
Taxes and surcharges		27,096,127.88	9,050,025.08
Selling expenses		16,085,651.67	13,482,154.26
General and administrative expenses		69,105,739.29	57,223,963.12
Research and development expenses		84,690,185.47	107,582,866.56
Financial expenses		119,061,882.79	110,484,071.95
Including: Interest expenses		145,855,626.80	182,422,799.62
Interest income		16,589,584.40	16,366,863.41
Add: Other income		18,751,311.31	5,753,339.59
Investment income	5	660,985,557.93	5,512,034.17
Including: Gains on investment in associates and joint ventures		1,914,490.25	5,512,034.17
Gains from changes in fair value		-48,505.41	—
Credit impairment loss		17,545,641.46	4,018,894.97
Asset impairment loss		-43,450,542.58	-6,204,239.42
Gains on disposal of assets		-8,626,410.61	-100,504.15
II. Operating profit		731,850,300.58	104,746,349.68
Add: Non-operating income		511,691.30	90,578.14
Less: Non-operating expenses		866,696.26	—

RMB

Items	Note (XIV)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
III. Total profit		731,495,295.62	104,836,927.82
Less: Income tax expenses		11,828,246.38	9,897,635.50
IV. Net profit		719,667,049.24	94,939,292.32
(I) Net profit from continuing operation		719,667,049.24	94,939,292.32
V. Other comprehensive income, net of tax		2,817,684.91	-2,773,041.47
(I) Other comprehensive income that will be reclassified to profit or loss		2,817,684.91	-2,773,041.47
1. Changes in fair value of receivables financing		2,817,684.91	-2,773,041.47
VI. Total comprehensive income		<u>722,484,734.15</u>	<u>92,166,250.85</u>

Consolidated Statements of Cash Flow

RMB

Items	Note (V)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		6,542,158,315.89	4,433,746,077.34
Cash received from refunds of taxes		100,693,833.10	193,600,120.14
Cash received relating to other operating activities	58(1)	92,743,661.73	70,060,219.16
Subtotal of cash inflows		6,735,595,810.72	4,697,406,416.64
Cash paid for goods and services		3,706,426,697.26	4,511,418,989.23
Cash paid to and on behalf of employee		501,641,883.99	449,642,476.01
Cash paid for payments of taxes and surcharges		438,103,052.66	290,924,977.37
Cash paid relating to other operating activities	58(2)	343,558,706.07	290,770,140.14
Subtotal of cash outflows		4,989,730,339.98	5,542,756,582.75
Net cash flow from operating activities		1,745,865,470.74	-845,350,166.11
II. Cash flow from investing activities:			
Cash received from disposal of investments		330,000,000.00	—
Cash received from returns on investments		10,692,944.85	396,585.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,562,771.49	25,012,501.41
Cash received relating to other investing activities	58(3)	24,841,326.06	82,663,360.93
Subtotal of cash inflows		372,097,042.40	108,072,447.34
Cash paid to purchase fixed assets, intangible assets and other long-term assets		2,612,133,101.56	1,706,607,448.63
Cash paid relating to investment		330,000,000.00	—
Cash paid relating to other investing activities	58(4)	82,698,308.82	75,515,646.37
Subtotal of cash outflows		3,024,831,410.38	1,782,123,095.00
Net cash flow from investing activities		-2,652,734,367.98	-1,674,050,647.66

RMB

Items	Note (V)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
III. Cash flow from financing activities:			
Cash received from absorbing investment		–	180,000.00
Cash received from borrowings		5,405,295,139.04	7,460,703,309.36
Cash received relating to other financing activities	58(5)	1,212,007,615.18	463,958,512.35
Subtotal of cash inflows		6,617,302,754.22	7,924,841,821.71
Cash paid for payment of borrowings		4,998,047,146.86	3,973,771,077.00
Cash paid for distribution of dividends, and profits or payment of interest		196,127,307.53	197,009,122.92
Cash paid relating to other financing activities	58(6)	1,394,250,937.74	370,719,825.78
Subtotal of cash outflows		6,588,425,392.13	4,541,500,025.70
Net cash flow from financing activities		28,877,362.09	3,383,341,796.01
IV. Effect of foreign exchange rate changes on cash and cash equivalents		3,349,190.52	34,828,221.22
V. Net increase in cash and cash equivalents		-874,642,344.63	898,769,203.46
Add: Cash and cash equivalents at the beginning of the current period		5,479,316,299.60	2,319,081,464.51
VI. Cash and cash equivalents at the end of the current period		<u>4,604,673,954.97</u>	<u>3,217,850,667.97</u>

Statements of Cash Flow of the Parent Company

RMB

Items	Note	For the six months ended 30 June 2024	For the six months ended 30 June 2023
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		1,226,228,933.20	827,363,388.16
Cash received from refunds of taxes		11,369,724.78	22,162,012.81
Cash received relating to other operating activities		35,970,371.52	27,068,467.81
Subtotal of cash inflows		1,273,569,029.50	876,593,868.78
Cash paid for goods and services		640,806,467.93	1,066,809,711.44
Cash paid to and on behalf of employee		174,385,421.32	162,674,296.93
Cash paid for payments of taxes and surcharges		129,199,072.72	49,641,746.64
Cash paid relating to other operating activities		105,308,082.14	75,662,575.16
Subtotal of cash outflows		1,049,699,044.11	1,354,788,330.17
Net cash flow from operating activities		223,869,985.39	-478,194,461.39
II. Cash flow from investing activities:			
Cash received from disposal of investments		230,000,000.00	-
Cash received from returns on investments		362,596,320.73	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,398,764.01	5,594,159.54
Cash received relating to other investing activities		4,130,768,778.39	239,845,754.97
Subtotal of cash inflows		4,729,763,863.13	245,439,914.51
Cash paid to purchase fixed assets, intangible assets and other long-term assets		-33,364,079.27	529,170,215.75
Cash paid relating to investment		230,000,000.00	-
Net cash invested in establishment of subsidiary or other operating units		150,170,000.00	532,427,600.00
Cash paid relating to other investing activities		3,915,135,486.58	442,964,930.06
Subtotal of cash outflows		4,261,941,407.31	1,504,562,745.81
Net cash flow from investing activities		467,822,455.82	-1,259,122,831.30

RMB

Items	Note	For the six months ended 30 June 2024	For the six months ended 30 June 2023
III. Cash flow from financing activities:			
Cash received from borrowings		3,087,000,000.00	4,373,830,855.93
Cash received relating to other financing activities		1,045,426,884.23	378,828,394.92
Subtotal of cash inflows		4,132,426,884.23	4,752,659,250.85
Cash paid for payment of borrowings		3,211,344,699.10	2,605,071,250.00
Cash paid for distribution of dividends, and profits or payment of interest		86,882,403.63	119,368,384.08
Cash paid relating to other financing activities		851,141,243.28	109,968,460.03
Subtotal of cash outflows		4,149,368,346.01	2,834,408,094.11
Net cash flow from financing activities		-16,941,461.78	1,918,251,156.74
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,587,616.14	10,154,183.94
V. Net increase in cash and cash equivalents		676,338,595.57	191,088,047.99
Add: Cash and cash equivalents at the beginning of the current period		1,257,804,350.98	918,983,312.20
VI. Cash and cash equivalents at the end of the current period		<u>1,934,142,946.55</u>	<u>1,110,071,360.19</u>

Consolidated Statements of Changes in Owners' Equity

RMB

Items	The half year for 2024										
	Equity attributable to the owners of the parent company										
	Share capital	Other equity instruments	Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal	Minority interests	Total shareholders' equity
I. Closing balance of the last year	587,831,682.75	491,726,417.43	10,798,133,395.26	15,986,520.00	11,349,243.83	49,829,227.15	293,915,529.38	9,998,276,089.62	22,215,074,391.42	75,836,089.74	22,290,910,451.16
II. Opening balance of the current year	587,831,682.75	491,726,417.43	10,798,133,395.26	15,986,520.00	11,349,243.83	49,829,227.15	293,915,529.38	9,998,276,089.62	22,215,074,391.42	75,836,089.74	22,290,910,451.16
III. Increase/decrease for the current period	11.50	-245.86	6,075,657.29	309,551,662.40	-70,009,134.44	12,760,292.11	-	611,400,629.21	250,624,947.41	1,640,620.88	352,265,562.29
(I) Total comprehensive income	-	-	-	-	-70,009,134.44	-	-	1,498,620,327.99	1,428,571,193.55	1,640,620.88	1,430,211,814.43
(II) Contribution and withdrawal of capital by shareholders	11.50	-245.86	6,075,657.29	309,551,662.40	-	-	-	-	-303,486,839.47	-	-303,486,839.47
1. Common shares contributed by owners	-	-	-	-1,992,200.00	-	-	-	-	1,992,200.00	-	1,992,200.00
2. Contribution of capital by other equity instrument owners	11.50	-245.86	1,855.52	-	-	-	-	-	1,621.16	-	1,621.16
3. Amount of share-based payment included in owner's equity	-	-	6,073,201.77	-	-	-	-	-	6,073,201.77	-	6,073,201.77
4. Share repurchase	-	-	-	311,553,862.40	-	-	-	-	-311,553,862.40	-	-311,553,862.40
(III) Profit distribution	-	-	-	-	-	-	-	-887,219,698.78	-887,219,698.78	-	-887,219,698.78
1. Appropriation to shareholders	-	-	-	-	-	-	-	-887,219,698.78	-887,219,698.78	-	-887,219,698.78
(IV) Special reserve	-	-	-	-	-	12,760,292.11	-	-	12,760,292.11	-	12,760,292.11
1. Withdraw in the period	-	-	-	-	-	-	-	-	12,909,625.58	-	12,909,625.58
2. Used in the period	-	-	-	-	-	-149,333.47	-	-	-149,333.47	-	-149,333.47
IV. Closing balance of the current period	587,831,670.25	491,726,171.57	10,804,208,452.55	33,534,832.40	-58,699,890.61	62,589,519.26	293,915,529.38	10,609,676,688.83	22,465,699,338.83	77,476,680.62	22,543,170,019.45

The half year for 2023

Items	Equity attributable to the owners of the parent company										
	Share capital	Other equity instruments	Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal	Minority interests	Total shareholders' equity
I. Closing balance of the last year	536,723,491.75	491,731,580.66	4,864,749,351.17	23,906,600.00	42,330,777.12	28,583,407.89	268,361,745.88	7,823,754,688.70	14,082,447,213.17	-	14,082,447,213.17
II. Opening balance of the current year	536,723,491.75	491,731,580.66	4,864,749,351.17	23,906,600.00	42,330,777.12	28,583,407.89	268,361,745.88	7,823,754,688.70	14,082,447,213.17	-	14,082,447,213.17
III. Increase/decrease for the current period	123.50	-2,704.55	10,326,605.94	-1,960,000.00	42,142,116.96	7,253,405.04	-	1,084,877,855.00	1,146,551,401.89	669,994.37	1,147,221,296.26
(I) Total comprehensive income	-	-	-	-	42,142,116.96	-	-	1,084,877,855.00	1,127,019,971.96	489,994.37	1,127,509,966.33
(II) Contribution and withdrawal of capital by shareholders	123.50	-2,704.55	10,326,605.94	-1,992,200.00	-	-	-	-	12,316,224.89	180,000.00	12,496,224.89
1. Common shares contributed by owners	-	-	-	-1,992,200.00	-	-	-	-	1,992,200.00	180,000.00	2,172,200.00
2. Contribution of capital by other equity instrument owners	123.50	-2,704.55	22,903.50	-	-	-	-	-	20,322.45	-	20,322.45
3. Amount of share-based payment included in owner's equity	-	-	10,303,702.44	-	-	-	-	-	10,303,702.44	-	10,303,702.44
(III) Profit distribution	-	-	-	32,200.00	-	-	-	-	-32,200.00	-	-32,200.00
1. Appropriation to shareholders	-	-	-	32,200.00	-	-	-	-	-32,200.00	-	-32,200.00
(IV) Special reserve	-	-	-	-	-	7,253,405.04	-	-	7,253,405.04	-	7,253,405.04
1. Withdraw in the period	-	-	-	-	-	8,343,785.43	-	-	8,343,785.43	-	8,343,785.43
2. Used in the period	-	-	-	-	-	-1,090,380.39	-	-	-1,090,380.39	-	-1,090,380.39
IV. Closing balance of the current period	536,723,615.25	491,728,876.11	4,875,075,957.11	21,846,600.00	84,402,794.08	35,836,812.93	268,361,745.88	8,908,631,913.70	15,179,004,615.06	669,994.37	15,179,674,609.43

Statements of Changes in Owners' Equity of the Parent Company

RMB

Items	For the six months ended 30 June 2024							
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Closing balance of the last year	587,831,058.75	491,726,417.43	10,798,133,395.26	15,986,520.00	-4,968,086.42	293,915,529.38	2,400,071,368.15	14,550,723,162.55
II. Opening balance of the current year	587,831,058.75	491,726,417.43	10,798,133,395.26	15,986,520.00	-4,968,086.42	293,915,529.38	2,400,071,368.15	14,550,723,162.55
III. Increase/decrease for the current year	11.50	-245.86	6,075,057.29	309,561,662.40	2,817,684.91	-	-167,552,649.54	-468,221,804.10
(I) Total comprehensive income	-	-	-	-	2,817,684.91	-	719,667,049.24	722,484,734.15
(II) Contribution and withdrawal of capital by shareholders	11.50	-245.86	6,075,057.29	309,561,662.40	-	-	-	8,067,022.93
1. Common shares contributed by owners	-	-	-	-1,992,200.00	-	-	-	1,992,200.00
2. Contribution of capital by other equity instrument owners	11.50	-245.86	1,855.52	-	-	-	-	1,621.16
3. Amount of share-based payment included in owner's equity	-	-	6,073,201.77	-	-	-	-	6,073,201.77
4. Share repurchase	-	-	-	311,553,862.40	-	-	-	-311,553,862.40
(III) Profit distribution	-	-	-	-	-	-	-887,219,698.78	-887,219,698.78
1. Appropriation to shareholders	-	-	-	-	-	-	-887,219,698.78	-887,219,698.78
IV. Closing balance of the current period	<u>587,831,070.25</u>	<u>491,726,171.57</u>	<u>10,804,208,452.55</u>	<u>325,548,182.40</u>	<u>-2,150,401.51</u>	<u>293,915,529.38</u>	<u>2,232,518,718.61</u>	<u>14,082,501,358.45</u>

RMB

For the six months ended 30 June 2023

Items	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other	Surplus reserve	Undistributed profit	Total shareholders' equity
					comprehensive income			
I. Closing balance of the last year	536,723,491.75	491,731,580.66	4,864,749,251.17	23,806,600.00	-1,086,203.62	268,361,745.88	2,740,753,929.56	8,877,427,195.40
II. Opening balance of the current year	536,723,491.75	491,731,580.66	4,864,749,251.17	23,806,600.00	-1,086,203.62	268,361,745.88	2,740,753,929.56	8,877,427,195.40
III. Increase/decrease for the current year	123.50	-2,704.55	10,326,605.94	-1,960,000.00	-2,773,041.47	-	94,939,292.32	104,450,275.74
(I) Total comprehensive income	-	-	-	-	-2,773,041.47	-	94,939,292.32	92,166,250.85
(II) Contribution and withdrawal of capital by shareholders	123.50	-2,704.55	10,326,605.94	-1,992,200.00	-	-	-	12,316,224.89
1. Common shares contributed by owners	-	-	-	-1,992,200.00	-	-	-	1,992,200.00
2. Contribution of capital by other equity instrument owners	123.50	-2,704.55	22,903.50	-	-	-	-	20,322.45
3. Amount of share-based payment included in owner's equity	-	-	10,303,702.44	-	-	-	-	10,303,702.44
(III) Profit distribution	-	-	-	32,200.00	-	-	-	-32,200.00
1. Appropriation to shareholders	-	-	-	32,200.00	-	-	-	-32,200.00
IV. Closing balance of the current period	<u>536,723,615.25</u>	<u>491,728,876.11</u>	<u>4,875,075,857.11</u>	<u>21,846,600.00</u>	<u>-3,859,245.09</u>	<u>268,361,745.88</u>	<u>2,835,693,221.88</u>	<u>8,981,877,471.14</u>

Notes to the Financial Statements

(I) CORPORATION INFORMATION

1. Company Overview

Flat Glass Group Co., Ltd. (the “Company”) was established on 24 June 1998 with its registered address at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province. On 29 December 2005, the Company was converted into a joint stock limited liability company and changed its name to Zhejiang Flat Glass & Mirror Co., Ltd.* (浙江福萊特玻璃鏡業股份有限公司). On 23 March 2011, the Company was renamed as Flat Solar Glass Group Co., Ltd.* (福萊特光伏玻璃集團股份有限公司) and subsequently renamed as Flat Glass Group Co., Ltd.* (福萊特玻璃集團股份有限公司) on 10 October 2014.

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

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since 30 June 2024 and is not aware of any events or conditions that may cast significant doubt upon the ability to continue as a going concern. So the financial statements have been prepared on a going concern basis.

(III) SIGNIFICANT ACCOUNTS POLICIES AND ACCOUNTING ESTIMATES

The principal activities of the Group are the manufacturing and sales of glass products. Certain specific accounting policies and accounting estimates have been formulated according to the relevant accounting standards for enterprises. The detailed disclosures are as follows.

1. Statement of Compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and present truly and completely the Company's financial position, the results of operations, the changes in shareholders' equity and the cash flows and other relevant information.

2. Accounting Period

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

3. Operating Cycle

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

4. Functional Currency

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

5. Significant Criteria Determination Method and Selection Basis

Items	Standards on materiality
Major sales customers	Sales income from a single customer is more than 10% of total revenue
Major construction in progress	The budget for an individual project is more than RMB100 million
Major fixed assets impairment	The impairment amount of an individual fixed assets is more than RMB100 million

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

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

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

6.1 *Business combinations involving enterprises under common control*

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

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

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

6.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

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

7. Criterion of Control and Preparation of Consolidated Financial Statements

7.1 Criterion of 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.

7.2 Preparation of Consolidated Financial Statements

The scope of consolidation for the consolidated financial statements is determined based on control.

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

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

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

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

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

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

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

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

8. Recognition Criteria of Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term (generally means due within three months from the date of purchase), highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

9.1 Foreign currency business

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

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. The exchange difference between the spot exchange rate on that date and the spot exchange rate on the initial recognition date or the previous balance sheet date shall be included in the current profit and loss.

9.2 Translation of foreign currency financial statements

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

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

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

10. Financial Instruments

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

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

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

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

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

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).

10.1 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

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

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

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

10.1.1 Financial assets measured at amortised cost

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

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

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

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

10.1.2 Financial assets classified as at FVTOCI

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

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

10.1.3 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.

10.2 Impairment of financial instruments

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

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

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

10.2.1 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.

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- (3) Adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its debt obligations.
 - (4) Whether the actual or expected operating results of the debtor has changed significantly.
 - (5) Whether the regulatory, economic or technological environment in which the debtor is located has undergone significant adverse changes.

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

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

10.2.2 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).

10.2.3 Determination of ECL

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

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

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

10.2.4 Write-down of financial assets

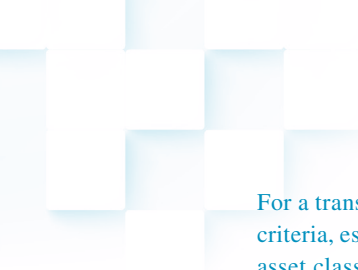
When the Group no longer reasonably expects that the contractual cash flow of the financial assets can be recovered in whole or in part, the book balance of the financial assets shall be written down directly. Such write down constitutes derecognition of related financial assets.

10.3 Transfer of financial assets

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

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

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



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

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

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

10.4 Classification and measurement of financial liabilities and equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities


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

10.4.1.1 Financial liabilities at FVTPL

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

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

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



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

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

For financial liabilities designated at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are 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.

10.4.1.2 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.

10.4.2 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.

10.4.3 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.

10.5 Derivative instruments

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

10.6 Offsetting financial assets and financial liabilities

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

10.7 Reclassification of financial instruments

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

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

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

10.8 Convertible bonds

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

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

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

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.

11. Bills receivable

Portfolio category and determination method of provisions for bad debt assessed collectively by credit risk characteristics

Except for bills receivable assessed individually by credit risks, the remaining bills receivable are divided into different groups based on their credit risk characteristics:

Category	Determination basis
Low risk	Bank acceptance bills or commercial acceptance bills issued by a related party
Normal	Other bills receivable except low-risk category

12. Trade receivables

Portfolio category and determination method of provisions for bad debt assessed collectively by credit risk characteristics

The Group divides the trade receivables into low risk, normal, concerned and loss based on common risk characteristics. The common credit risk characteristics adopted by the Group include: type of trade receivables, credit risk rating, overdue status, the industry and the company size of the debtor, trade receivables age, etc.

Calculation method of determination of portfolios of credit risk characteristics based on the age

The Group adopts the age of trade receivables as the credit risk characteristics, and determines the credit losses using impairment matrix. The age shall be calculated from the revenue recognition date. If the terms and conditions of trade receivables are amended but do not lead to termination of the recognition of trade receivables, the age shall be calculated continuously. If the contract assets are converted to trade receivables, the age shall be calculated continuously from the date of initial recognition of the corresponding contract assets.

Judgment standard of provisions for bad debt assessed individually

The Group assesses credit risks individually for trade receivables for which objective evidence indicates that the amount cannot be recovered according to the existing terms of trade receivables.

13. Inventories

13.1 Classification of inventories, pricing delivered, inventory system, amortization method for low-value consumables and packaging

13.1.1 Classification of inventories

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

13.1.2 Pricing of inventories delivered

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

13.1.3 Inventory system

The inventory system is a perpetual inventory system.

13.1.4 Amortisation of low-value consumables

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

13.2 Determination and provision for impairment of inventories

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

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

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

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

14. Long-term Equity Investments

14.1 Basis of determination of joint control and significant influence

For details of basis of determination of control, please refer to Note (III)7. 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.

14.2 Determination of initial investment cost

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

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

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

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

14.3 Subsequent measurement and recognition of profit or loss

14.3.1 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.

14.3.2 Long-term equity investment accounted for by equity method

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

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

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

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

14.4 Disposal of long-term equity investments

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

15. Investment Properties

The Group adopts the cost model for subsequent measurement of investment properties, and is depreciated using the straight-line method over their estimated useful lives. The depreciation methods, depreciation period, residual value rate and annual depreciation rate of investment properties is as follows:

Class	Depreciation Method	Depreciation Period (Years)	Residual Value Rate (%)	Annual Depreciation Rate (%)
Houses and buildings	Straight-line depreciation	20	5	4.75
Land use rights	Straight-line depreciation	50	–	2.00

16. Fixed Assets

16.1 Conditions of recognition

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. A fixed asset is recognised only when the economic benefits associated with the asset are probable to flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

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

16.2 Depreciation methods

Class	Depreciation Method	Depreciation Period (Years)	Residual Value rate (%)	Annual Depreciation Rate (%)
Houses and buildings	Straight-line depreciation	20–25	– or 5	4.00–5.00
Machinery and equipment	Straight-line depreciation	4–20	– or 5	4.75–23.75
Transportation equipment	Straight-line depreciation	4–15	– or 5	6.67–23.75
Other equipment	Straight-line depreciation	3–10	– or 5	9.50–33.33

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 already of the age and in the condition expected at the end of its useful life.

17. Construction in Progress

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 transferred to fixed asset while it is ready for its intended use. The standards and time points for various construction in progress carried forward to fixed assets are as follows:

Class	The standard and time point of carried forward to fixed assets
Houses and buildings	Time point of meeting the relevant construction acceptance standards
Machinery and equipment, transportation equipment and other equipment	Time point of meeting the design requirements or standards under the contract after installation and commissioning

18. Borrowing Costs

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

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

19. Intangible Assets

19.1 Useful life and determination basis, estimate, amortization method or review procedure

Intangible assets include software, pollutant discharge rights, mining rights, land use rights, energy consumption rights and maritime right of use, etc.

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

Class	Amortisation method	Useful life and determination basis (Years)	Residual value rate (%)
Land use rights	Straight line method	40-50, legal right to use	–
Pollutant discharge rights	Straight line method	3-20, estimated useful life	–
Mining rights	Output method	–	–
Software	Straight line method	10, estimated useful life	–
Maritime right of use	Straight line method	50, Legal right to use	–
Energy consumption rights	Intangible assets with an indefinite useful life are not amortised		

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

19.2 Collection scope and relevant accounting treatment of R & D expenses

The allocation scope of R&D expenditures includes the salaries and compensation paid to personnel working on R&D, materials consumed during R&D work and other expenses. Expenditures incurred in the research stage are recognised in profit or loss for the period.

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

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

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

20. Impairment of Long-term Assets

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

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

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

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

21. Long-term Deferred Expenses

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

22. Contract Liabilities

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

23. Employee Compensation

23.1 Accounting for short-term employee compensation

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

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

23.2 Accounting for post-employment benefits

Post-employment benefits are all defined contribution plans.

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

23.3 Accounting for termination benefits

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

24. Provisions

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

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

25. Share-based Payments

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

25.1 *Equity settled share-based payments*

Equity-settled share-based payments to employees

Equity-settled share-based payments to employees in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognised as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest./When the grant is vested 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 information such as the latest update on the change in the number of entitled employees, makes best estimates to adjust the expected number of equity instruments that can be vested. The effect of the above estimate is included in relevant costs or expenses for the period and the capital reserve is adjusted accordingly.

25.2 Accounting treatment in relation to implementation, modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, and if such modification increases the fair value of the equity instruments granted, the increase in services received will be recognised accordingly following the increase in fair value of the equity instruments. If the modification increases the number of the equity instruments granted, the increase in fair value of the equity instruments will be 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.

26. Revenue

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

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

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

27. Government Grants

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


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

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

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.

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

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



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

28. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

28.1 Current income tax

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

28.2 Deferred income tax assets and deferred income tax liabilities

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


Deferred income tax is generally recognised for all temporary differences. However, as for deductible temporary differences, deferred 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 at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled according to the requirements of tax laws.

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



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

28.3 Offsetting of income tax

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

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

29. Lease

Judgment basis and accounting treatment method for the lessee to simplify the treatment of short-term lease and low-value asset lease

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

Lease classification standard and accounting treatment method for the lessor

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

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

(IV) TAXATION

1. Major Types of Tax and Tax Rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Taxable value-added amount (the tax payable is calculated on the taxable sales amount multiplied by the applicable tax rate (output-VAT) less deductible input- VAT for the current period)	13%
Urban maintenance and construction tax	Turnover tax payment	5% or 7%
Education surcharge	Turnover tax payment	3%
Local educational surcharges	Turnover tax payment	2%
Property tax	Cost of properties/rental income	Note 1
Resources tax	Amount of mining products sold	7%
Enterprise income tax (EIT)	Taxable income	For details, please see the table of disclosures of taxpayers of different corporate income tax rates
Environmental protection tax	Pollutant emissions	RMB1.2 or RMB1.4 or RMB4.8 per pollutant equivalent

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

Description of disclosures for entities that subject to different corporate income tax rates:

Name	Tax rate (%)
The Company	15%
浙江福萊特玻璃有限公司	
Zhejiang Flat Glass Co., Ltd.*	25%
浙江嘉福玻璃有限公司	
Zhejiang Jiafu Glass Co., Ltd.*	15%
上海福萊特玻璃有限公司	
Shanghai Flat Glass Co., Ltd.*	25%
安徽福萊特光伏玻璃有限公司	
Anhui Flat Solar Glass Co., Ltd.*	15%
安徽福萊特光伏材料有限公司	
Anhui Flat Solar Material Co., Ltd.*	25%
福萊特(香港)有限公司	
Flat (Hong Kong) Limited*	Note 1
嘉興福萊特新能源科技有限公司	
Jiaxing Flat New Energy Technology Co., Ltd.*	25%
福萊特(越南)有限公司	
Flat (Vietnam) Company Limited*	0%
福萊特(香港)投資有限公司	
Flat (Hong Kong) Investment Limited*	Note 1
福萊特(嘉興)進出口貿易有限公司	
Flat (Jiaxing) Import and Export Trade Limited*	25%
鳳陽福萊特天然氣管道有限公司	
Fengyang Flat Natural Gas Pipeline Co., Ltd.*	25%
福萊特(宿遷)光伏玻璃有限公司	
Flat (Suqian) Solar Glass Co., Ltd.*	25%
福萊特(南通)光伏玻璃有限公司	
Flat (Nantong) Solar Glass Co., Ltd.*	25%
安徽福萊特供應鏈管理有限公司	
Anhui Flat Supply Chain Management Co., Ltd.*	25%

Name	Tax rate (%)
鳳陽福萊特新能源科技有限公司	
Fengyang Flat New Energy Technology Co., Ltd.*	25%
FLAT (AUSTRALIA) PTY LTD	30%
安徽大華東方礦業有限公司	
Anhui Dahua Dongfang Mining Company Limited*	25%
安徽三力礦業有限責任公司	
Anhui Sanli Mining Company Limited*	25%
福萊特(越南)進出口貿易有限公司	
Flat (Vietnam) Import and Export Trade Limited*	20%
上海福萊特科技發展有限公司	
Shanghai Flat Technology Development Co., Ltd.*	25%
嘉興福萊特智能裝備有限公司	
Jiaxing Flat Intelligent Equipment Co., Ltd.*	25%
南通福萊特港務有限公司	
Nantong Flat Port Co., Ltd.*	25%
嘉興崑崙福萊特能源管理有限公司	
Jiaxing Kunlun Flat Energy Management Co., Ltd.*	25%
福萊特(廣西)光能有限公司	
Flat (Guangxi) Photoenergy Co., Ltd.*	25%
福萊特光能有限公司	
Flat Photoenergy Co., Ltd.*	25%
浙江福來泰新能源有限公司及其子公司	
Zhejiang Fulaitai New Energy Co., Ltd.* and its subsidiaries	25%
南通福萊特天然氣有限公司	
Nantong Flat Natural Gas Co., Ltd.*	25%
福萊特(宜賓)光能有限公司	
Flat (Yibin) Photoenergy Co., Ltd.*	25%
昭通福萊特硅業有限公司	
Zhaotong Flat Silicon industry Co., Ltd.*	25%
PT FLATSOLAR ENERGY INDONESIA	22%
FLAT SOLAR TECHNOLOGY PTE. LTD.	17%
嘉興福聯物流有限公司	
Jiaxing Fulian Logistics Co., Ltd.*	25%
浙江福玻新材料有限公司	
Zhejiang Fubo New Materials Co., Ltd.*	25%

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

* for identification purpose only

2. Tax Preferences

The Company

On 24 December 2022, the Company obtained the “High Technology Enterprise Certificate” (No. GR202233007200) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2022 to 2024.

Zhejiang Jiafu Glass Co., Ltd.

On 24 December 2022, Zhejiang Jiafu Glass Co., Ltd. obtained the “High Technology Enterprise Certificate” (No. GR202233006951) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2022 to 2024.

Anhui Flat Solar Glass Co., Ltd.

On 16 October 2023, Anhui Flat Solar Glass Co., Ltd. obtained the “High Technology Enterprise Certificate” (No. GR202334000506) 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 2023 to 2025.

Flat (Vietnam) Company Limited

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

(V) NOTES TO THE CONSOLIDATED STATEMENTS

1. CASH AT BANK AND ON HAND

	<i>RMB</i>	
Items	Closing balance	Opening balance
Cash on hand	18,273.75	18,273.37
Cash at bank	4,604,655,681.22	5,479,298,026.23
Other cash at bank and on hand	<u>1,002,456,025.26</u>	<u>1,137,071,368.20</u>
Total	<u>5,607,129,980.23</u>	<u>6,616,387,667.80</u>
Including: Total amount deposited abroad	<u>486,301,542.77</u>	<u>606,208,121.01</u>

2. TRADING FINANCIAL ASSETS

	<i>RMB</i>	
Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	230,013,187.05	230,000,000.00
Including: Bank wealth management products	230,000,000.00	230,000,000.00
Outstanding shares of listed company	<u>13,187.05</u>	<u>—</u>
Total	<u>230,013,187.05</u>	<u>230,000,000.00</u>

3. Derivative Financial Assets

RMB

Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	-	623,194.84
Including: Forward foreign exchange contract	-	5,207.84
Foreign exchange option contract	-	617,987.00
Total	<u>-</u>	<u>623,194.84</u>

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

4. BILLS RECEIVABLES

(1) Bills receivables by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	1,115,286,219.29	937,437,522.65
Commercial acceptance bills	716,123,889.88	667,735,006.24
Less: Credit impairment provision	12,603,780.46	11,752,136.11
Total	<u>1,818,806,328.71</u>	<u>1,593,420,392.78</u>

- (2) *At the end of the half year, the Group had no bills receivable pledged.*
- (3) *Bills receivables that have been endorsed or discounted by the Group but not yet due at the balance sheet date*

RMB

Items	Amount not derecognized at the end of the half year
Endorsed bank acceptance bills	662,191,566.22
Discounted bank acceptance bills	<u>37,961,374.24</u>
Total	<u><u>700,152,940.46</u></u>

- (4) *Disclosed by classification of bad debt provision method*

RMB

Classification	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Accrual Percentage (%)	
Bad debt provision by portfolio	1,831,410,109.17	100.00	12,603,780.46	0.69	1,818,806,328.71
Including:					
Low risk	1,115,286,219.29	60.90	-	-	1,115,286,219.29
Normal	<u>716,123,889.88</u>	<u>39.10</u>	<u>12,603,780.46</u>	<u>1.76</u>	<u>703,520,109.42</u>
Total	<u><u>1,831,410,109.17</u></u>	<u><u>/</u></u>	<u><u>12,603,780.46</u></u>	<u><u>/</u></u>	<u><u>1,818,806,328.71</u></u>

Classification	Opening balance				Book value
	Book balance		Bad debt provision	Accrual	
	Amount	Percentage (%)	Amount	Percentage (%)	
Bad debt provision by portfolio	1,605,172,528.89	100.00	11,752,136.11	0.73	1,593,420,392.78
Including:					
Low risk	937,437,522.65	58.40	-	-	937,437,522.65
Normal	667,735,006.24	41.60	11,752,136.11	1.76	655,982,870.13
Total	<u>1,605,172,528.89</u>	<u>/</u>	<u>11,752,136.11</u>	<u>/</u>	<u>1,593,420,392.78</u>

Bad debt provision by portfolio

RMB

Name	Bills receivables	Closing balance	
		Bad debt provision	Accrual Percentage (%)
Low risk	1,115,286,219.29	-	-
Normal	716,123,889.88	12,603,780.46	1.76
Total	<u>1,831,410,109.17</u>	<u>12,603,780.46</u>	<u>0.69</u>

(5) *Bad debt reserve situation*

RMB

Classification	Opening balance	Changed amounts in the current period		Closing balance
		Provision	Transferred	
Normal	11,752,136.11	12,603,780.46	11,752,136.11	12,603,780.46
Total	11,752,136.11	12,603,780.46	11,752,136.11	12,603,780.46

5. TRADE RECEIVABLES

(1) *Disclosed by aging*

RMB

Aging	Book balance at the end of the half year	Book balance at the beginning of the half year
Within 1 year	3,595,289,186.97	3,748,679,371.19
Subtotal within 1 year	3,595,289,186.97	3,748,679,371.19
1-2 years	2,434,708.78	72,039,300.12
2-3 years	9,604,675.39	13,488,437.14
Over 3 years	12,063,203.39	12,132,062.67
Total	3,619,391,774.53	3,846,339,171.12

(2) *Disclosed by bad debt provision method*

RMB

Classification	Book balance		Closing balance Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Accrual	
				Percentage (%)	
Bad debt provision by portfolio	3,619,391,774.53	100.00	161,259,183.08	4.46	3,458,132,591.45
Including:					
Normal	3,340,565,941.72	92.30	58,793,960.57	1.76	3,281,771,981.15
Concerned	209,684,093.17	5.79	33,323,482.87	15.89	176,360,610.30
Loss	69,141,739.64	1.91	69,141,739.64	100.00	-
Total	<u>3,619,391,774.53</u>	<u>/</u>	<u>161,259,183.08</u>	<u>/</u>	<u>3,458,132,591.45</u>

Classification	Book balance		Opening balance Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Accrual	
				Percentage (%)	
Bad debt provision by portfolio	3,846,339,171.12	100.00	160,819,598.65	4.18	3,685,519,572.47
Including:					
Normal	3,696,312,872.79	96.10	65,055,106.56	1.76	3,631,257,766.23
Concerned	126,568,349.12	3.29	72,306,542.88	57.13	54,261,806.24
Loss	23,457,949.21	0.61	23,457,949.21	100.00	-
Total	<u>3,846,339,171.12</u>	<u>/</u>	<u>160,819,598.65</u>	<u>/</u>	<u>3,685,519,572.47</u>

Bad debt provision by portfolio

RMB

Name	Trade receivables	Closing balance	
		Bad debt provision	Accrual percentage (%)
Normal	3,340,565,941.71	58,793,960.57	1.76
Concerned	209,684,093.17	33,323,482.87	15.89
Loss	<u>69,141,739.64</u>	<u>69,141,739.64</u>	<u>100.00</u>
Total	<u>3,619,391,774.53</u>	<u>161,259,183.09</u>	<u>4.46</u>

(3) Bad debt provision by general model of expected credit losses

RMB

Bad debt provision	Total
Opening balance	160,819,598.65
Changes of the opening balance in the half year:	
Provision for the half year	<u>439,584.44</u>
Closing balance	<u>161,259,183.09</u>

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

At the end of the current period, the top five trade receivables with the closing balances classified by the borrowers amounted to RMB1,845,170,968.64 (end of the previous year: RMB2,344,969,332.34), representing 50.98% (end of the previous year: 60.97%) of total balance of trade receivables. The credit loss provision of top five trade receivables amounted to RMB32,475,009.05 (end of the previous year: RMB42,748,553.38).

6. FINANCING RECEIVABLES

(1) Financing receivables listed by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	2,060,807,380.16	2,006,375,691.99
Total	<u>2,060,807,380.16</u>	<u>2,006,375,691.99</u>

(2) Financing receivables that have been endorsed or discounted by the Company at the end of the half year but not yet due at the balance sheet date

RMB

Items	Amounts not derecognised at the end of the half year
Endorsed bank acceptance bills	3,368,240,924.07
Discounted bank acceptance bills	<u>1,010,279,633.00</u>
Total	<u>4,378,520,557.07</u>

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

RMB

Items	Closing balance	Opening balance
Costs	2,069,847,907.75	2,020,283,851.74
Fair value	<u>2,060,807,380.16</u>	<u>2,006,375,691.99</u>
Accumulated changes in fair value included in other comprehensive income	<u>-9,040,527.59</u>	<u>-13,908,159.75</u>

7. ADVANCE PAYMENTS

(1) Listed by aging

RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
With 1 year	210,429,821.98	98.24	331,276,788.97	98.98
1-2 years	2,192,325.81	1.02	2,106,604.08	0.63
2-3 years	1,386,804.05	0.65	1,234,065.11	0.37
Over 3 years	<u>197,783.22</u>	<u>0.09</u>	<u>61,689.20</u>	<u>0.02</u>
Total	<u>214,206,735.06</u>	<u>100.00</u>	<u>334,679,147.36</u>	<u>100.00</u>

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

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

At the end of the current period and the end of the last year, the balances of top five advance payments were RMB157,937,972.20 and RMB269,385,857.12, respectively, representing 73.73% and 80.49% of the total balances of advance payments.

8. OTHER RECEIVABLES

RMB

Items	Closing balance	Opening balance
Other receivables	<u>190,719,713.66</u>	110,981,841.18
Total	<u>190,719,713.66</u>	<u>110,981,841.18</u>

(1) Disclosed by aging

RMB

Aging	Closing book balance	Opening book balance
Within 1 year	139,567,682.22	60,212,836.41
Subtotal within 1 year	139,567,682.22	60,212,836.41
1-2 year	39,910,044.68	49,345,940.45
2-3 year	10,471,741.94	871,523.00
Over 3 years	<u>770,244.82</u>	<u>551,541.32</u>
Total	<u>190,719,713.66</u>	<u>110,981,841.18</u>

(2) *Other receivables listed by classification by nature*

Nature	RMB	
	Closing book balance	Opening book balance
Deposit	100,043,731.73	74,043,731.73
Margin	65,322,472.95	11,692,572.37
Reserve fund	203,540.28	687,926.46
Others	25,149,968.70	24,557,610.62
Total	<u>190,719,713.66</u>	<u>110,981,841.18</u>

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

RMB

Name	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature of amount	Ageing	Closing balance of credit loss provision
CONG TY CO PHAN KHU CONG NGHIEP DINH VU	52,683,912.72	27.62	Margin	Within 1 year	-
Chuzhou PetroChina Kuntun Gas Co., Ltd.* (滁州中石油崑崙燃氣 有限公司)	52,000,000.00	27.27	Deposit	Within 1 year, 1-2 years	-
Fengyang Xinao Gas Co., Ltd.* (鳳陽新奧燃氣 有限公司)	46,000,000.00	24.12	Deposit	Within 1 year, 1-2 years	-
Jiaxing Hongyun New Rural Investment Development and Construction Co., Ltd.* (嘉興市洪運新農村投 資開發建設有限公司)	16,505,159.30	8.65	Construction-agent charge	1-2 years	-
Wuxuan Baoxin Mining Co., Ltd.* (武宣寶鑫礦 業有限公司)	5,000,000.00	2.62	Margin	Within 1 year	-
Total	<u>172,189,072.02</u>	<u>90.28</u>	/	/	<u>-</u>

* for identification purpose only

9. INVENTORIES

(1) Inventories category

RMB

Items	Book balance	Closing balance	
		Impairment provision	Book value
Raw materials	766,361,755.26	–	766,361,755.26
Low-valued consumables	380,220,075.97	28,084,689.10	352,135,386.87
Work in progress	112,904,661.67	–	112,904,661.67
Finished goods	912,657,562.16	8,807,719.33	903,849,842.83
Total	<u>2,172,144,055.06</u>	<u>36,892,408.43</u>	<u>2,135,251,646.63</u>

Items	Book balance	Opening balance	
		Impairment provision	Book balance
Raw materials	750,570,063.81	–	750,570,063.81
Low-valued consumables	310,945,728.73	23,185,881.04	287,759,847.69
Work in progress	127,411,955.37	–	127,411,955.37
Finished goods	850,297,206.39	14,599,617.18	835,697,589.21
Total	<u>2,039,224,954.30</u>	<u>37,785,498.22</u>	<u>2,001,439,456.08</u>

(2) *Inventory impairment provision*

RMB

Items	Opening balance	Increased	Decreased	Closing balance	
		amount for the period	amount for the period		
		Provided	Reversed or Write off		
Finished goods	14,599,617.18	-	5,791,897.85	8,807,719.33	
Low-valued consumables	<u>23,185,881.04</u>	<u>17,928,508.32</u>	<u>13,029,700.26</u>	28,084,689.10	
Total	<u>37,785,498.22</u>	<u>17,928,508.32</u>	<u>18,821,598.11</u>	36,892,408.43	

10. OTHER CURRENT ASSETS

RMB

Items	Closing balance	Opening balance
Prepaid income tax	12,571,604.53	54,856,463.09
Value-added tax recoverable	366,331,681.35	196,499,526.00
Export tax rebate	1,914,935.83	1,775,947.64
Prepaid rent	4,665,638.66	412,844.04
Others	1,864,097.59	-
Total	387,347,957.96	253,544,780.77

11. LONG-TERM EQUITY INVESTMENT

RMB

Invested Company	Opening balance	Changes during the period		Closing balance
		Investment/ additional investments	Investment gains and loss recognized under the equity methods	
I. Joint venture				
Kaihong Flat	19,962,629.86	-	1,914,490.25	21,877,120.11
Kunlun Gas	10,500,000.00	-	-	10,500,000.00
Jiaxing Gas	65,950,130.58	-	1,284,996.20	67,235,126.78
Jiaxing Energy	4,500,000.00	-	-	4,500,000.00
Subtotal	100,912,760.44	-	3,199,486.45	104,112,246.89
Total	100,912,760.44	-	3,199,486.45	104,112,246.89

12. INVESTMENT PROPERTIES

Investment properties with cost measurement model

RMB

Items	House and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	539,310,452.96	7,525,892.36	546,836,345.32
2. Closing balance	<u>539,310,452.96</u>	<u>7,525,892.36</u>	<u>546,836,345.32</u>
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	32,393,153.12	2,126,882.16	34,520,035.28
2. Amount increased in the current period	12,705,271.80	81,803.16	12,787,074.96
(1) Provided or amortized	12,705,271.80	81,803.16	12,787,074.96
3. Closing balance	<u>45,098,424.92</u>	<u>2,208,685.32</u>	<u>47,307,110.24</u>
III. Book value			
1. Closing book value	494,212,028.04	5,317,207.04	499,529,235.08
2. Opening book value	<u>506,917,299.84</u>	<u>5,399,010.20</u>	<u>512,316,310.04</u>

13. FIXED ASSETS

RMB

Items	Closing balance	Opening balance
Fixed assets	<u>15,803,940,524.33</u>	15,114,905,877.20
Total	<u>15,803,940,524.33</u>	<u>15,114,905,877.20</u>

(1) Fixed assets condition

RMB

Items	House and building	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Original book value					
1. Opening balance	5,310,767,031.53	13,356,433,281.84	162,586,891.31	162,032,220.00	18,991,819,424.68
2. Amount increased in the current period	308,807,958.79	1,211,104,195.28	19,892,800.96	13,943,256.61	1,553,748,211.64
(1) Purchase	5,360,082.92	451,838,808.40	19,892,800.96	11,326,020.03	488,417,712.31
(2) Transferred from construction in progress	303,447,875.87	759,265,386.88	-	2,617,236.58	1,065,330,499.33
3. Amount decreased in the current period	382,625.15	26,514,700.19	378,546.26	1,367,941.35	28,643,812.95
(1) Disposal or scrap	-	26,514,700.19	378,546.26	1,367,941.35	28,261,187.80
(2) Transferred from construction in progress	382,625.15	-	-	-	382,625.15
4. Difference on translation of foreign currency financial statements	-27,099,964.58	-41,967,218.18	-685,628.83	-198,031.72	-69,950,843.31
5. Closing balance	5,592,092,400.59	14,499,055,558.75	181,415,517.18	174,409,503.54	20,446,972,980.06
II. Accumulated depreciation					
1. Opening balance	776,991,650.29	2,910,806,427.07	88,600,231.14	59,514,264.97	3,835,912,573.47
2. Amount increased in the current period	124,884,257.88	556,642,448.01	13,410,335.46	13,046,470.33	707,983,511.68
(1) Provided	124,884,257.88	556,642,448.01	13,410,335.46	13,046,470.33	707,983,511.68
3. Amount decreased in the current period	-	10,152,192.47	359,618.95	302,359.62	10,814,171.04
(1) Disposal or scrap	-	10,152,192.47	359,618.95	302,359.62	10,814,171.04
4. Difference on translation of foreign currency financial statements	-2,937,143.01	-8,738,814.04	-196,858.28	-70,804.44	-11,943,619.77
5. Closing balance	898,938,765.16	3,448,557,868.57	101,454,089.37	72,187,571.24	4,521,138,294.34
III. Impairment provision					
1. Opening balance	-	40,576,120.92	282,783.21	142,069.88	41,000,974.01
2. Amount increased in the current period	-	80,901,531.39	-	-	80,901,531.39
(1) Provided	-	80,901,531.39	-	-	80,901,531.39
3. Amount decreased in the current period	-	-	8,344.01	-	8,344.01
(1) Disposal or scrap	-	-	8,344.01	-	8,344.01
4. Closing balance	-	121,477,652.31	274,439.20	142,069.88	121,894,161.39
IV. Book value					
1. Closing book value	4,693,153,635.43	10,929,020,037.87	79,686,988.61	102,079,862.42	15,803,940,524.33
2. Opening book value	4,533,775,381.24	10,405,050,733.85	73,703,876.96	102,375,885.15	15,114,905,877.20

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

RMB

Items	Original book value	Accumulated depreciation	Impairment provision	Book value
Machinery and equipment	82,917,449.49	42,243,109.03	40,111,760.69	562,579.77
Other equipment	4,828,983.58	4,239,881.42	589,040.52	61.64

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

(3) *At the end of the current period, the Group had no fixed asset without property right certificate*

RMB

Items	Book value	Reasons for failure to complete the property right certificate
Buildings of Phase II PV project of the Group	518,155,114.18	Property right certificate is till in process
Buildings of intelligent equipment factory	131,515,920.34	Property right certificate is till in process

14. CONSTRUCTION IN PROGRESS

Items

RMB

Items	Closing balance	Opening balance
Construction in progress	2,421,696,125.60	1,615,861,970.66
Engineering materials	335,597,779.56	140,131,836.72
Total	<u>2,757,293,905.16</u>	<u>1,755,993,807.38</u>

Construction in progress

(1) Construction in progress

RMB

Items	Closing balance		Opening balance			
	Book balance	Impairment provision	Book value	Book balance		
Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project	1,189,261,026.79	-	1,189,261,026.79	877,959,319.88	-	877,959,319.88
Annual production of 1,500,000 tons of solar equipment ultra-thin and ultra-high-transparent panel and backplane manufacturing project	475,492,599.02	-	475,492,599.02	104,100,829.17	-	104,100,829.17
Supporting housing project of Anhui Flat	410,126,160.44	-	410,126,160.44	336,887,555.34	-	336,887,555.34
PV modules project factories	111,268,669.64	-	111,268,669.64	79,196,956.04	-	79,196,956.04
Flat solar energy high-efficient thin-film PV modules supporting manufacturing project	89,675,321.30	-	89,675,321.30	70,971,574.05	-	70,971,574.05
Factory roof distributed power generation project	17,830,988.20	-	17,830,988.20	44,634,635.03	-	44,634,635.03
Annual output of 1,950,000 tons of PV cover glass project	2,339,378.49	-	2,339,378.49	834,976.86	-	834,976.86
Machinery and equipment to be installed and others	125,701,981.72	-	125,701,981.72	101,276,124.29	-	101,276,124.29
Total	<u>2,421,696,125.60</u>	<u>-</u>	<u>2,421,696,125.60</u>	<u>1,615,861,970.66</u>	<u>-</u>	<u>1,615,861,970.66</u>

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

RMB

Project name	Budget	Opening amount	Increase in the current half year	Transfer amount into fixed assets in the current half year	Closing amount	Project cumulative investment accounted for the proportion of the budget (%)	Project progress	Accumulated amount of interest capitalization	Capitalization		Sources of funds
									Including: the amount of interest capitalization in the current half year	rate of interest in the current half year (%)	
Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project	3,752,960,000.00	877,959,319.88	972,427,422.09	661,125,715.18	1,189,261,026.79	31.69	31.69	-	-	-	Proceeds by issuing shares to specific subscribers
Annual production of 1,500,000 tons of solar equipment ultra-thin and ultra-high-transparent panel and backplane manufacturing project	3,885,000,000.00	104,100,829.17	371,391,769.85	-	475,492,599.02	12.24	12.24	-	-	-	Self-funds
Supporting housing project of Anhui Flat	338,105,800.00	336,887,555.34	73,238,605.10	-	410,126,160.44	121.30	121.30	-	-	-	Self-funds
Flat solar energy high-efficient thin-film PV modules supporting manufacturing project	1,000,000,000.00	70,971,574.05	18,703,747.25	-	89,675,321.30	8.97	8.97	-	-	-	Self-funds
Factory roof distributed power generation project	660,000,000.00	44,634,635.03	331,435,049.83	358,238,696.66	17,830,988.20	56.98	56.98	15,534,192.54	15,534,192.54	5.14	Convertible bonds/ Self-funds
Total	9,636,065,800.00	1,434,553,913.47	1,767,196,594.12	1,019,364,411.84	2,182,386,095.75	/	/	15,534,192.54	15,534,192.54	/	/

Engineering materials

RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Specialised equipment	119,470,333.02	-	119,470,333.02	88,812,722.98	-	88,812,722.98
Refractory materials	106,770,975.58	-	106,770,975.58	32,844,103.23	-	32,844,103.23
Electric wire and cable	49,145,236.84	-	49,145,236.84	1,254,566.02	-	1,254,566.02
Steel and wire rod	39,784,543.76	-	39,784,543.76	1,251,181.86	-	1,251,181.86
Others	20,426,690.36	-	20,426,690.36	15,969,262.63	-	15,969,262.63
Total	<u>335,597,779.56</u>	<u>-</u>	<u>335,597,779.56</u>	<u>140,131,836.72</u>	<u>-</u>	<u>140,131,836.72</u>

15. RIGHT-OF-USE ASSETS

				<i>RMB</i>
Items	Land	Roof	Total	
I. Original book value				
1. Opening balance	246,865,503.62	566,569,651.21	813,435,154.83	
2. Amount increased in the current period	-	145,934,744.48	145,934,744.48	
(1) Increased	-	145,934,744.48	145,934,744.48	
3. Exchange differences on foreign currency financial statements translation	-9,612,309.27	-	-9,612,309.27	
4. Closing balance	237,253,194.35	712,504,395.69	949,757,590.04	
II. Accumulated depreciation				
1. Opening balance	33,022,432.27	7,416,889.22	40,439,321.49	
2. Amount increased in the current period	3,086,012.64	12,964,009.29	16,050,021.93	
(1) provided	3,086,012.64	12,964,009.29	16,050,021.93	
3. Exchange differences on foreign currency financial statements translation	-1,365,051.16	-	-1,365,051.16	
4. Closing balance	34,743,393.75	20,380,898.51	55,124,292.26	
III. Book value				
1. Closing book value	202,509,800.60	692,123,497.18	894,633,297.78	
2. Opening book value	213,843,071.35	559,152,761.99	772,995,833.34	

16. INTANGIBLE ASSETS

RMB

Items	Land use right	Emission rights	Mining rights	Energy use rights	Sea area use rights	Software	Total
I. Original book value							
1. Opening balance	656,348,454.72	63,999,020.73	3,724,688,156.82	144,731,091.46	56,684,220.00	8,407,059.82	4,654,858,003.55
2. Amount increased in the current period	46,839,276.15	321,658.00	3,465,382,860.00	-	24,383,760.40	-	3,536,927,554.55
(1) Purchase	46,839,276.15	321,658.00	3,465,382,860.00	-	-	-	3,512,543,794.15
(2) Acquired in business combinations	-	-	-	-	24,383,760.40	-	24,383,760.40
3. Closing balance	703,187,730.87	64,320,678.73	7,190,071,016.82	144,731,091.46	81,067,980.40	8,407,059.82	8,191,785,558.10
II. Accumulated amortization							
1. Opening balance	90,937,333.63	43,600,955.09	1,235,167,603.83	-	472,368.50	5,118,491.97	1,375,296,753.02
2. Amount increased in the current period	6,666,069.94	4,167,903.90	317,553,453.64	-	2,517,543.04	436,291.80	331,341,262.32
(1) Provided	6,666,069.94	4,167,903.90	317,553,453.64	-	2,517,543.04	436,291.80	331,341,262.32
3. Closing balance	97,603,403.57	47,768,858.99	1,552,721,057.47	-	2,989,911.54	5,554,783.77	1,706,638,015.34
III. Book value							
1. Closing book value	605,584,327.30	16,551,819.74	5,637,349,959.35	144,731,091.46	78,078,068.86	2,852,276.05	6,485,147,542.76
2. Opening book value	565,411,121.09	20,398,065.64	2,489,520,552.99	144,731,091.46	56,211,851.50	3,288,567.85	3,279,561,250.53

Intangible assets at the end of the period as a result of the Company's internal research and development accounted for 0% of the balance of the intangible assets.

17. Long-term deferred expenses

RMB

Items	Opening balance	Added amount during the period	Deferred amount during the period	Closing balance
Pallets	37,131,294.71	56,264,071.55	4,188,569.85	89,206,796.41
Decoration and maintenance	43,584,567.92	9,227,581.53	5,145,311.70	47,666,837.75
Other	–	4,623,100.88	20,226.70	4,602,874.18
Total	<u>80,715,862.63</u>	<u>70,114,753.96</u>	<u>9,354,108.25</u>	<u>141,476,508.34</u>

18. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

(1) Deferred tax assets before offsetting

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	158,786,569.83	23,845,272.54	78,786,472.23	11,833,314.14
Credit impairment loss	159,412,633.44	25,270,218.63	167,762,204.34	31,694,549.31
Deferred revenue	50,682,197.81	8,010,269.47	56,476,018.31	8,900,731.30
Depreciation difference for fixed assets	42,550,569.71	6,382,585.46	40,568,327.36	6,085,249.10
Share payment	10,652,796.11	1,597,919.42	5,892,794.35	883,919.15
Increased valuation of intangible assets	1,004,327,160.78	251,081,790.20	782,262,480.40	195,565,620.10
Lease liability	698,556,036.28	174,639,009.07	561,290,763.27	140,322,690.82
Deductible losses	38,043,830.34	9,510,957.60	787,260,839.79	120,032,521.43
Profit and loss arising from changes in fair value	–	–	1,756,309.49	267,478.09
Total	<u>2,163,011,794.30</u>	<u>500,338,022.39</u>	<u>2,482,056,209.54</u>	<u>515,586,073.44</u>

(2) Deferred tax liabilities before offsetting

RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Property revaluation arising from conversion to a joint stock company	9,521,723.18	1,428,258.46	10,121,075.86	1,518,161.38
Accelerated depreciation of fixed assets	3,421,250,043.37	513,187,506.52	3,662,093,275.89	549,313,991.38
Right-of-use asset	692,123,497.18	173,030,874.30	559,152,761.99	139,788,190.50
Trial production cost	39,967,362.64	5,995,104.40	43,777,025.66	6,566,553.85
Changes in fair values of derivative financial asset	-	-	623,194.84	93,557.34
Total	<u>4,162,862,626.37</u>	<u>693,641,743.68</u>	<u>4,275,767,334.24</u>	<u>697,280,454.45</u>

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

RMB

Items	Offset amount of deferred tax assets and liabilities at the end of the period		Offset amount of deferred tax assets and liabilities at the end of the period	
	Deferred tax assets or liabilities after offsetting	Deferred tax assets or liabilities after offsetting	Deferred tax assets or liabilities after offsetting	Deferred tax assets or liabilities after offsetting
Deferred tax assets	231,883,590.91	268,454,431.48	295,880,812.41	219,705,261.03
Deferred tax liabilities	<u>231,883,590.91</u>	<u>461,758,152.77</u>	<u>295,880,812.41</u>	<u>401,399,642.04</u>

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

RMB

Items	Closing balance	Opening balance
Deductible losses	24,590,463.44	20,139,886.09
Others	16,787,055.97	7,038,669.37
Total	<u>41,377,519.41</u>	<u>27,178,555.46</u>

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

RMB

Items	Closing balance	Opening balance
2025	3,975,752.57	6,454,474.73
2026	10,963,948.57	10,963,973.54
2027	284,882.27	467,483.57
2028	1,878,293.08	2,253,954.25
2029	7,487,586.95	—
Total	<u>24,590,463.44</u>	<u>20,139,886.09</u>

19. OTHER NON-CURRENT ASSETS

RMB

Items	Closing balance	Opening balance
Prepayment for mining rights	—	3,380,000,000.00
Construction prepayment	1,555,167,132.41	765,852,674.81
Prepaid investment	74,474,628.19	77,693,740.85
Prepaid payment of compensation fees for land requisition in mining areas	—	80,402,860.00
Prepaid land	3,000,000.00	7,970,000.00
Total	<u>1,632,641,760.60</u>	<u>4,311,919,275.66</u>

20. SHORT-TERM BORROWINGS

RMB

Classification	Closing balance	Opening balance
Guaranteed borrowings	572,457,320.00	725,127,400.00
Guaranteed and mortgage borrowings	559,000,000.00	225,000,000.00
Mortgaged borrowings	100,000,000.00	404,000,000.00
Bill discounting borrowings	37,961,374.24	167,990,331.03
Pledged borrowings	35,634,000.00	35,413,500.00
Credit borrowings	12,000,000.00	356,240,500.00
Total	<u>1,317,052,694.24</u>	<u>1,913,771,731.03</u>

21. DERIVATIVE FINANCIAL LIABILITIES

RMB

Items	Closing balance	Opening balance
Derivative financial liabilities without the specified hedging relationship	–	1,756,309.49
Including: Interest rate swap contracts	–	1,467,183.00
Foreign exchange option contract	–	289,126.49
Total	<u>–</u>	<u>1,756,309.49</u>

22. BILLS PAYABLES

RMB

Classification	Closing balance	Opening balance
Bank acceptance bills	<u>777,669,128.87</u>	<u>914,048,358.15</u>
Total	<u>777,669,128.87</u>	<u>914,048,358.15</u>

The total amount of bills payable due and unpaid at the end of the period is nil.

23. TRADE PAYABLES

(1) Listing of trade payables

RMB

Items	Closing balance	Opening balance
Trade payables	1,721,898,979.92	2,068,611,497.98
Construction costs payable	<u>3,067,303,141.34</u>	<u>2,451,750,011.44</u>
Total	<u><u>4,789,202,121.26</u></u>	<u><u>4,520,361,509.42</u></u>

(2) Significant trade payables with ageing over 1 year

RMB

Items	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	214,589,466.09	Project warranty has not yet expired and been repaid
Trade payables	24,132,922.65	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	<u><u>238,722,388.74</u></u>	/

24. CONTRACT LIABILITIES

RMB

Items	Closing balance	Opening balance
Advance payment from customers for goods	<u>75,317,801.83</u>	<u>129,107,796.79</u>
Total	<u><u>75,317,801.83</u></u>	<u><u>129,107,796.79</u></u>

25. PAYROLL PAYABLE

(1) Listing of payroll payable

	<i>RMB</i>			
Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term remuneration	101,524,591.22	442,274,306.60	461,304,838.69	82,494,059.13
II. Post-employment welfare – Defined contribution plan	<u>3,815,387.51</u>	<u>38,924,897.55</u>	<u>40,337,045.30</u>	<u>2,403,239.76</u>
Total	<u><u>105,339,978.73</u></u>	<u><u>481,199,204.15</u></u>	<u><u>501,641,883.99</u></u>	<u><u>84,897,298.89</u></u>

(2) Listing of short-term remuneration

	<i>RMB</i>			
Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	97,583,948.16	385,671,831.06	403,717,041.22	79,538,738.00
II. Staff welfare	505.00	20,750,910.42	20,750,910.42	505.00
III. Social insurance	1,542,254.84	22,314,216.56	22,164,173.62	1,692,297.78
Including: Medical insurance	1,342,331.06	19,123,042.15	19,021,631.24	1,443,741.97
Work-related injury insurance	199,716.18	3,190,759.21	3,141,988.78	248,486.61
Maternity insurance	207.60	415.20	553.60	69.20
IV. Housing funds	1,104,421.00	9,399,020.00	9,411,840.00	1,091,601.00
V. Labor union & Education funds	<u>1,293,462.22</u>	<u>4,138,328.56</u>	<u>5,260,873.43</u>	<u>170,917.35</u>
Total	<u><u>101,524,591.22</u></u>	<u><u>442,274,306.60</u></u>	<u><u>461,304,838.69</u></u>	<u><u>82,494,059.13</u></u>

(3) Listing of defined contribution plan

	<i>RMB</i>			
Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic pension insurance	3,693,159.74	37,601,568.88	38,960,000.02	2,334,728.60
2. Unemployment insurance	122,227.77	1,323,328.67	1,377,045.28	68,511.16
Total	<u>3,815,387.51</u>	<u>38,924,897.55</u>	<u>40,337,045.30</u>	<u>2,403,239.76</u>

Defined contribution plan:

The Group participates in pension insurance and unemployment insurance schemes established by government agencies as required. According to these schemes, the Group pays monthly fees to these plans at 14.0% and 0.5% of the employees' basic wages. The Group's subsidiaries in the Anhui, Shanghai and Nantong regions, makes monthly contribution to these schemes at 16.0% and 0.5% of employees' basic salary, while Flat (Vietnam), a subsidiary of the Group, makes monthly contribution to these schemes at 17.0% and 1.0% of employees' basic salary. Except for the above monthly paid fees, the Group does not undertake further payment obligations. The corresponding expenses are recognised in profit or loss in the period in which they are incurred.

During the period, the Group shall pay a total of RMB37,601,568.88 and RMB1,323,328.67 to the pension insurance and unemployment insurance schemes respectively. As of 30 June 2024, RMB2,334,728.60 and RMB68,511.16 had been accrued but unpaid for the pension insurance and unemployment insurance schemes, respectively. Such payables were contributed after the reporting period.

26. TAXES PAYABLE

RMB

Items	Closing balance	Opening balance
Enterprise income tax	104,037,597.60	61,874,135.48
VAT	19,323,630.53	89,635,709.32
Resource tax	16,185,700.14	12,282,897.97
Property tax	11,859,561.87	13,600,531.04
Land use tax	8,991,825.34	6,073,864.23
City maintenance and construction tax	3,973,233.58	3,071,418.87
Education surtax and local educational surcharges	3,503,690.01	2,662,134.55
Individual income tax	783,315.45	990,312.15
Others	6,736,930.99	9,947,911.76
Total	<u>175,395,485.51</u>	<u>200,138,915.37</u>

27. OTHER PAYABLES

Listing of items

RMB

Items	Closing balance	Opening balance
Interest payable	20,724,271.06	30,801,288.06
Dividends payables	888,591,018.78	1,371,320.00
Other payables	141,120,258.51	102,636,299.84
Total	<u>1,050,435,548.35</u>	<u>134,808,907.90</u>

(1) *Interest payables*

RMB

Items	Closing balance	Opening balance
Interest payable for convertible bonds	4,603,275.70	12,582,259.61
Interest for long-term borrowings with interest paid in installment and principal paid due to maturity	13,014,066.11	8,861,162.93
Interest payable for short-term borrowings	<u>3,106,929.25</u>	<u>9,357,865.52</u>
Total	<u><u>20,724,271.06</u></u>	<u><u>30,801,288.06</u></u>

(2) *Dividends payables*

RMB

Items	Closing balance	Opening balance
Dividends on ordinary shares	<u>888,591,018.78</u>	<u>1,371,320.00</u>
Total	<u><u>888,591,018.78</u></u>	<u><u>1,371,320.00</u></u>

Other description:

The Company convened the 52th Meeting of the Sixth Session of the Board of Directors and 2023 Annual Meeting of Board of Directors on 26 March 2024, and the Annual General Meeting on 17 June 2024, respectively, to consider and approve the Proposal on Annual Profit Distribution of the Company for 2023. Pursuant to such proposal, based on the total share capital registered on the equity registration date for the implementation of equity distribution less the shares in the Company's special securities account for repurchase, the Company proposed to distribute 2023 cash dividend of RMB3.80 (inclusive of tax) per 10 shares to all shareholders.

As of the equity registration date for the implementation of equity distribution, the total number of shares of the Company was 2,351,324,281 shares, among which the number of shares in the special securities account for A share repurchase was 8,250,600 shares, and the number of shares in the special securities account for H share repurchase was 8,285,000 shares. Pursuant to the Rules on Share Repurchase of Listed Companies, Guidelines No. 7 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Share Repurchase, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant requirements, the shares in the special account for repurchase of listed companies shall not enjoy the right to participate in profit distribution and transferring of the reserved funds into share capital increase.

In conclusion, the total number of share capital of the Company actually participated in the profit distribution was 2,334,788,681 shares, and based on the payment of cash dividend of RMB3.80 (inclusive of tax) per 10 shares, the payment of cash dividend shall be RMB887,219,698.78 in total.

(3) Other payables

RMB

Items	Closing balance	Opening balance
Warranty	85,299,706.34	66,164,706.34
Restricted share incentive schemes	14,076,282.50	16,068,482.50
Transportation premium	10,443,429.55	13,375,290.82
Others	31,300,840.12	7,027,820.18
Total	<u>141,120,258.51</u>	<u>102,636,299.84</u>

28. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

RMB

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	1,397,854,078.26	1,172,006,729.76
Lease liabilities due within 1 year	47,959,868.01	37,546,569.77
Long-term payables due within 1 year	44,817,085.86	43,813,689.16
Total	<u>1,490,631,032.13</u>	<u>1,253,366,988.69</u>

29. Other Current Liabilities

RMB

Items	Closing balance	Opening balance
Output-VAT pending for recognition	7,828,991.84	12,279,287.63
Total	<u>7,828,991.84</u>	<u>12,279,287.63</u>

30. LONG-TERM BORROWINGS

(1) Categories of long-term borrowings

	<i>RMB</i>	
Items	Closing balance	Opening balance
Guarantee and mortgage borrowings	2,695,300,000.00	3,306,400,000.00
Guarantee and pledged borrowings	1,514,346,423.76	-
Pledged borrowings	104,000,000.00	1,132,096,897.57
Secured borrowings	1,200,000,000.00	1,095,000,000.00
Guarantee borrowings	2,551,403,620.90	1,598,640,584.00
Credit borrowings	594,000,000.00	695,000,000.00
Less: Guarantee and mortgage borrowings due within 1 year	226,700,000.00	832,000,000.00
Less: Guarantee and pledged borrowings due within 1 year	149,475,716.66	-
Less: Pledged borrowings due within 1 year	52,000,000.00	152,200,018.80
Less: Secured borrowings due within 1 year	505,000,000.00	-
Less: Guarantee borrowings due within 1 year	462,578,361.60	185,806,710.96
Less: Credit borrowings due within 1 year	2,100,000.00	2,000,000.00
Total	<u>7,261,195,966.40</u>	<u>6,655,130,751.81</u>

31. BONDS PAYABLES

(1) Bonds payables

RMB

Items	Closing balance	Opening balance
Bonds payables	<u>3,838,093,106.45</u>	<u>3,755,915,215.98</u>
Total	<u><u>3,838,093,106.45</u></u>	<u><u>3,755,915,215.98</u></u>

(2) Changes in bonds payable

RMB

Name of bond	Par value	Issuing date	Term of the bond	Issue amount	Opening balance	Accrued interests at par value	Amortization of premium/discount	Conversion for the current year	Closing balance
Flat convertible bond	100	2022-05-20	6 years	4,000,000,000.00	3,755,915,215.98	12,253,012.94	94,432,781.40	1,877.99	3,838,093,106.45
Total	/	/	/	4,000,000,000.00	3,755,915,215.98	12,253,012.94	94,432,781.40	1,877.99	3,838,093,106.45

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

RMB

Items	Liability component	Equity component	Total
Nominal value of convertible corporate bonds	3,505,410,854.51	494,589,145.49	4,000,000,000.00
Direct transaction costs	-20,225,168.72	-2,853,630.95	-23,078,799.67
Balance as at the issuance date	3,485,185,685.79	491,735,514.54	3,976,921,200.33
Accrued interest on par value	-7,430,136.99	-	-7,430,136.99
Amortisation of premium/discount	110,951,786.23	-	110,951,786.23
Conversion for the current year	-28,585.07	-3,933.88	-32,518.95
Balance as at 31 December 2022	3,588,678,749.97	491,731,580.66	4,080,410,330.63
Accrued interest on par value	-16,919,589.79	-	-16,919,589.79
Amortisation of premium/discount	184,196,956.45	-	184,196,956.45
Conversion for the current year	-40,900.65	-5,163.23	-46,063.88
Balance as at 31 December 2023	3,755,915,215.98	491,726,417.43	4,247,641,633.41
Accrued interest on par value	-12,253,012.94	-	-12,253,012.94
Amortisation of premium/discount	94,432,781.40	-	94,432,781.40
Conversion for the current year	-1,877.99	-245.86	-2,123.85
Balance as at 30 June 2024	<u>3,838,093,106.45</u>	<u>491,726,171.57</u>	<u>4,329,819,278.02</u>

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

As approved by the China Securities Regulatory Commission, the Company publicly issued 40 million A share convertible corporate bonds with a par value of RMB100 each on 20 May 2022. The total amount of this issuance is RMB4,000,000,000.00 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 28 November 2022. The initial conversion price is RMB43.94 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 23 November 2022, the Company adjusted the conversion price to RMB43.71 per share based on the 2022 interim profit distribution proposal. During the period from 28 November 2022 to 31 December 2022, the convertible bonds of the Company amounting to RMB32,000 were converted into 713 RMB ordinary shares (A shares) at a conversion price of RMB43.71 per share. Due to the conversion of convertible bonds in 2022, the registered capital of the Company increased by RMB178.25, the number of shares increased by 713 shares and the capital reserve increased by RMB32,400.14. On 4 August 2023, the Company adjusted the conversion price from RMB43.71 per share to RMB42.46 per share based on the issuance of A Shares to specific subscribers. On 27 November 2023, the Company adjusted the conversion price from RMB42.46 per share to RMB42.22 per share based on the 2023 interim profit distribution proposal. During the period from 1 January 2023 to 31 December 2023, the convertible bonds of the Company amounting to RMB42,000 were converted into 967 RMB ordinary shares (A shares). Due to the conversion of convertible bonds in 2023, the registered capital of the Company increased by RMB241.75, the number of shares increased by 967 shares and the capital reserve increased by RMB45,951.80. During the period from 1 January 2024 to 30 June 2024, the convertible bonds of the Company amounting to RMB2,000 were converted into 46 RMB ordinary shares (A shares). Due to the conversion of convertible bonds from January to June 2024, the registered capital of the Company increased by RMB11.50, the number of shares increased by 46 shares and the capital reserve increased by RMB1,866.49.

The annual coupon rate shall be 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year and 2% in the sixth year. The payment method that interest shall be paid on an annual basis shall be adopted and the principal shall be repaid and the interest for the last year shall be paid. The term of the A Share Convertible Corporate Bonds under the issuance shall be six years from the date of the issuance, namely 20 May 2022 to 19 May 2028. The conversion period of the A Share Convertible Bonds under the issuance shall commence on the first trading day immediately following the expiry of the six-month period after the date of the issuance of the convertible bonds (26 May 2022), and end on the maturity date of the convertible bonds (28 November 2022 to 19 May 2028). The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount was assigned as the equity component and included in shareholders' equity.

32. LEASE LIABILITIES

RMB

Items	Closing balance	Opening balance
Lease liabilities	712,966,562.40	575,787,267.82
Less: Lease liabilities included in non-current liabilities due within one year	<u>47,959,868.02</u>	<u>37,546,569.77</u>
Total	<u>665,006,694.38</u>	<u>538,240,698.05</u>

33. Deferred Revenue

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Government grants related to assets	<u>56,476,018.31</u>	<u>–</u>	<u>5,793,820.50</u>	<u>50,682,197.81</u>
Total	<u>56,476,018.31</u>	<u>–</u>	<u>5,793,820.50</u>	<u>50,682,197.81</u>

34. LONG-TERM PAYMENTS

Listing of items

RMB

Items	Closing balance	Opening balance
Long-term payables	<u>95,976,999.10</u>	<u>93,846,651.81</u>
Total	<u><u>95,976,999.10</u></u>	<u><u>93,846,651.81</u></u>

(1) Long-term payments

RMB

Items	Closing balance	Opening balance
Payment for acquisition of mining rights	140,794,084.96	137,660,340.97
Less: Lease liabilities included in long-term payments due within one year	<u>44,817,085.86</u>	<u>43,813,689.16</u>
Total	<u><u>95,976,999.10</u></u>	<u><u>93,846,651.81</u></u>

35. PROVISIONS

RMB

Items	Opening balance	Closing balance	Reason
Expenses of environmental protection and land reclamation	5,098,771.16	5,325,734.05	Provision of expenses for mine geological environment protection and land reclamation
Total	<u><u>5,098,771.16</u></u>	<u><u>5,325,734.05</u></u>	

36. SHARE CAPITAL

RMB

	Opening balance	Increase or decrease for the period (+,-)		Subtotal	Closing balance
		Conversion of convertible bonds			
Total share capital	<u>587,831,058.75</u>	<u>—</u>		<u>11.50</u>	<u>587,831,070.25</u>

37. OTHER EQUITY INSTRUMENTS

RMB

Outstanding financial instruments	Opening balance		Increase in the current period		Decrease in the current period		Closing balance	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Convertible corporate bonds	39,999,260.00	491,726,417.43	—	—	20.00	245.86	39,999,240.00	491,726,171.57
Total	<u>39,999,260.00</u>	<u>491,726,417.43</u>	<u>—</u>	<u>—</u>	<u>20.00</u>	<u>245.86</u>	<u>39,999,240.00</u>	<u>491,726,171.57</u>

38. CAPITAL RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share premium	10,694,495,800.92	1,855.52	-	10,694,497,656.44
Other capital reserve	103,637,594.34	6,073,201.77	-	109,710,796.11
Total	<u>10,798,133,395.26</u>	<u>6,075,057.29</u>	<u>-</u>	<u>10,804,208,452.55</u>

39. TREASURY STOCK

RMB

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Share-based payment	15,986,520.00	-	1,992,200.00	13,994,320.00
Share repurchase	-	311,553,862.40	-	311,553,862.40
Total	<u>15,986,520.00</u>	<u>311,553,862.40</u>	<u>1,992,200.00</u>	<u>325,548,182.40</u>

On 14 June 2024, the conditions for lock-up release in respect to the third lock-up period release for the reserved part of the A restricted shares incentive plan 2020 of the Company have been satisfied, the treasury stock decreased by RMB1,992,200.00 accordingly.

On 23 February 2024, the Company convened the 50th meeting of the sixth session of the Board, at which the Resolution in relation to the Plan for the Repurchase of Part of A Shares by way of Centralised Price Bidding (《關於以集中競價交易方式回購部分A股股份方案的議案》) was considered and approved, agreed that the Company repurchase part of the Company's A shares with its own funds through the trading system of the Shanghai Stock Exchange by way of centralised price bidding, and when appropriate in the future for the purpose of share incentive or employee stock ownership scheme. The price for the repurchase will be no more than RMB30 per share (inclusive), and the total amount of funds for the repurchase will not be less than RMB300 million (inclusive) and not more than RMB600 million (inclusive). The repurchase period shall be no more than 6 months from the date on which the 50th meeting of the sixth session of the Board considered and approved the plan for the repurchase of part of the Company's A shares (i.e. 23 February 2024). As at 30 June 2024, the Company has repurchased a total of 8,250,600 A Shares, accounting for 0.35% of the Company's total issued share capital of 2,351,324,281 shares on 30 June 2024. The lowest transaction price was RMB22.36 per share, the highest transaction price was RMB26.25 per share, and the total amount paid was RMB200,400,355.43.

On 22 December 2023, the Company convened the 2023 Third EGM, the 2023 Third A Share Class Meeting and the 2023 Third H Share Class Meeting, at which the Resolution in relation to the General Mandate to Repurchase of Part of H Shares of the Company (《關於回購公司部分H股一般性授權的議案》) was considered and approved, agreed that the Board of the Company shall, in accordance with demand and market conditions, decide in a timely manner to repurchase H shares not more than 10% of the total number of H shares issued at the date of passing at the general meeting, and the repurchase price on any date of repurchase shall not be equal to or higher than 105% of the average closing price of H Shares for the five preceding trading days on which H Shares were traded on the Hong Kong Stock Exchange. As at 30 June 2024, the Company has repurchased a total of 8,285,000 H Shares, accounting for 0.35% of the Company's total issued share capital of 2,351,324,281 shares on 30 June 2024. The lowest transaction price was HK\$13.36 per share, the highest transaction price was HK\$17.98 per share, and the total amount paid was HK\$122,291,740.

40. OTHER COMPREHENSIVE INCOME

RMB

Items	Amount incurred in the current period					Closing balance
	Opening balance	Amount before income tax incurred in the current period	Less: income tax	Amount attributable to the Company after income tax	Amount attributable to minority shareholders after income tax	
I. Other comprehensive income that will not be reclassified into profit or loss afterwards	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified into profit or loss afterwards	11,349,243.83	-70,049,134.44	-	-70,049,134.44	-	-58,699,890.61
- Exchange differences on foreign currency financial statements translation	25,257,403.58	-74,916,766.60	-	-74,916,766.60	-	-49,659,363.02
- Changes in fair value of financing receivables	-13,908,159.75	4,867,632.16	-	4,867,632.16	-	-9,040,527.59
Total other comprehensive income	<u>11,349,243.83</u>	<u>-70,049,134.44</u>	<u>-</u>	<u>-70,049,134.44</u>	<u>-</u>	<u>-58,699,890.61</u>

41. SPECIAL RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production costs	49,829,227.15	12,909,625.58	149,333.47	62,589,519.26
Total	49,829,227.15	12,909,625.58	149,333.47	62,589,519.26

42. SURPLUS RESERVE

RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	293,915,529.38	—	—	293,915,529.38
Total	293,915,529.38	—	—	293,915,529.38

43. UNDISTRIBUTED PROFIT

RMB

Items	Current period	Last period
Undistributed profits at the end of the previous period before adjustment	9,998,276,039.62	7,823,754,058.70
Undistributed profits at the beginning of the period after adjustment	9,998,276,039.62	7,823,754,058.70
Add: Net profit attributable to shareholders of the parent company in the current period	1,498,620,327.99	2,759,690,819.78
Less: Appropriation of statutory surplus reserve	—	25,553,783.50
Dividends payable	<u>887,219,698.78</u>	<u>559,615,055.36</u>
Closing balance of the undistributed profit	<u><u>10,609,676,668.83</u></u>	<u><u>9,998,276,039.62</u></u>

Details of undistributed profits at the beginning of the period during adjustment:

1. Undistributed profits at the beginning of the period affected by retroactive adjustment of the Accounting Standards for Business Enterprises and its relevant new rules were RMB0.
2. Undistributed profits at the beginning of the period affected by changes in accounting policies were RMB0.
3. Undistributed profits at the beginning of the period affected by correction of major accounting errors were RMB0.
4. Undistributed profits at the beginning of the period affected by change of merger scope caused by common control were RMB0.
5. Undistributed profits at the beginning of the period affected by other adjustments in total were RMB0.

44. OPERATING REVENUE AND OPERATING COST

(1) Operating revenue and operating cost

RMB

Items	Amount for the period		Amount for last period	
	Revenue	Cost	Revenue	Cost
Main business	10,489,105,425.03	8,007,107,239.42	9,647,520,825.50	7,826,406,976.45
Other business	206,890,072.41	144,999,265.81	30,902,524.24	1,595,183.64
Total	<u>10,695,995,497.44</u>	<u>8,152,106,505.23</u>	<u>9,678,423,349.74</u>	<u>7,828,002,160.09</u>

(2) Breakdowns of operating revenue and operating cost

RMB

Contract classification	Total	
	Operating revenue	Operating cost
By types of products		
PV glass	9,659,149,137.28	7,273,028,242.24
Float glass	182,678,031.15	178,764,996.47
Household glass	145,035,852.73	125,769,057.94
Architectural glass	237,702,852.85	217,236,177.24
Mining products	264,539,551.02	212,308,765.53
Income from other business	206,890,072.41	144,999,265.81
By operating regions		
China	8,252,330,123.29	6,399,572,292.32
Asia (excluding China)	1,845,066,165.92	1,338,421,666.46
Europe	74,955,125.90	67,910,919.84
North America	514,863,690.49	338,681,467.62
Others	8,780,391.84	7,520,158.99
Total	<u>10,695,995,497.44</u>	<u>8,152,106,505.23</u>

(3) *Performance obligations*

The Group's main business activities are the production and sales of glass products. Generally, there is only one performance obligation to deliver goods in the relevant sales contract, and the consideration for the sale of the product is determined according to the fixed price agreed in the sales contract or order. The Group recognises the revenue at the time when the control of the relevant product is transferred to the customer.

45. TAXES AND SURCHARGES

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Resource tax	24,770,327.54	38,406,274.13
City maintenance and construction tax	11,983,314.80	7,540,223.53
Education surtax	11,169,033.39	6,531,429.35
Stamp duty	6,327,801.66	5,612,968.61
Property tax	24,544,742.28	9,999,009.35
Environmental protection tax	3,722,277.87	3,024,237.22
Special fund for water conservancy construction	4,398,370.23	3,770,980.95
Land use tax	22,663,892.41	9,740,855.88
Others	586,618.00	334,579.54
Total	<u>110,166,378.18</u>	<u>84,960,558.56</u>

46. SELLING EXPENSES

RMB

Items	Amount for the period	Amount for last period
Assembling frame charges	21,238,310.57	25,408,878.08
Employee compensation and welfare	8,757,993.89	7,629,395.08
Advertising expenses	1,570,590.30	2,262,290.62
Depreciation and amortization	363,621.27	198,450.02
Others	5,214,289.91	5,700,572.18
Total	<u>37,144,805.94</u>	<u>41,199,585.98</u>

47. ADMINISTRATIVE EXPENSES

RMB

Items	Amount for the period	Amount for last period
Employee remuneration and benefits	61,127,430.51	47,780,689.89
Equity settled share-based payment	6,073,201.77	10,323,702.43
Depreciation and amortization	25,270,792.38	15,536,340.00
Labor costs	10,628,783.01	8,228,714.08
Intermediary agency service fee	11,543,263.00	9,163,947.42
Green and environmental protection expenses	9,859,527.45	9,799,316.75
Office expenses	6,221,519.44	6,054,634.72
Rent expenses	2,459,626.05	2,594,521.04
Entertainment expenses	2,056,336.50	2,877,572.92
Transportation expenses	1,800,252.39	1,913,092.20
Travelling expenses	1,940,414.82	1,180,656.74
Others	7,595,040.58	5,071,769.09
Total	<u>146,576,187.90</u>	<u>120,524,957.28</u>

48. RESEARCH AND DEVELOPMENT EXPENSES

RMB

Items	Amount for the period	Amount for last period
Employee remuneration and benefits	77,725,230.51	71,774,336.69
Direct material costs	223,147,919.48	188,655,803.95
Depreciation and amortization	19,301,378.19	19,844,343.55
Others	5,631,378.86	6,264,834.36
Total	<u>325,805,907.04</u>	<u>286,539,318.55</u>

49. FINANCE EXPENSES

RMB

Items	Amount for the period	Amount for last period
Interest expense from borrowing	268,449,034.52	248,289,348.87
Less: Interest income	60,847,569.88	31,712,351.86
Handing fee	2,788,854.33	14,492,374.03
Exchange loss (gains)	-23,194,403.18	-74,526,435.02
Total	<u>187,195,915.79</u>	<u>156,542,936.02</u>

50. OTHER REVENUE

RMB

Natural classification	Amount for the period	Amount for last period
Additional VAT credit	40,960,465.36	—
Government grants related to revenues	17,481,153.80	21,886,974.44
Government grants related to assets	5,793,820.50	5,828,370.09
Total	<u>64,235,439.66</u>	<u>27,715,344.53</u>

51. INVESTMENT INCOME

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Investment gains on disposal of derivative financial instruments	8,888,313.59	-1,406,415.00
Income from long-term equity investments under the equity method	5,699,486.45	13,425,717.67
Investment income from financial assets held for trading during the holding period	<u>486,251.32</u>	-
Total	<u><u>15,074,051.36</u></u>	<u><u>12,019,302.67</u></u>

52. CREDIT IMPAIRMENT LOSSES

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Bad debt losses on bills receivable	-851,644.35	-702,233.76
Bad debt losses on trade receivables	<u>-439,584.43</u>	-204,394.86
Total	<u><u>-1,291,228.78</u></u>	<u><u>-906,628.62</u></u>

53. ASSETS IMPAIRMENT LOSSES

RMB

Items	Amount for the period	Amount for last period
Inventory impairment losses	-12,136,610.48	-15,019,996.98
Fixed assets impairment losses	-80,901,531.39	—
Total	<u>-93,038,141.87</u>	<u>-15,019,996.98</u>

54. GAINS ON DISPOSAL OF ASSET

RMB

Items	Amount for the period	Amount for last period
Losses on disposal of assets	-9,815,832.35	-81,426.03
Total	<u>-9,815,832.35</u>	<u>-81,426.03</u>

55. NON-OPERATING INCOME

RMB

Items	Amount for the period	Amount for last period	Non-recurring profits and losses in the current period
Others	<u>2,046,408.05</u>	<u>1,376,967.75</u>	<u>2,046,408.05</u>
Total	<u>2,046,408.05</u>	<u>1,376,967.75</u>	<u>2,046,408.05</u>

56. NON-OPERATING EXPENSES

RMB

Items	Amount for the period	Amount for last period	Non-recurring profits and losses in the current period
Total losses on disposal of non-current assets	1,060,068.91	–	1,060,068.91
Including: Losses on disposal of fixed assets	1,060,068.91	–	1,060,068.91
External donations	313,000.00	–	313,000.00
Others	<u>764,304.88</u>	<u>911,601.21</u>	<u>764,304.88</u>
Total	<u>2,137,373.79</u>	<u>911,601.21</u>	<u>2,137,373.79</u>

57. INCOME TAX EXPENSES

RMB

Items	Amount for the period	Amount for last period
Current period income tax expenses	197,583,279.76	78,129,987.70
Income taxes made over (refunded) for the last year	2,571,045.32	-110,179.98
Deferred income tax expenses	<u>11,609,340.28</u>	<u>21,059,497.62</u>
Total	<u><u>211,763,665.36</u></u>	<u><u>99,079,305.34</u></u>

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

RMB

Items	Amount for the period
Total profit	1,712,024,614.23
Income tax expense calculated at tax rate of 15%	256,803,692.10
Effect of subsidiaries to adapt different tax rates	-13,927,675.21
Effect of non-deductible costs, expenses and losses	8,665,497.91
Effect on makeover (refund) of the income tax for last period	2,571,045.32
Effect of use of deductible losses on previously unrecognised deferred income tax asset	-277,283.12
Effect of deductible temporary difference or deductible losses of unrecognized deferred tax assets in the period	1,877,228.38
Effect on research and development costs plus deduction	-43,948,840.02
Income tax expenses	<u><u>211,763,665.36</u></u>

58. ITEMS IN CASH FLOW STATEMENT

(1) Other cash received and related to operating activities

	<i>RMB</i>	
Items	Amount in the current period	Amount in the last period
Government grant	18,458,291.85	31,886,974.44
Interest income	60,847,569.88	31,712,351.86
Operating margin	12,692,170.00	5,083,922.61
Others	745,630.00	1,376,970.25
Total	<u>92,743,661.73</u>	<u>70,060,219.16</u>

(2) Other cash paid and related to operating activities

	<i>RMB</i>	
Items	Amount in the current period	Amount in the last period
Paid fee	272,414,475.53	261,262,314.09
Operating margin	67,999,683.55	14,087,560.00
Charitable donation expenses	313,000.00	–
Handling charge	1,959,270.21	14,492,374.03
Others	872,276.78	927,892.02
Total	<u>343,558,706.07</u>	<u>290,770,140.14</u>

(3) Other cash received and related to investment activities

RMB

Items	Amount in the current period	Amount in the last period
Recovery of restricted monetary funds such as bill deposit	5,000,000.06	69,841,860.93
Project margin	19,841,326.00	12,821,500.00
Total	<u>24,841,326.06</u>	<u>82,663,360.93</u>

(4) Other cash paid and related to investment activities

RMB

Items	Amount in the current period	Amount in the last period
Payment of restricted monetary funds such as bill deposit	20,745,070.10	73,632,646.37
Cash paid for investment losses	–	1,803,000.00
Project margin	61,953,238.72	80,000.00
Total	<u>82,698,308.82</u>	<u>75,515,646.37</u>

(5) Other cash received and related to fundraising activities

RMB

Items	Amount in the current period	Amount in the last period
Recovery of restricted monetary funds such as wealth management margin	<u>1,212,007,615.18</u>	<u>463,958,512.35</u>
Total	<u><u>1,212,007,615.18</u></u>	<u><u>463,958,512.35</u></u>

(6) Other cash paid and related to fundraising activities

RMB

Items	Amount in the current period	Amount in the last period
Payment of restricted monetary funds such as wealth management margin	<u>1,060,319,633.80</u>	<u>370,719,825.78</u>
Share repurchase	<u>311,783,446.52</u>	–
Payment of lease fees	<u>22,147,857.42</u>	–
Total	<u><u>1,394,250,937.74</u></u>	<u><u>370,719,825.78</u></u>

59. SUPPLEMENTARY INFORMATION FOR CASH FLOW STATEMENT

(1) *Supplementary information for cash flow statement*

RMB

Supplementary information	Amount in the current period	Amount in the last period
<i>1. Adjust net profit to cash flow from operating activities</i>		
Net profit	1,500,260,948.87	1,085,367,849.37
Add: Asset impairment provision	93,038,141.86	15,019,996.98
Credit impairment losses	1,291,228.79	906,628.62
Amortization of investment property	12,787,074.96	987,404.65
Depreciation of fixed assets	707,983,511.68	567,991,624.54
Depreciation of right-of-use assets	16,050,021.93	2,830,607.04
Amortization of intangible assets	331,341,262.32	312,173,703.77
Amortization of long-term prepaid expenses	24,646,351.14	2,820,714.87
Losses for disposal of fixed assets, intangible assets and other long-term assets	10,875,901.26	81,426.03
Fair value change losses	48,505.41	398,640.66
Financial expenses	273,008,483.41	227,617,023.65
Investment losses	-15,074,051.36	-12,019,302.67
Decrease in deferred income tax assets	-48,749,170.45	-58,034,108.50
Increase in deferred income tax liabilities	60,358,510.73	79,093,606.15
Decrease in inventory	-145,948,801.02	-319,469,330.38
Decrease in operating receivables	-1,027,211,764.21	-2,509,861,403.35
Increase in operating payables	-62,029,691.43	-253,570,342.72
Deferred income amortisation	-5,793,820.50	-5,828,370.09
Increase in special reserve	12,909,625.58	7,839,762.83
Equity settled share-based payment	6,073,201.77	10,303,702.44
Net cash flow from operating activities	<u>1,745,865,470.74</u>	<u>-845,350,166.11</u>

(2) *Component of cash and cash equivalents*

RMB

Items	Closing balance	Opening balance
I. Cash	4,604,673,954.97	5,479,316,299.60
Including: Cash on hand	18,273.75	18,273.37
Bank deposit available for payment	<u>4,604,655,681.60</u>	<u>5,479,298,026.23</u>
II. Cash equivalents	-	-
III. Cash and cash equivalents at the end of the period	<u>4,604,673,954.97</u>	<u>5,479,316,299.60</u>

60. ASSETS WITH RESTRICTED OWNERSHIP OR USE RIGHTS

RMB

Items	Book balance	Closing balance			Book balance	Opening balance		
		Book Value	Restricted type	Restricted situation		Book Value	Restricted type	Restricted situation
Monetary funds	1,002,456,025.26	1,002,456,025.26	Other	Bills deposits, deposit certificate pledge, electricity fee income pledge, etc.	1,137,071,368.20	1,137,071,368.20	Other	Bills deposits, deposit certificate pledge, electricity fee income pledge, etc.
Financing receivables	-	-	/	/	80,199,303.43	80,199,303.43	Pledge	Obtain a credit line by pledging to the bank
Investment property	499,529,235.08	499,529,235.08	Mortgage	Obtain a credit line by mortgaging to the bank	15,939,290.23	15,939,290.23	Mortgage	Obtain a credit line by mortgaging to the bank
Fixed assets	2,451,324,399.24	2,451,324,399.24	Mortgage	Obtain a credit line by mortgaging to the bank	1,948,240,881.71	1,948,240,881.71	Mortgage	Obtain a credit line by mortgaging to the bank
Construction in progress	79,196,956.04	79,196,956.04	Mortgage	Obtain a credit line by mortgaging to the bank	93,287,049.55	93,287,049.55	Mortgage	Obtain a credit line by mortgaging to the bank
Intangible assets	451,398,080.63	451,398,080.63	Mortgage	Obtain a credit line by mortgaging to the bank	456,694,315.25	456,694,315.25	Mortgage	Obtain a credit line by mortgaging to the bank
Total	4,483,904,696.25	4,483,904,696.25	/	/	3,731,432,208.37	3,731,432,208.37	/	/

61. FOREIGN CURRENCY MONETARY ITEM

RMB

Items	Foreign currency balance at the end of the half year	Translation exchange rate	RMB amounts at the end of the half year
Cash at bank and on hand			
Including: USD	189,634,537.24	7.1268	1,351,487,419.93
EUR	5,099,051.37	7.6617	39,067,401.89
JPY	847,823,897.00	0.0447	37,929,946.20
HKD	3,165,944.48	0.9127	2,889,494.21
GBP	3,851.05	9.0430	34,825.04
AUD	263,568.75	4.7650	1,255,905.09
Trade receivables			
Including: USD	140,921,767.14	7.1268	1,004,322,505.99
EUR	618,833.81	7.6617	4,741,319.00
Other receivables			
Including: USD	7,392,365.82	7.1268	52,683,912.72
HKD	3,970.00	0.9127	3,623.34
Trade payables			
Including: USD	5,261,229.14	7.1268	37,495,727.88
EUR	114,400.00	7.6617	876,498.48
Other payables			
Including: USD	222,621.79	7.1268	1,586,580.97
HKD	5,447,331.71	0.9127	4,971,670.70
Long-term borrowings			
Including: USD	49,900,000.00	7.1268	355,627,320.00
HKD	624,000,000.00	0.9127	569,512,320.00

62. LEASE

RMB

Items	Annual undiscounted lease receipts	
	Closing balance	Opening balance
1 year	6,862,459.65	8,473,727.28
2 years	1,715,575.39	3,963,645.46
3 years	781,632.79	762,756.49
4 years	642,333.42	800,894.31
5 years	67,954.67	305,796.01
Total undiscounted lease receipts after 5 years	<u>10,069,955.92</u>	<u>14,306,819.56</u>

(VI.) INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

RMB '0,000

Name of subsidiary	Principal place of business	Registered capital (RMB '0'000)	Place of registration	Nature of business	Shareholding and voting rights percentage (%)		Acquisition method
					Direct	Indirect	
Zhejiang Flat Glass Co., Ltd.* (浙江福莱特玻璃有限公司) ("Zhejiang Flat")	Zhejiang, China	1,000.00	Zhejiang, China	Engaged in the manufacture and sale of architectural or household glass products	100	-	Establishment
Zhejiang Jiayu Glass Co., Ltd.* (浙江嘉福玻璃有限公司) ("Zhejiang Jiayu")	Zhejiang, China	15,000.00	Zhejiang, China	Manufacture and sale of photovoltaic glass	100	-	Establishment
Flat (Hong Kong) Investment Limited* (福莱特(香港)投资有限公司) ("Flat Investment")	Hongkong, China	HKD100.00	Hongkong, China	Investments	-	100	Establishment
FLAT (AUSTRALIA) PTY LTD ("Australia Flat")	Australia	AUD0.001	Australia	Mine operations and sale of quartz ore	-	100	Establishment
Shanghai Flat Glass Co., Ltd.* (上海福莱特玻璃有限公司) ("Shanghai Flat")	Shanghai, China	7,000.00	Shanghai, China	Architectural glass processing	100	-	Establishment
Anhui Flat Solar Glass Co., Ltd. (安徽福莱特光伏玻璃有限公司) ("Anhui Flat" or "Anhui Flat Glass")	Anhui, China	250,000.00	Anhui, China	Manufacture and sale of photovoltaic glass	100	-	Establishment
Fengyang Flat Natural Gas Pipeline Co., Ltd.* (凤阳福莱特天然气管道有限公司) ("Flat Natural Gas")	Anhui, China	2,000.00	Anhui, China	Installation and sales of natural gas pipelines	-	100	Establishment
Fengyang Flat New Energy Technology Co., Ltd.* (凤阳福莱特新能源科技有限公司) ("Fengyang Flat New Energy")	Anhui, China	1,000.00	Anhui, China	Investment, construction, operation and maintenance of new energy power plants	-	100	Establishment

Name of subsidiary	Principal place of business	Registered	Place of registration	Nature of business	Shareholding and voting rights		Acquisition method
		capital			Direct	Indirect	
		(RMB 0'000)					
Anhui Flat Supply Chain Management Co., Ltd.* (安徽福萊特供應鏈管理有限公司) ("Flat Supply Chain")	Anhui, China	500.00	Anhui, China	Supply chain management services	-	100	Establishment
Anhui Flat Solar Material Co., Ltd.* (安徽福萊特光伏材料有限公司) ("Anhui Flat Material")	Anhui, China	100,000.00	Anhui, China	Mine operations and sale of quartz ore	-	100	Establishment
Anhui Dahua Dongfang Mining Company Limited* (安徽大華東方礦業有限公司) ("Dahua Mining")	Anhui, China	5,000.00	Anhui, China	Mine operations and sale of quartz ore	-	100	Acquisition
Anhui Sanli Mining Company Limited* (安徽三力礦業有限公司) ("Sanli Mining")	Anhui, China	17,000.00	Anhui, China	Mine operations and sale of quartz ore	-	100	Acquisition
Zhaotong Flat Silicon industry Co., Ltd.* (昭通福萊特硅業有限公司) ("Zhaotong Flat")	Yunnan, China	1,000.00	Yunnan, China	Manufacturing and sale of nonmetallic mineral products	-	100	Establishment
Flat (Hong Kong) Limited* (福萊特(香港)有限公司) ("Flat (Hong Kong)")	Hong Kong, China	USD1,000.00	Hong Kong, China	Glass export	100	-	Establishment
Flat (Vietnam) Company Limited ("Flat (Vietnam)")	Vietnam	VDN175,280,000.00	Vietnam	Manufacture and sale of photovoltaic glass	-	100	Establishment
Flat (Vietnam) Import and Export Trade Limited* (福萊特(越南)進出口貿易有限公司) ("Vietnam Import and Export")	Vietnam	VDN228,600.00	Vietnam	Import and export trade	-	100	Establishment
Jiaxing Flat New Energy Technology Co., Ltd.* (嘉興福特新能源科技有限公司) ("Flat New Energy")	Zhejiang, China	1,000.00	Zhejiang, China	Investment, construction, operation and maintenance of new energy power plants	100	-	Establishment

Name of subsidiary	Principal place of business	Registered capital (RMB 0'000)	Place of registration	Nature of business	Shareholding and voting rights percentage (%)		Acquisition method
					Direct	Indirect	
Flat (Jiaxing) Import and Export Trade Limited* (福萊特(嘉興)進出口貿易有限公司) ("Flat Import and Export")	Zhejiang, China	700.00	Zhejiang, China	Import and export trade	100	-	Establishment
Flat (Nantong) Solar Glass Co., Ltd.* (福萊特(南通)光伏玻璃有限公司) ("Nantong Flat")	Jiangsu, China	40,000.00	Jiangsu, China	Manufacture and sale of photovoltaic glass	100	-	Establishment
Nantong Flat Natural Gas Co., Ltd.* (南通福萊特天然氣有限公司) ("Nantong Natural Gas")	Jiangsu, China	1,000.00	Jiangsu, China	Installation and sales of natural gas pipelines	-	51	Establishment
Flat (Suqian) Solar Glass Co., Ltd.* (福萊特(宿遷)光伏玻璃有限公司) ("Suqian Flat")	Jiangsu, China	1,000.00	Jiangsu, China	Manufacture and sale of photovoltaic glass	100	-	Establishment
Shanghai Flat Technology Development Co., Ltd.* (上海福萊特科技發展有限公司) ("Flat Technology Development")	Shanghai, China	1,000.00	Shanghai, China	Research and development for new materials and technologies	100	-	Establishment
Jiaxing Flat Intelligent Equipment Co., Ltd.* (嘉興福萊特智能裝備有限公司) ("Flat Intelligent Equipment")	Zhejiang, China	1,000.00	Zhejiang, China	Manufacturing and sales of intelligent equipment	100	-	Establishment
Nantong Flat Port Co., Ltd.* (南通福萊特港務有限公司) ("Flat Port")	Jiangsu, China	100.00	Jiangsu, China	Port operation	100	-	Establishment
Jiaxing Kunlun Flat Energy Management Co., Ltd.* (嘉興崑崙福萊特能源管理有限公司) ("Flat Energy Management")	Zhejiang, China	1,000.00	Zhejiang, China	Energy management	100	-	Establishment
Flat (Guangxi) Photoenergy Co., Ltd.* (福萊特(廣西)光能有限公司) ("Guangxi Flat")	Guangxi, China	10,000.00	Guangxi, China	Manufacture and sale of photovoltaic glass	100	-	Establishment

Name of subsidiary	Principal place of business	Registered capital (RMB 0'000)	Place of registration	Nature of business	Shareholding and voting rights percentage (%)		Acquisition method
					Direct	Indirect	
Flat Photoenergy Co., Ltd.* (福莱特光能有限公司) ("Flat Photoenergy")	Zhejiang, China	10,000.00	Zhejiang, China	Development and sales of emerging energy technologies and equipment	100	-	Establishment
Zhejiang Fulaitai New Energy Co., Ltd.* (浙江福莱泰新能源有限公司) ("Fulaitai") and its subsidiaries	Zhejiang, China	40,000.00	Zhejiang, China	PV module power generation and sales	82	-	Establishment, acquisition
Flat (Yibin) Photoenergy Co., Ltd.* (福莱特(宜宾)光能有限公司) ("Yibin Flat")	Sichuan, China	10,000.00	Sichuan, China	Manufacturing and sale of nonmetallic mineral products	100	-	Establishment
FLAT SOLAR TECHNOLOGY PTE. LTD.	Singapore	SGD1.00	Singapore	Investments	100	-	Establishment
PT FLATSOLAR ENERGY INDONESIA	Indonesia	IDR120,000,000.00	Indonesia	Manufacture and sale of photovoltaic glass	-	100	Establishment
Jiaxing Fulian Logistics Co., Ltd.* (嘉兴福聯物流有限公司) ("Fulian Logistics")	Zhejiang, China	200.00	Zhejiang, China	Port operation, cargo handling	100	-	Establishment
Flat (Shanxi) Photoenergy Co., Ltd.* (福莱特(山西)光能有限公司)	Shanxi, China	10,000.00	Shanxi, China	Manufacturing and sale of nonmetallic mineral products	100	-	Establishment
Zhejiang Fubo New Materials Co., Ltd.* (浙江福玻新材料有限公司) ("Zhejiang Fubo")	Zhejiang, China	USD1,000.00	Zhejiang, China	Manufacturing and sale of nonmetallic mineral products	100	-	Establishment
Nantong Yuantong Port Co., Ltd.* (南通遠通港務有限公司)	Jiangsu, China	5,000.00	Jiangsu, China	Port operation, cargo handling	-	100	acquisition

* for identification purpose only

2. Interest in joint venture or associate

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

	<i>RMB</i>	
	Closing balance/ Amount incurred in the current period	Opening balance/Amount incurred in the last period
Associates:		
Total invested book value	104,112,246.89	100,912,760.44
Listed total number calculated by shareholding percentage		
– Net profit	3,199,486.45	13,425,717.67
– Other comprehensive income	–	–
– Total comprehensive income	<u>3,199,486.45</u>	<u>13,425,717.67</u>

(VII.) GOVERNMENT GRANTS

1. Items of liabilities involving government subsidies

RMB

Financial statement items	Opening balance	Subsidies increased in the current period	Transferred in other income in the current period	Closing balance	Related to assets/revenues
Deferred Revenue	<u>56,476,018.31</u>	<u>-</u>	<u>5,793,820.50</u>	<u>50,682,197.81</u>	Related to assets
Total	<u>56,476,018.31</u>	<u>-</u>	<u>5,793,820.50</u>	<u>50,682,197.81</u>	

2. Government grants recorded in current profit or loss

RMB

Classification	Amount in the current period	Amount in the last period
Related to revenues	<u>17,481,153.80</u>	<u>21,886,974.44</u>
Total	<u>17,481,153.80</u>	<u>21,886,974.44</u>

(VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS

At the end of the half year, major financial instruments of the Group include: cash at bank and on hand, trade financial assets, derivative financial asset, bills receivables, trade receivables, financing receivables, other receivables, derivative financial liabilities, bills payable, trade payables, other payables, lease liabilities, bonds payables and borrowings. Details of each financial instruments are set out below:

RMB

Items	Closing balance	Opening balance
Financial assets		
Cash at bank and on hand	5,607,129,980.23	6,616,387,667.80
Trading financial assets	230,013,187.05	230,000,000.00
Derivative financial liabilities	–	623,194.84
Bills receivables	1,818,806,328.71	1,593,420,392.78
Trade receivables	3,458,132,591.45	3,685,519,572.47
Financing receivables	2,060,807,380.16	2,006,375,691.99
Other receivables	190,719,713.66	110,981,841.18
Total	<u>13,365,609,181.26</u>	<u>14,243,308,361.06</u>
Financial liabilities		
Derivative financial liabilities	–	1,756,309.49
Bills payable	777,669,128.87	914,048,358.15
Trade payables	4,789,202,121.26	4,520,361,509.42
Other payables (excluding interests payable)	1,029,711,277.29	104,007,619.84
Bonds payables (including interests payable)	3,842,696,382.15	3,768,497,475.59
Lease liabilities (including due within one year)	712,966,562.40	575,787,267.82
Borrowings (including interests payable)	9,992,223,734.26	9,759,128,241.05
Total	<u>21,165,193,477.28</u>	<u>19,643,586,781.36</u>

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

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

1.1 Market risk

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

1.1.1 Foreign exchange risk

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

As at 30 June 2024, the Group's foreign currency assets and liabilities are set out below. The foreign exchange risk arising from the assets and liabilities of these foreign currency balances (see Notes Foreign Currency Items) may impact the Group's operating results.

RMB

Items	Closing balance	Opening balance
Cash and cash equivalents	1,432,664,992.36	1,269,081,381.14
Trade receivables	1,009,063,824.99	690,717,533.42
Other receivables	52,687,536.06	3,597.69
Trade payables	38,372,226.36	23,468,801.31
Other payables	6,558,251.67	5,806,942.05
Borrowings	925,139,640.00	792,921,984.00

1.1.2 Interest rate risk

The Group's risks to the changes in cash flows of financial instruments arising from changes in interest rates is primarily related to floating rate bank borrowings and floating rate bank deposits. As at 30 June 2024, the Group's floating borrowings amounted to RMB9,145,586,044.65 (31 December 2023: RMB6,420,362,000.00).

1.2 Credit risk

As at 30 June 2024, the maximum credit risk exposure that may cause the Group's credit losses is mainly due to the loss of the Group's financial assets caused by the failure of the other party to perform its obligations and the financial guarantees undertaken by the Group (without considering available collateral or other credit enhancements), specifically: cash at bank and on hand, bills receivable, trade receivables, trade receivables financing, other receivables, etc., trading financial assets and derivative financial assets that are not included in the scope of impairment assessment, etc. At the balance sheet date, the carrying amount of the Group's financial assets has represented its maximum credit risk exposure.

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

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

As at 30 June 2024, the Group's accounts receivable balance with the top five customers was RMB1,845,170,968.64 (31 December 2023: RMB2,344,969,332.34), accounting for 50.98% of the Group's account receivable balance (31 December 2023: 60.97%). In addition, the Group has no other significant credit risk exposure concentrated on a single financial asset or financial assets group with similar characteristics.

1.3 Liquidity risk

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

2. CAPITAL MANAGEMENT

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

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

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

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

(IX.) DISCLOSURE OF FAIR VALUE

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

RMB

Items	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value				
(I) Trading financial assets – financial products	-	-	230,000,000.00	230,000,000.00
(II) Trading financial assets – listed company stock	13,187.05	-	-	13,187.05
(III) Financing receivables	-	-	2,060,807,380.16	2,060,807,380.16

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

The item continuing to be measured at the level 1 fair value refers to other equity instruments, with fair value quoted in the active market.

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

RMB

Items	Fair value as at 30 June 2024	Valuation techniques	Significant unobservable inputs	Scope period
Trading financial assets – bank wealth management products	230,000,000.00	Discounted cash flow method	Expected rate of return of products	3.5%-3.9%
Financing receivables	2,060,807,380.16	Discounted cash flow method	Expected discount rate	1.20%

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

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

(X.) RELATED PARTIES AND RELATED PARTY TRANSACTION

1. THE GROUP'S SUBSIDIARIES

Please refer to “INTERESTS IN OTHER ENTITIES” for relevant information of subsidiaries.

2. THE GROUP'S JOINT VENTURE AND ASSOCIATE

Details of other joint ventures or associates that incurred a balance from having connected transactions with the Company in the current period or having connected transactions with the Company in the previous period set out below :

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

3. OTHER RELATED PARTIES OF THE GROUP

Name of other related parties	Relationship with the connected party
Jiaxing Yihe Investment Co., Ltd. (嘉興義和投資有限公司) (“Yihe Investment”)	Controlled by one of the actual controllers of the Company
Fengyang Hongding Port Co., Ltd. (鳳陽鴻鼎港務有限公司) (“Hongding Port”)	Controlled by one of the actual controllers of the Company

* for identification purpose only

4. RELATED PARTY TRANSACTIONS

(1) Sales of goods/providing labor services

RMB

Related party	Related party transaction	Amount in the current period	Amount in the last period
Kaihong Flat	Sales of goods	138,404.26	-
Kaihong Flat	Providing labor services	1,644,452.24	-

(2) Purchase of goods/accepting labor service

RMB

Related party	Content of the related party transaction	Amount in the current period	Amount in the last period
Kaihong Flat	Accepting labor service	247,658,421.60	179,636,128.48
Jiaxing Gas	Purchase of raw materials	120,337,918.47	152,730,524.26

(3) Related rental income

RMB

Lessee name	Type of leased asset	Amount in the current period	Amount in the last period
Kaihong Flat	House lease	176,105.39	146,754.50

(4) Related rental expense

RMB

Lessor name	Type of leased asset	Rentals of simplified short-term leasing and low-value asset leasing (if applicable)	
		Amount in the current period	Amount in the last period
Yihe Investment	House lease	4,249,814.64	4,249,814.64
Hongding Port	Pier lease	<u>825,688.08</u>	<u>825,688.08</u>

(5) Remuneration of key management personnel

RMB0'000

Item	Amount in the current period	Amount in the last period
Remuneration of key management personnel	<u>631.27</u>	<u>412.65</u>

5. AMOUNTS DUE TO/FROM RELATED PARTIES

(1) Receivables

		<i>RMB</i>	
Items	Related parties	Closing book balance	Opening book balance
Advance payments	Jiaxing Gas	126,603.28	3,902,913.28
Other receivables	Jiaxing Gas	1,500,000.00	1,500,000.00
Other current assets	Hongding Port	-	412,844.04
Other current assets	Yihe Investment	4,230,831.40	-
		<u>4,230,831.40</u>	<u>-</u>

(2) Payables

		<i>RMB</i>	
Items	Related parties	Closing book balance	Opening book balance
Trade payables	Kaihong Flat	94,599,649.06	63,608,501.48
Trade payables	Yihe Investment	-	270,616.47
Trade payables	Hongding Port	412,844.04	-
Other payables	Kaihong Flat	500,000.00	400,000.00
Other payables	Yihe Investment	25,600,000.00	-
		<u>25,600,000.00</u>	<u>-</u>

(XI.) SHARE-BASED PAYMENTS

1. Equity instruments

Unit: Share

Classification	Granted during the period	Exercised during the period	Unlocked during the period	Lapsed during the period
2020 A-Share Restricted Share Incentive Scheme	-	-	140,000.00	-
2021 Share Option Incentive Scheme	-	-	-	-
Total	-	-	140,000.00	-

Classification	Share option outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise price	Remaining contract terms	Range of exercise price	Remaining contract terms
2020 A-Share Restricted Share Incentive Scheme	-	-	RMB7.29	Approximately 1.11 years
2021 Share Option Incentive Scheme	RMB43.79	Approximately 2.4 years	-	-

2. Equity settled share-based payments

RMB

	Share option incentive scheme 2021	Restricted A Share Incentive Scheme for 2020
Method for determining the fair value as at the grant date	Black-Scholes Model	Open market quotation of the grant date
Basis for determining the number of equity instruments with exercisable rights	When the optionee reaches the exercise period in the stock option scheme, and meets the appraisal conditions of the Company's results and personal performance, the corresponding equity instrument is the equity instrument of the exercisable right	When the optionee reaches the exercise period in the stock option scheme, and meets the appraisal conditions of the Company's results and personal performance, the corresponding equity instrument is the equity instrument of the exercisable right
Reasons for significant differences of estimate between the current year and the previous period	Nil	Nil
Cumulative amount of equity settled share-based payment recognized into capital reserves	20,749,734.86	88,961,061.26

Determination method of fair value of equity instruments: The Black-Scholes model is used to determine fair value, and the relevant data input to the model on the grant date are as follows:

	2021 Share Option Incentive Scheme
Exercise price of share options	RMB44.02/share
Market price on the grant date of shares	RMB42.89/share
Standard deviation – annualized volatility	14.73%~18.71%
Risk-free interest rate	1.50%~2.75%
Expected duration	5 years

(XII.) COMMITMENTS AND CONTINGENCIES

1. Significant Matters of Commitments

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

	<i>RMB</i>	
	Closing balance	Opening balance
Contracted but not confirmed in the financial statements Purchase		
– Build long-term asset commitments	<u>4,572,868,495.41</u>	<u>4,492,127,667.04</u>

2. Contingencies

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

(XIII) OTHER SIGNIFICANT MATTERS

1. SEGMENT REPORT

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

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

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

(2) Segment report information

RMB

	Amount in the current period						Mutual offset among segments	Total
	PV glass	Household glass	Architecture glass	Float glass	Mining products	Other business		
Segment operating revenue	9,659,149,137.28	145,035,852.73	237,702,852.85	182,678,031.15	264,539,551.02	206,890,072.41	-	10,695,995,497.44
Segment operating costs	7,273,028,242.24	125,769,057.94	217,236,177.24	178,764,996.47	212,308,765.53	144,999,265.81	-	8,152,106,505.23
Segment profit	2,386,120,895.04	19,266,794.79	20,466,675.61	3,913,034.68	52,230,785.49	61,890,806.60	-	2,543,888,992.21
Adjusted items:								
Less: Taxes and surcharges	-	-	-	-	-	-	-	110,166,378.18
Selling expenses	-	-	-	-	-	-	-	37,144,805.94
Administrative expenses	-	-	-	-	-	-	-	146,576,187.90
Research and development expenses	-	-	-	-	-	-	-	325,805,907.04
Financial expenses	-	-	-	-	-	-	-	187,195,915.79
Including: Interest expense	-	-	-	-	-	-	-	268,449,034.52
Interest income	-	-	-	-	-	-	-	60,847,569.88
Add: Other income	-	-	-	-	-	-	-	64,235,439.66
Investment income	-	-	-	-	-	-	-	15,074,051.36
Profit (losses) arising from changes in fair value	-	-	-	-	-	-	-	-48,505.41
Credit impairment losses	-	-	-	-	-	-	-	-1,291,228.78
Asset impairment losses	-	-	-	-	-	-	-	-93,038,141.87
Losses on disposal of assets	-	-	-	-	-	-	-	-9,815,832.35
Operating profit	-	-	-	-	-	-	-	1,712,115,579.97
Add: Non-operating income	-	-	-	-	-	-	-	2,046,408.05
Less: Non-operating expenses	-	-	-	-	-	-	-	2,137,373.79
Total profit	-	-	-	-	-	-	-	1,712,024,614.23
Less: Income tax expense	-	-	-	-	-	-	-	211,763,665.36
Net profit	-	-	-	-	-	-	-	1,500,260,948.87

	Amount in the last period						Mutual offset among segments	Total
	PV glass	Household glass	Architecture glass	Float glass	Mining products	Other business		
Segment operating revenue	8,786,856,981.27	153,739,436.87	262,976,213.10	171,486,283.56	272,461,910.70	30,902,524.24	-	9,678,423,349.74
Segment operating costs	7,027,912,880.98	142,013,153.77	243,318,414.28	216,424,473.01	192,381,489.17	5,951,748.88	-	7,828,002,160.09
Segment profit	1,758,944,100.29	11,726,283.10	19,657,798.82	-44,938,189.45	80,080,421.53	24,950,775.36	-	1,850,421,189.65
Adjusted items:								
Less: Taxes and surcharges	-	-	-	-	-	-	-	84,960,558.56
Selling expenses	-	-	-	-	-	-	-	41,199,585.98
Administrative expenses	-	-	-	-	-	-	-	120,524,957.28
Research and development expenses	-	-	-	-	-	-	-	286,539,318.55
Financial expenses	-	-	-	-	-	-	-	156,542,936.02
Including: Interest expense	-	-	-	-	-	-	-	248,289,348.87
Interest income	-	-	-	-	-	-	-	31,712,351.86
Add: Other income	-	-	-	-	-	-	-	27,715,344.53
Investment income	-	-	-	-	-	-	-	12,019,302.67
Profit (losses) arising from changes in fair value	-	-	-	-	-	-	-	-398,640.66
Credit impairment losses	-	-	-	-	-	-	-	-906,628.62
Asset impairment losses	-	-	-	-	-	-	-	-15,019,996.98
Losses on disposal of assets	-	-	-	-	-	-	-	-81,426.03
Operating profit	-	-	-	-	-	-	-	1,183,981,788.17
Add: Non-operating income	-	-	-	-	-	-	-	1,376,967.75
Less: Non-operating expenses	-	-	-	-	-	-	-	911,601.21
Total profit	-	-	-	-	-	-	-	1,184,447,154.71
Less: Income tax expense	-	-	-	-	-	-	-	99,079,305.34
Net profit	-	-	-	-	-	-	-	1,085,367,849.37

(XIV.) NOTES TO THE STATEMENTS OF THE PARENT COMPANY

1. TRADE RECEIVABLE

(1) Disclosed by the aging

		<i>RMB</i>
Aging	Closing book balance	Opening book balance
Within 1 year	718,796,087.04	1,014,270,332.29
Subtotal within 1 year	718,796,087.04	1,014,270,332.29
1-2 years	43,750,030.72	9,315,203.92
2-3 years	9,654,236.00	13,488,437.14
Over 3 years	6,034,703.90	6,136,680.33
Total	<u>778,235,057.66</u>	<u>1,043,210,653.68</u>

(2) *Disclosed by bad debt provision method*

RMB

Classification	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Bad debt provision		
			Amount	Accrual Percentage (%)	
Bad debt provision by portfolio	778,235,057.66	100.00	30,082,851.23	3.87	748,152,206.43
Including:					
Low risk	218,885,347.91	28.13	-	-	218,885,347.91
Normal	533,534,939.38	68.55	9,390,214.93	1.76	524,144,724.45
Concerned	7,859,100.61	1.01	2,736,966.53	34.83	5,122,134.08
Loss	17,955,669.76	2.31	17,955,669.76	100.00	-
Total	<u>778,235,057.66</u>	<u>/</u>	<u>30,082,851.23</u>	<u>/</u>	<u>748,152,206.43</u>

Classification	Book balance		Opening balance		Book value
	Amount	Percentage (%)	Bad debt provision		
			Amount	Accrual Percentage (%)	
Bad debt provision by portfolio	1,043,210,653.68	100.00	46,231,900.60	4.43	996,978,753.08
Including:					
Low risk	130,926,137.44	12.55	-	-	130,926,137.44
Normal	859,741,075.43	82.42	15,131,442.93	1.76	844,609,632.50
Concerned	35,080,873.92	3.36	13,637,890.78	38.88	21,442,983.14
Loss	17,462,566.89	1.67	17,462,566.89	100.00	-
Total	<u>1,043,210,653.68</u>	<u>/</u>	<u>46,231,900.60</u>	<u>/</u>	<u>996,978,753.08</u>

Bad debt provision by portfolio

RMB

Name	Trade receivables	Closing balance	Provision percentage (%)
		Bad debt provision	
Low risk	218,885,347.90	–	–
Normal	533,534,939.38	9,390,214.93	1.76
Concerned	7,859,100.61	2,736,966.53	34.83
Loss	<u>17,955,669.76</u>	<u>17,955,669.76</u>	<u>100.00</u>
Total	<u>778,235,057.66</u>	<u>30,082,851.23</u>	<u>3.87</u>

(3) *Bad debt provision by general model of expected credit losses*

RMB

Bad debt provision	Total
Opening balance	46,231,900.60
Changes of the opening balance in the period:	
Provision or transferred for the current period	-16,149,049.37
Closing balance	<u>30,082,851.23</u>

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

At the end of the period, the top five trade receivables of the Group with the closing balances classified by the borrowers amounted to RMB449,043,576.89 (as at the end of the previous year: RMB730,653,810.70), accounting for 57.70% (as at the end of the previous year: 70.04%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB5,550,113.14 (as at the end of the previous year: RMB12,859,507.07).

2. OTHER RECEIVABLES

RMB

Items	Closing balance	Opening balance
Other receivables	<u>3,814,237,648.37</u>	<u>5,061,996,708.25</u>
Total	<u><u>3,814,237,648.37</u></u>	<u><u>5,061,996,708.25</u></u>

(1) *Disclosed by aging*

RMB

Aging	Closing book balance	Opening book balance
Within 1 year	3,796,558,395.56	5,044,396,670.83
Subtotal within 1 year	3,796,558,395.56	5,044,396,670.83
1-2 years	553,173.21	38,785.16
2-3 years	15,910.00	246,000.00
Over 3 years	17,110,169.60	17,315,252.26
Total	<u>3,814,237,648.37</u>	<u>5,061,996,708.25</u>

(2) *Other receivables classified by nature*

RMB

Nature	Closing book balance	Opening book balance
Amounts receivable from subsidiaries	3,807,994,844.71	5,055,699,951.73
Margin	5,336,000.00	5,336,000.00
Reserve fund	41,366.40	55,000.00
Deposit	551,000.00	551,000.00
Others	314,437.26	354,756.52
Total	<u>3,814,237,648.37</u>	<u>5,061,996,708.25</u>

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

RMB

Name	Closing balance	Percentage in the total Closing balance of other receivable (%)	Amount nature	Aging	Closing balance of credit loss provision
Anhui Flat Solar Material Co., Ltd.* (安徽福莱特光伏材料有限公司)	1,951,087,904.88	51.15	Amounts receivable from subsidiaries	-	-
Flat (Hong Kong) Limited* (福莱特(香港)有限公司)	712,680,000.00	18.68	Amounts receivable from subsidiaries	-	-
Fengyang Flat New Energy Technology Co., Ltd.* (鳳陽福萊特新能源科技有限公司)	636,392,459.25	16.68	Amounts receivable from subsidiaries	-	-
Zhejiang Fulaitai New Energy Co., Ltd.* (浙江福萊泰新能源有限公司)	409,660,149.58	10.74	Amounts receivable from subsidiaries	-	-
Jiaxing Flat Intelligent Equipment Co., Ltd.* (嘉興福萊特智能裝備有限公司)	80,727,608.95	2.12	Amounts receivable from subsidiaries	-	-
Total	<u>3,790,548,122.66</u>	<u>99.38</u>	/	-	-

3. LONG-TERM EQUITY INVESTMENT

RMB

Items	Closing balance	Opening balance
Investment in subsidiary	3,488,807,360.10	1,827,397,343.00
Investment in joint venture and associate	26,377,120.11	24,462,629.86
Total	<u>3,515,184,480.21</u>	<u>1,851,859,972.86</u>

(1) Investment in subsidiary

RMB

Invested unit	Opening balance	Increased amount	Decreased amount	Closing balance
		in the current period	in the current period	
Zhejiang Flat	10,000,000.00	-	-	10,000,000.00
Zhejiang Jiafu	150,000,000.00	-	-	150,000,000.00
Shanghai Flat	70,000,000.00	-	-	70,000,000.00
Anhui Flat Glass	1,030,000,000.00	1,500,000,000.00	-	2,530,000,000.00
Flat (Hong Kong)	66,137,343.00	-	-	66,137,343.00
Flat New Energy	10,000,000.00	-	-	10,000,000.00
Flat Import and Export	7,000,000.00	-	-	7,000,000.00
Flat Port	100,000.00	200,000.00	-	300,000.00
Flat Intelligent Equipment	10,000,000.00	-	-	10,000,000.00
Fulaitai	328,000,000.00	-	-	328,000,000.00
Nantong Flat	59,130,000.00	145,240,017.10	-	204,370,017.10
Flat Photoenergy	86,030,000.00	13,970,000.00	-	100,000,000.00
Guangxi Flat	1,000,000.00	-	-	1,000,000.00
Jiaxing Fulian	-	2,000,000.00	-	2,000,000.00
Total	<u>1,827,397,343.00</u>	<u>1,661,410,017.10</u>	<u>-</u>	<u>3,488,807,360.10</u>

(2) *Investment in joint venture and associate*

RMB

Investees	Opening balance	Investment gains and loss recognized under the equity methods	Closing balance
Associate			
Kaihong Flat	19,962,629.86	1,914,490.25	21,877,120.11
Jiaxing Energy	<u>4,500,000.00</u>	<u>-</u>	4,500,000.00
Total	<u>24,462,629.86</u>	<u>1,914,490.25</u>	<u>26,377,120.11</u>

4. OPERATING REVENUE AND COST

(1) *Operating revenue and operating cost*

RMB

Items	Amount for the period		Amount for last period	
	Revenue	Cost	Revenue	Cost
Main business	2,181,617,178.85	1,787,591,761.32	2,366,242,012.55	2,046,590,004.86
Other business	<u>100,472,960.56</u>	<u>91,765,542.51</u>	<u>208,110,567.77</u>	<u>134,172,669.97</u>
Total	<u>2,282,090,139.41</u>	<u>1,879,357,303.83</u>	<u>2,574,352,580.32</u>	<u>2,180,762,674.83</u>

(2) *Disaggregation of operating revenue and operating cost*

RMB

Contract Classification	Total	
	Operating revenue	Operating cost
Category of goods		
PV glass	1,675,174,061.68	1,309,265,921.13
Float glass	202,000,755.95	198,070,763.28
Household glass	65,711,219.49	61,550,657.25
Architectural glass	238,731,141.73	218,704,419.66
Other business	100,472,960.56	91,765,542.51
Classification by operating area		
China	2,277,946,636.77	1,876,688,070.09
Asia (excluding China)	993,712.04	687,974.31
Others	3,149,790.60	1,981,259.43
Total	<u>2,282,090,139.41</u>	<u>1,879,357,303.83</u>

5. INVESTMENT INCOME

	<i>RMB</i>	
Items	Amount for the period	Amount for last period
Long term equity investment income measured at cost method	650,000,000.00	–
Investment income on disposal of derivative financial instruments	8,612,743.94	–
Income from long-term equity investments under the equity method	1,914,490.25	5,512,034.17
Investment income of trading financial assets during the holding period (after tax)	458,323.74	–
Total	<u>660,985,557.93</u>	<u>5,512,034.17</u>

Supplementary Information

(I.) DETAILS OF CURRENT PERIOD EXTRA-ORDINARY PROFIT OR LOSS

	<i>RMB</i>
Items	Amount for the Period
Gains/(losses) on disposal of non-current assets, including the part of provision for assets impairment being written off	-9,815,832.35
Government subsidies included in the current profit or loss, but excluding the government subsidies closely related to business of the Company, granted according to state polices and fixed standards, and cause continuous impact on the profit or loss of the Company	22,632,138.90
Apart from effective hedging activities related to normal business operations of the Company, profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities	9,326,059.50
Other non-operating income and expenses other than above	-90,965.74
Less: Effects of income tax	3,806,267.35
Effects on minority interests	32,964.19
Total	<u>18,212,168.77</u>

(II.) RETURN ON NET ASSETS AND EARNING PER SHARE

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

RMB

Profit in the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	6.57	0.64	0.64
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	<u>6.49</u>	<u>0.63</u>	<u>0.63</u>