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福萊特玻璃集團股份有限公司

Flat Glass Group Co., Ltd.

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

(Stock code: 6865)

2023 ANNUAL RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Flat Glass Group Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2023. This announcement containing the full text of the 2023 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

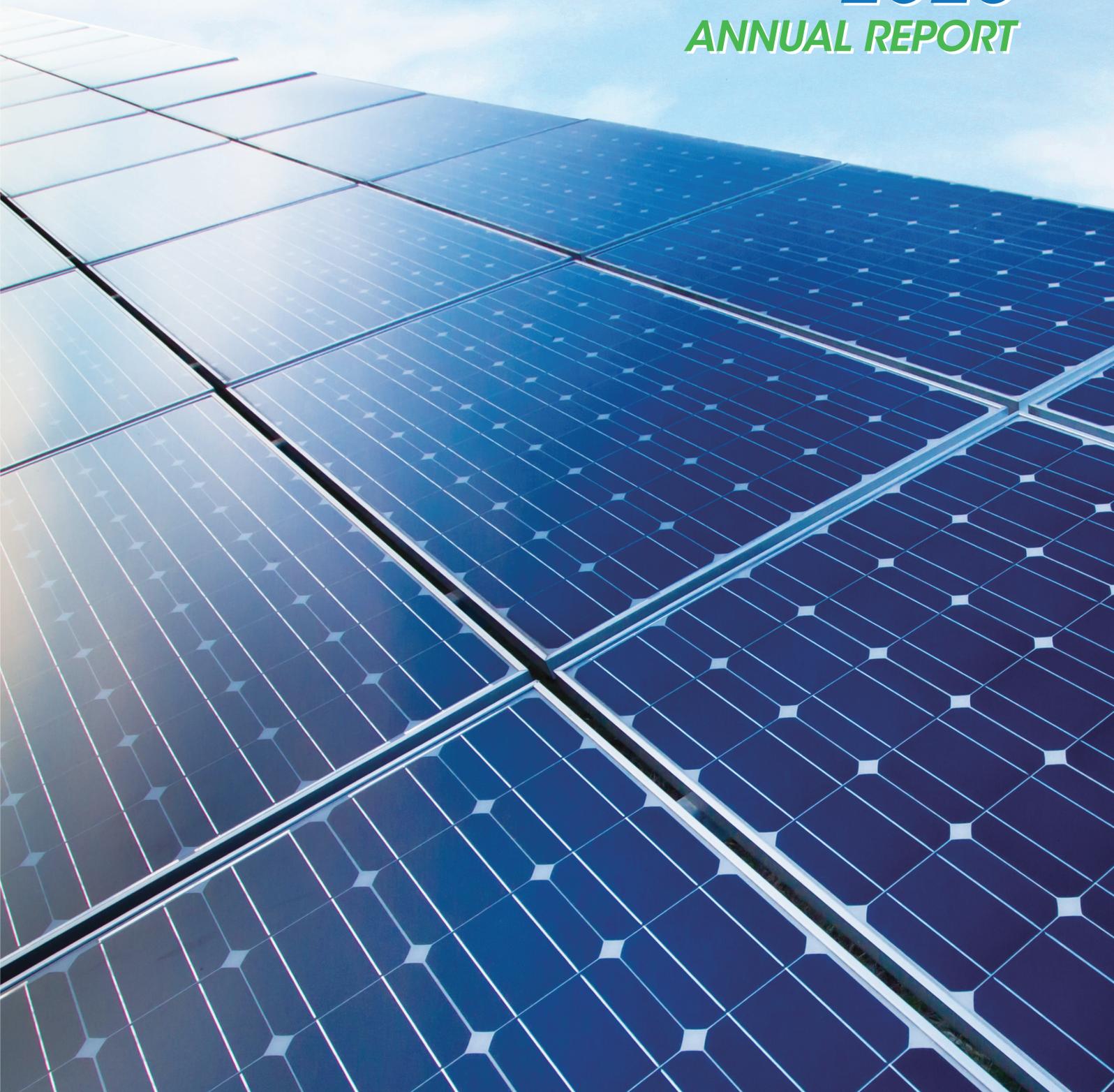


福萊特玻璃集團股份有限公司 Flat Glass Group Co., Ltd.

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

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2023
ANNUAL REPORT



Contents

CORPORATE INFORMATION	2
CHAIRMAN’S STATEMENT	4
FIVE-YEAR FINANCIAL SUMMARY	6
MANAGEMENT DISCUSSION AND ANALYSIS	7
BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	25
CORPORATE GOVERNANCE REPORT	29
REPORT OF THE BOARD OF DIRECTORS	40
REPORT OF THE BOARD OF SUPERVISORS	57
INDEPENDENT AUDITOR’S REPORT	59
CONSOLIDATED BALANCE SHEET	63
BALANCE SHEET OF THE PARENT COMPANY	65
CONSOLIDATED INCOME STATEMENT	67
INCOME STATEMENT OF THE PARENT COMPANY	68
CONSOLIDATED STATEMENT OF CASH FLOW	69
STATEMENT OF CASH FLOW OF THE PARENT COMPANY	70
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY	71
STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY OF THE PARENT COMPANY	73
NOTES TO THE FINANCIAL STATEMENTS	75
SUPPLEMENTARY INFORMATION	271

Corporate Information

DIRECTORS

Executive directors

Mr. Ruan Hongliang (*Chairman of the Board of Directors*)
Ms. Jiang Jinhua
Ms. Ruan Zeyun (*appointed on 24 July 2023*)
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

No. 1999 Yunhe Road
Xiuzhou District
Jiaxing
Zhejiang Province
People's Republic of China ("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

Chairman's Statement

Dear Shareholders:

On behalf of the board (the “Board”) of directors (“Directors”) of Flat Glass Group Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”), I present the audited consolidated financial report of the Group for the year ended 31 December 2023 (“FY2023” or the “Reporting Period”).

In FY2023, the Group benefited from the impact of the release of new capacity as well as stable and strong increase in demand of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2023 was approximately RMB21,523.71 million, representing an increase of 39.21% as compared to RMB15,460.84 million for FY2022. The net profit attributable to shareholders of the parent company for FY2023 was RMB2,759.69 million, representing an increase of 30.00% as compared to RMB2,122.78 million for FY2022.

GLOBAL PV INSTALLED CAPACITY HIT A NEW HIGH

Low-carbon transition has become a global consensus. Photovoltaic (PV) will become a supporting power for green and low-carbon transition, as PV has become a relatively economic electric power energy in most countries and regions in the world. The past year witnessed the resolving of supply bottlenecks with the releasing of silicon production capacity, and a significant increase in the economical efficiency and rate of return on investment of installation projects in line with a tumble in PV industry chain price and a drop in superposition financing cost. Therefore, in 2023, the global demand for PV installation continued booming and hitting a new high, especially the installation market in China beat expectations, achieving a growth of more than double. According to statistics from the National Energy Administration, the newly installed capacity in China was approximately 216.88 GW in 2023, representing a year-on-year increase of 148.1%. The overseas market for PV installation presented a trend of diversified development. As the main overseas markets, Europe and the U.S. maintained a sound growth in end demand. Except for Europe and the U.S, the multiple markets in Brazil, India, Saudi Arabia and other regions also boomed. In 2023, there were 32 GW level markets. The number of GW level market is expected to further increase in the next few years.

Chairman's Statement

IMPROVING CORE COMPETITIVENESS WITH THE FOCUS ON PRINCIPAL BUSINESSES

The demand for PV glass is increasing in line with the booming development of the PV industry. In order to actively grasp the opportunity of green and low-carbon transition, the Company constantly improves the manufacturing process, optimizes the melting kiln technology, reduces the comprehensive energy consumption per unit, and improves the PV glass yield. Up to now, the Company's phase IV project in Anhui is in the installation and commissioning phase, and is expected to be put into production successively in the near future. At the same time, the project in Nantong is under construction in a tense and orderly manner, and is planned to be put into production in the third quarter of this year. In addition, in order to further meet the demand from the downstream market, the Company has invested in the construction of the PV modules cover glass project in Indonesia, thus providing better quality products and services.

In the future, upholding the development concept of “we must bear in mind that high-quality development is the hard truth of the new era” under the guideline of technological innovation, the Group will continue to accelerate the development of new productive forces. Rooted in the sector of PV new energy, the Group will grasp the new opportunities of the era with more advanced technology, more excellent products, and better services, contributing more wisdom and strength to new energy transition as well as sustainable and high-quality development in the world.

Chairman

Ruan Hongliang

Jiaxing, Zhejiang Province, PRC
26 March 2024

Five-Year Financial Summary

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	21,523,709	15,460,843	8,713,228	6,260,418	4,806,804
Net profit	2,763,027	2,122,780	2,119,919	1,628,784	717,244
Earnings per share					
– Basic (RMB)	1.24	0.99	0.99	0.83	0.37
– Diluted (RMB)	1.24	0.99	0.99	0.81	N/A

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
– Non-current assets	26,149,026	20,000,430	11,184,615	6,696,524	4,939,536
– Current assets	16,832,972	12,381,293	8,898,302	5,569,277	4,452,745
Total assets	42,981,998	32,381,723	20,082,917	12,265,800	9,392,281
– Current liabilities	9,184,980	10,533,414	6,164,462	3,330,801	4,454,089
– Non-current liabilities	11,506,108	7,815,861	2,108,286	1,700,256	425,303
Total liabilities	20,691,088	18,349,275	8,272,748	5,031,058	4,879,392
Net assets	22,290,910	14,032,447	11,810,169	7,234,743	4,512,888
Share capital	587,831	536,723	536,723	510,312	487,500
Total equity	22,290,910	14,032,447	11,810,169	7,234,743	4,512,888
Equity attributable to owners of the parent company	22,215,074	14,032,447	11,810,169	7,234,743	4,512,888

The financial summary for the years 2019, 2020, 2021, 2022 and 2023 were extracted from the consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises.

Management Discussion and Analysis

BUSINESS OVERVIEW

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

In FY2023, the Group benefited from the impact of the release of new capacity as well as stable and strong increase in demand of PV industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2023 was approximately RMB21,523.71 million, representing an increase of 39.21% as compared to RMB15,460.84 million for FY2022. The net profit attributable to shareholders of the parent company for FY2023 was RMB2,759.69 million, representing an increase of 30.00% as compared to RMB2,122.78 million for FY2022.

Overview of the Group's business

The Issuance of A Shares to Specific Subscribers

On 1 June 2022, the Board approved the proposed non-public issuance of A shares (the "A Shares") of the Company ("Issuance of A Shares to Specific Subscribers") which was also approved by shareholders at the 2022 first extraordinary general meeting, the 2022 first A Share class meeting and the 2022 first H share class meeting held on 29 July 2022. 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 China Securities Regulatory Commission ("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 Company completed the procedures for registration, custodian and restricted sale relating to the new A Shares under the Issuance of A Shares to Specific Subscribers at China Securities Depository and Clearing Corporation Limited Shanghai Branch on 1 August 2023, pursuant to which a total of 204,429,301 A Shares were issued. Upon the completion of the Issuance of A Shares to Specific Subscribers, the total issued shares of the Company (the "Shares") increased from 2,146,894,461 Shares to 2,351,323,762 Shares, of which the total issued A Shares increased from 1,696,894,461 Shares to 1,901,323,762 Shares, and the total issued H Shares remained unchanged at 450,000,000 Shares. The total issued Shares mentioned above include Shares converted from the convertible bonds of the Company listed on the Shanghai Stock Exchange from 28 November 2022 to 1 August 2023.

Management Discussion and Analysis

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 2023 annual 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 31 December 2023, 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 32 months and 41 months, respectively.

Details of the restricted shares granted under the 2020 Incentive Scheme during the year ended 31 December 2023 are set out below:

Category of participants	Date of grant	Lock-up period	Grant price (RMB)	Number of Restricted Shares					
				As at 1 January 2023	Granted during the period	Attributed during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2023
15 Employees	11 August 2020	Notes 1, 3	6.23 (Note 5)	2,760,000	Nil	920,000	Nil	Nil	1,840,000
3 Employees	25 May 2021	Notes 2, 3	14.23 (Note 6)	560,000	Nil	140,000	Nil	Nil	420,000
Total				3,320,000	Nil	1,060,000 (Note 4)	Nil	Nil	2,260,000

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%

Management Discussion and Analysis

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 RMB30.6.

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 Board meeting 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 2023 and 31 December 2023 is nil. 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 year ended 31 December 2023, the Remuneration Committee reviewed the unlocking applications of the third tranche of 20% first granted restricted shares and the second 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 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 31 December 2023.

Management Discussion and Analysis

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 Date of Grant, 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 31 December 2023, the remaining life of the granted share options under the 2021 A Share Option Scheme shall be 47 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 31 December 2023, 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 31 December 2023
					Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Mr. Zhu Yuping ^{Note 1}	19 November 2021	43.79 ^{Note 2}	Note 3	Note 4	40,000	Nil	Nil	8,000	Nil	32,000
Other 282 Employees	19 November 2021	43.79 ^{Note 2}	Note 3	Note 4	5,205,472	Nil	Nil	1,041,094	Nil	4,164,378
Total					5,245,472	-	-	1,049,094	-	4,196,378

Notes:

- 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.
- 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 (《上市公司股權激勵管理辦法》) 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.
- 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”).

Management Discussion and Analysis

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 2023 and 31 December 2023 is nil and nil, respectively. There is no service provider sublimit under the 2021 A Share Option Scheme.

The First Exercise Period under the First Grant under the 2021 A Share Option Scheme expired on 18 November 2023. The number of exercisable share options amounted to 1,049,094. The market value of the Shares remained low due to a significant change in the domestic securities market in mainland China. Thus, the exercise prices of the share options under the First Grant were above the market price, leading to an exercise price inversion of the share options. The First Exercise Period expired, but the share options were not exercised. Pursuant to the relevant provisions including the Management Measures and the Incentive Scheme, upon completion of each exercise period of share options, the participants shall terminate the exercise of the outstanding share options, which shall be cancelled by the listed company. On 20 November 2023, the 2023 Fourth Remuneration Committee, at which the Resolution in relation to the Flat Glass Group Co., Ltd. on the Adjustment of the 2021 A Share Option Incentive Scheme Exercise Price and Cancellation of Certain Stock Options Granted but not yet Exercised (《福萊特玻璃集團股份有限公司關於調整2021年A股股票期權激勵計劃行權價格並註銷部分已獲授但尚未行權的股票期權的議案》) was considered and approved. Accordingly, the Company cancelled the relevant share options under the First Grant on 4 December 2023.

As at 31 December 2023, 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 for the year is 0.19%.

INDUSTRY OVERVIEW

Multiple overseas markets were booming

As many countries around the world have put forward the climate goal of “zero-carbon” or “carbon-neutral”, it has become a global consensus to develop the renewable energy represented by PV, let alone that PV power generation has become the most competitive form of power supply in an increasing number of countries. In 2023, the newly installed capacity of PV further reached a record high across the world. As the main overseas markets, Europe and the U.S. markets maintained a sound growth in end demand. Except for Europe and the U.S, Brazil, India, Saudi Arabia, Australia, Japan ranked top in the export scale of modules. In Brazil market, the export modules were 18.6GW in 2023, representing a year-on-year increase of 6%. In India market, the export modules were 11.8GW in 2023, representing a year-on-year increase of 15%, due to a further increase in export as a result of a price drop in modules offsetting the negative impact of BCD tariffs. In Middle East market, the export modules were 11.5GW in 2023, representing a year-on-year increase of 94%, due to a significant outbreak of demand driven by a decrease in modules price and a strong desire for energy transition under the friendly “Belt and Road Initiative” trade policy. Among them, in Saudi Arabia, the export modules were 8.2GW, representing a year-on-year increase of 646%.

China’s market beat expectations

In recent years, China’s PV industry has developed rapidly and maintained a leading position in the world. Currently, China is home to nearly 90% of the global PV industry capacity. In terms of the PV modules, Chinese companies account for a majority of the top 10 companies in the world. As a global leader in renewable energy, China realized a leap-forward development by doubling the newly installed capacity of PV in 2023. According to statistics from the National Energy Administration, the newly installed capacity in China was 216.88GW in 2023, representing a year-on-year increase of 148.1%. Both centralized and distributed PV power stations advanced together, among which the growth momentum of the centralized PV power stations was particularly strong. The newly installed capacity of the centralized PV power stations was 120.59GW, representing a year-on-year increase of 232.2%, and the newly installed capacity of the distributed PV power stations was 96.29GW, representing a year-on-year increase of 88.4%.

The PV glass market gradually achieved a balance between the supply and demand

PV glass is a necessary auxiliary material for modules. On the one hand, the profits from PV glass were under pressure after an intense competition in the past few years, due to the fact that the PV glass industry profitability had been in the bottom stage in recent years as a result of the increase in price of soda ash and natural gas of the cost end but a less fluctuation in the glass price. On the other hand, the government was more stringent for approval. In addition, PV glass enterprises weakened their momentum for expansion due to the reasons including financing difficulties and long cycle of expansion. As a necessary auxiliary material for modules, in 2023, the growth rate of expansion slowed down significantly compared to the past two years, making the PV glass market gradually achieve a balance between the supply and demand.

Future Prospect

We firmly believe that global PV installation will continue to grow rapidly, and renewable energy will become the world’s main source of electricity in the near future. Based on the above judgment, the Group will firmly seize the opportunity to expand production capacity through a global deployment. As of 31 December 2023, the total production capacity of the Group was 20,600 tons/day, and the total daily melting capacity of Anhui phase IV project and Nantong project, which are expected to be put into operation this year, was 9,600 tons/day. At the same time, the Group will plan to invest in the construction of PV glass kilns in Indonesia, to meet the demand for PV glass in different countries and regions.

In addition to improving production capacity, the Group will continue to increase R&D investment in the kiln scale, product quality and type expansion as well as constantly reducing costs and increasing efficiency, thus ensuring the Group to maintain the strength for sustainable development and competitiveness in the global PV glass market.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

During FY2023, the demand for module installations in the downstream soared up, as stimulated by a price tumble of PV modules. Benefited from the ramp-up of new capacity and strong increase in demand of PV industry, the Group's operating revenue reached a record high in FY2023. For FY2023, the operating revenue of the Group for FY2023 was approximately RMB21,523.71 million, representing an increase of 39.21% as compared to RMB15,460.84 million for FY2022. Meanwhile, the net profit attributable to the shareholders of the parent company increased, due to the relief of cost pressures of some raw materials and the gradual balance of market supply. The net profit attributable to Shareholders of the parent company for FY2023 was RMB2,759.69 million, representing an increase of 30.00% as compared to RMB2,122.78 million for FY2022.

Revenue

The operating revenue of the Group for FY2023 was approximately RMB21,523.71 million, representing an increase of 39.21% as compared to RMB15,460.84 million for FY2022. Revenue from PV glass for FY2023 was RMB19,676.53 million, representing an increase of 43.82% as compared to RMB13,681.80 million for FY2022. The market supply turned to be more balanced from relatively abundant, due to a rapid growth of the demand for PV installations in the downstream stimulated by a price tumble of PV modules, as well as a gradually slow down of the growth of production capacity in the PV glass industry. In 2023, the sales volume of PV glass of the Group increase significantly compared to 2022, benefiting from the release of new production capacity.

Revenue from float glass for FY2023 was RMB342.20 million, representing an increase of 2.15% as compared to RMB334.99 million for FY2022. Revenue from architectural glass for FY2023 was RMB582.71 million, representing a decrease of 2.16% as compared to RMB595.58 million for FY2022. In 2023, due to the impact of the downturn in the real estate market, the market demand declined, resulting in the impact of the revenue of float glass and architectural glass.

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

	For the year ended 31 December	
	2023	2022
	(Audited)	(Audited)
	(RMB'000)	(RMB'000)
Categories of goods		
PV glass	19,676,531.71	13,681,797.76
Float glass	342,204.69	334,992.00
Household glass	328,383.29	349,913.72
Architectural glass	582,707.70	595,576.94
Mining business ⁽¹⁾	435,376.91	439,401.22
Other business ⁽²⁾	158,504.23	59,161.59
By geographical regions		
PRC	17,200,202.84	12,085,756.44
Asia (excluding China)	3,740,599.33	2,896,259.49
Europe	229,407.09	209,666.54
North America	336,042.41	249,784.61
Others	17,456.86	19,376.15

Notes:

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

(2) “Other business” mainly includes power station income, rental income and sales income of materials.

Operating costs

The operating costs of the Group for FY2023 was RMB16,830.72 million, representing an increase of RMB4,782.53 million or 39.70% as compared to the operating costs of RMB12,048.19 million for FY2022. The increase was mainly due to the increase in sales volume.

Management Discussion and Analysis

Gross profit and gross profit margin

The gross profit of the Group for FY2023 was RMB4,692.99 million, representing an increase of 37.52% as compared to the gross profit of RMB3,412.65 million for FY2022. At the same time, the gross profit margin remained relatively stable (2023: 21.80%; 2022: 22.07%). The increase in gross profit was mainly due to the increase in sales volume resulted from the release of new production capacity of PV glass, as well as the gradual stable of gross profit margin of the PV glass of the Group as a result of the relief of the cost pressures of some raw materials of PV glass and the gradual balance of market supply.

	For the year ended 31 December			
	2023 (Audited)	Gross profit margin	2022 (Audited)	Gross profit margin
	Gross profit (RMB'000)	(%)	Gross profit (RMB'000)	(%)
PV glass	4,416,521.16	22.45	3,189,815.31	23.31
Float glass	-12,362.17	-3.61	-68,001.99	-20.30
Household glass	37,822.64	11.52	62,836.00	17.96
Architectural glass	62,854.73	10.79	83,850.59	14.08
Mining business	115,114.20	26.44	104,502.11	23.78
Other business	73,036.73	46.08	39,650.33	67.02
Total	4,692,987.29	21.80	3,412,652.35	22.07

Sales expenses

The sales expenses of the Group for FY2023 amounted to RMB119.75 million, representing an increase of 0.73% as compared to RMB118.88 million for FY2022. The insignificant increase was mainly due to the impact of the increase in the sales of PV glass, offset by the improvement in utilization efficiency of iron pallets by the Group.

Administrative expenses

The administrative expenses of the Group for FY2023 amounted to RMB302.20 million, representing an increase of 8.88% as compared to RMB277.54 million for FY2022. The increase was mainly due to the increase in administrative related expenses as a result of the rapid development of the Group.

Research and development costs

The research and development costs of the Group increased by 14.05%, from RMB523.23 million in FY2022 to RMB596.75 million for FY2023. The reason for the increase was mainly due to the increase in number of research and development projects, including large kiln technology, ultra-thin glass and ultra-high transparency technology and self-manufactured equipment for optimising the production process.

Finance costs

For FY2023, financial costs of the Group amounted to RMB482.89million, representing an increase of 100.84% from RMB240.43 million in FY2022. The increase was due to the increase in bank borrowings as a result of industrial expansion and the increase of working capital requirements of the Company, as well as the increase in bond interest as a result of the issuance of A shares convertible bonds. The primary economic environment in which the principal subsidiary of our Company operates is the PRC and its functional currency is RMB. However, certain sales and purchases of the Group are denominated in United States dollars and VDN, which expose the Group to foreign currency risk.

The interest rate of bank loans ranged from 1.27% to 6.23% in FY2023, as compared to the interest rate ranging from 0.79% to 4.70% in FY2022.

Income tax

For FY2023, the income tax of the Group amounted to RMB288.78 million, representing an increase of 859.40% from RMB30.10 million in FY2022. The actual tax rate increased from 1.40% in FY2022 to 9.46% in FY2023. Details of tax incentives of the Company and certain subsidiaries are set out in Note (VI)54 to the financial information set out in this announcement.

Capital expenditures

During the Reporting Period, total capital expenditures of the Group amounted to approximately RMB5,612.34 million (FY2022: RMB8,071.33 million), involving the purchase of fixed assets, construction in progress and intangible assets, which mainly included the project of phase III and IV of Anhui production base and Nantong production base.

Assets and equity

Total assets of the Group increased from RMB32,381.72 million as at 31 December 2022 to RMB42,982.00 million as at 31 December 2023. Shareholders' equity increased from RMB14,032.45 million as at 31 December 2022 to RMB22,290.91 million as at 31 December 2023.

Financial resources and liquidity

During the Reporting Period, the Group increased its bank borrowing by RMB11,027.27 million and repaid debts of RMB8,573.53 million. For FY2023, the Group's financial liquidity and financial performance remained in a satisfactory condition. For FY2023, the Group's main sources of funding were including the Issuance of A Shares to Specific Subscribers, cash from operating activities and credit financing provided by banks.

Management Discussion and Analysis

EBITDA and net profit

For FY2023, EBITDA of the Group (earnings before interests, taxes, depreciation and amortization) increased by RMB1,640.37 million from RMB3,744.56 million for FY2022 to RMB5,384.93 million. For FY2023, the EBITDA margin of the Group was 25.02% and the EBITDA margin was 24.22% for the same period in 2022.

As a result of the foregoing, the net profit increased by RMB640.25 million, or 30.16%, from RMB2,122.78 million for FY2022 to RMB2,763.03 million for FY2023.

Gearing ratio

As at 31 December 2023, the gearing ratio (gearing ratio equals total debt divided by total assets as of the end of the year or period multiplied by 100%. Total debt includes all interest-bearing bank and other loans of the Group) was 48.14%, decreased by 8.53 percentage point as compared to 56.67% as at 31 December 2022, mainly due to the increase in shareholders' interests as a result of the Issuance of A Shares to Specific Subscribers and the increase in undistributed profits.

Bank loans

As at 31 December 2023, bank loans of the Group amounted to RMB9,740.91 million, which increased by RMB1,496.84 million or 18.16% as compared to approximately RMB8,244.07 million as at 31 December 2022, mainly due to the project construction expenditures of Anhui phase IV project and PV power station construction projects. As at 31 December 2023, 33.88% of the Company's bank loans were fixed-rate borrowings and 66.12% were variable-rate borrowings, and the interest rates ranged from 1.67% to 6.23% per annum.

As at 31 December 2023, the total carrying amount of fixed assets, construction in progress and intangible assets of the Group amounted to RMB2,514.16 million, which were pledged to banks to obtain credit facilities. Bills receivable/financing receivables of the Group with the carrying amount of RMB456.69 million were pledged to banks to obtain credit facilities.

Financing and financial policies

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

Credit risk and foreign exchange risk

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

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

Employee and remuneration policy

As at 31 December 2023, the Group employed a total of 8,240 employees and most of them were based in the PRC, with a total employee remuneration amounted to RMB852.37 million, representing 3.96% of the Group's total revenue.

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

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

For details of the restricted A share incentive scheme adopted by the Group on 29 June 2020 and the A share option scheme adopted by the Group on 18 November 2021, please refer to the section headed "Management Discussion and Analysis" in this annual report.

CAPITAL STRUCTURE

As at 31 December 2023, the total number of shares of the Group was 2,351,324,235 shares, of which 1,901,324,235 were A shares and 450,000,000 were H shares.

DIVIDEND

In order to share the achievement of the Group in 2023 with all our shareholders, the Board has recommended a final dividend of RMB0.38 per share (before tax), subject to shareholders' approval at the annual general meeting. As the date of the annual general meeting 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 annual general meeting.

Management Discussion and Analysis

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 Shanghai 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.

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 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises.

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

Management Discussion and Analysis

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.

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ruan Hongliang (阮洪良先生) (Mr. Ruan), aged 62, is a founder of the Group and a de facto controller of the Company. Mr. Ruan is currently an executive director of the Company and the chairman of the Board, mainly responsible for the development of overall corporate strategies, business management and operation of the Group. Mr. Ruan is a member of the remuneration committee and the nomination committee, and also the chairman of strategic development committee and risk management committee of the Company. Mr. Ruan graduated from Dongbei University of Finance and Economics* (東北財經大學) in January 2022 majoring in business administration.

Mr. Ruan has over 38 years' experience in glass industry. Mr. Ruan is currently a director of a majority of subsidiaries of the Company. Apart from the Company, Mr. Ruan has served as a director of Jiaxing Xiuzhou District Lianhui Venture Capital Co., Ltd.* (嘉興市秀洲區聯會創業投資有限公司) since June 2009, a director of Fengyang Petro China Kunlun Gas Co., Ltd.* (鳳陽中石油崑崙燃氣有限公司) since April 2020.

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

Ms. Jiang Jinhua (姜瑾華女士) (Ms. Jiang), formerly known as Ms. Jiang Jin'e (姜瑾娥), aged 62, joined the Group in June 2000. Ms. Jiang is de facto controller of the Company. Ms. Jiang has over 30 years' experience in glass industry. Ms. Jiang is currently an executive director of the Company and the vice chairman of the Board, mainly responsible for assisting Mr. Ruan to fulfill his duties as the chairman of the Board. Ms. Jiang is a member of the risk management committee of the Company. Ms. Jiang graduated from Arizona State University in the United States in May 2013 with a master degree in business management. Ms. Jiang has also served as the general manager of industries at the headquarters since January 2022.

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

Ms. Ruan Zeyun (阮澤雲女士) (Ms. Ruan), formerly known as Ms. Ruan Xiao (阮曉女士), aged 37, joined the Group in October 2009, is one of the de facto controller of the Company. Ms. Ruan is currently the president and company secretary of the Company, mainly responsible for the daily affairs of the Board and management and operation of overall corporate business of the Group. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management. Apart from the Company, Ms. Ruan has served as a director of Jiaxing Yihe Investment Co., Ltd.* (嘉興義和投資有限公司) since June 2016, a director of Jiaxing Kaihong Flat Supply Chain Management Co., Ltd.* (嘉興凱鴻福萊特供應鏈管理有限公司) since January 2020 and a director of its wholly-owned subsidiary Kaihong Flat Logistics (Vietnam) Co., Ltd.* (凱鴻福萊特物流(越南)有限公司) since November 2021 and a non-executive director of Jiaxing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) since June 2023.

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

Biographies of Directors, Supervisors and Senior Management

Mr. Wei Yezhong (魏葉忠先生) (Mr. Wei), aged 52, is a co-founder of the Group and has over 28 years' experience in glass industry. Mr. Wei is currently an executive director and a deputy president of the Company, mainly responsible for development plan and logistics transportation of the Company. Mr. Wei is a member of the strategic development committee of the Company. Mr. Wei held various positions of the Group from 1998 when he joined the Group to 2023. Mr. Wei has also been a deputy general manager of development planning center and a general manager of the logistics department of the Company since January 2024.

Mr. Shen Qifu (沈其甫先生) (Mr. Shen), aged 57, joined the Group in September 1999 and is currently an executive director of the Company, mainly responsible for assisting in the management of the business and operation of the industrial park of the headquarters. Mr. Shen has over 21 years' experience in glass industry. Mr. Shen held various positions of the Group from 1999 when he joined the Group to 2023. He has been a deputy general manager of the industrial park of the headquarters of the Company since January 2022. Mr. Shen graduated from Shanghai University of Engineering Science* (上海工程技術大學) in Shanghai, the PRC, in January 1987, majoring in machinery manufacturing and equipment.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Xu Pan (徐攀女士) (Ms. Xu), aged 36, joined the Group in May 2021, is currently an independent non-executive director of the Company, chairman of the audit committee, remuneration committee and nomination committee, and also a member of the strategic development committee. Ms. Xu obtained a doctor's degree in accounting from Nanjing University in September 2019. She is now an associate professor of the accounting department of the school of management of Zhejiang University of Technology* (浙江工業大學). Ms. Xu obtained the qualification of Certified Internal Auditor (CIA) in 2011. Ms. Xu obtained the qualification of non-practicing member of the Chinese Institute of Certified Public Accountants (CICPA) in 2015.

Apart from the Group, Ms. Xu has been an independent director of Zhejiang Jingxin Pharmaceutical Co., Ltd.* (浙江京新藥業股份有限公司) since October 2022 and an independent director of Xinfengming Group Co., Ltd.* (新鳳鳴集團股份有限公司) since September 2023.

Ms. Hua Fulan (華富蘭女士) (Ms. Hua), aged 61, joined the Group in November 2018 and is currently an independent non-executive director of the Company, and a member of the audit committee, remuneration committee, nomination committee and risk management committee. Ms. Hua graduated from Zhejiang Sci-Tech University* (浙江理工大學) with a master's degree in engineering in July 2011.

Apart from the Group, Ms. Hua has been a director and deputy general manager of Zhejiang Torch Spark Technology Development Co., Ltd.* (浙江火炬星火科技發展有限公司) since 2013. She has been a supervisor of Zhejiang Torch Venture Capital Management Consulting Co., Ltd.* (浙江火炬創業投資管理諮詢有限公司) since 2015.

Ms. Ng Yau Kuen Carmen (吳幼娟女士) (Ms. Ng), aged 48, joined the Group in May 2021 and is currently an independent non-executive director of the Company, and a member of the audit committee. Ms. Ng holds a bachelor's degree of business administration from the Chinese University of Hong Kong, a master's degree of business administration from the Hong Kong University of Science and Technology* (香港科技大學) and a master's degree of laws in corporate and financial law from the University of Hong Kong* (香港大學).

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

SUPERVISORS

Mr. Zheng Wenrong (鄭文榮先生) (Mr. Zheng), aged 60, a co-founder of the Group, is currently the chairman of the board of supervisors of the Company. Mr. Zheng has over 24 years' experience in glass industry. Mr. Zheng held various positions of the Group from 1998 when he joined the Group to 2023. Mr. Zheng has been the general manager of the infrastructure department of the Company since January 2023.

Mr. Shen Fuquan (沈福泉先生) (Mr. Shen), aged 64, a co-founder of the Group, is currently a supervisor of the Company. Mr. Shen has over 23 years' experience in glass industry. Mr. Shen held various positions of the Group from 1998 when he joined the Group to 2023.

Mr. Zhu Quanming (祝全明先生) (Mr. Zhu), aged 70, a co-founder of the Group, is currently a supervisor of the Company. Mr. Zhu has over 24 years' experience in glass industry. Mr. Zhu held various positions of the Group from 1998 when he joined the Group to 2023.

Ms. Niu Liping (鈕麗萍女士) (Ms. Niu), aged 38, joined the Group in October 2003. Ms. Niu was appointed as a staff representative supervisor of the Company on 23 September 2019. Ms. Niu has also been the chairman of the trade union of the Company since December 2009. Ms. Niu graduated from Northwestern Polytechnical University* (西北工業大學) majoring in accounting. Ms. Niu held various positions of the Group when she joined the Group. She has been the head of treasury of the finance management department under the financial center of the Company since 2020.

Ms. Zhang Huizhen (張惠珍女士) (Ms. Zhang), aged 49, joined the Group in February 2006. Ms. Zhang was appointed as the staff representative supervisor of the Company on 23 September 2019. Ms. Zhang held various positions of the Group from 2006 when she joined the Group to 2023. She has been the deputy general manager of energy-saving department of the industrial park of the headquarters since 2022. Ms. Zhang graduated from Northwestern Polytechnical University* (西北工業大學) majoring in business administration.

SENIOR MANAGEMENT

Mr. Zhao Xiaofei (趙曉非先生) (Mr. Zhao), aged 39, joined the Group in May 2011 and is currently an executive deputy president of the Company, mainly responsible for the management of the business and operation of the Group's PV glass business department. Mr. Zhao is also one of the de facto controller of the Company. Mr. Zhao held various positions of the Group from 2011 when he joined the Group to 2023. He has been the general manager of the PV glass business department of the Company since January 2016. Apart from the Company, Mr. Zhao has been the supervisor of Fengyang Petro China Kunlun Gas Co., Ltd.* (鳳陽中石油崑崙燃氣有限公司) since April 2022. Mr. Zhao graduated from the University of Northern Virginia in the United States in December 2007 majoring in business administration.

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

Biographies of Directors, Supervisors and Senior Management

Mr. Wei Zhiming (韋志明先生) (Mr. Wei), aged 55, joined the Group in August 2006 and is currently a deputy president of the Company, mainly responsible for management of the strategic department and technology research and development of the Group. Mr. Wei has over 31 years' experience in glass industry. Mr. Wei held various positions of the Group from 2006 when he joined the Group to 2023. He has been the general manager of the development department of the Company since January 2016 and the deputy general manager of the development planning center since January 2024. Mr. Wei graduated from Hangzhou University* (杭州大學) in Hangzhou, Zhejiang, the PRC, in July 1991 with a bachelor degree in chemistry.

Mr. Zhao Changhai (趙長海先生), aged 49, is currently a deputy president of the Company, mainly responsible for development plan and technological R&D of the Company. Mr. Zhao Changhai graduated from East China University of Science and Technology* (華東理工大學) in July 2000, majoring in inorganic materials. Mr. Zhao Changhai is currently the deputy general manager of the company's research and development center and the deputy general manager of the development planning center.

Mr. Jiang Weijie (蔣緯界先生) (Mr. Jiang), aged 37, joined the Group in May 2017, is currently the financial officer of the Company. He holds a certificate for professional accountants. Mr. Jiang has been holding various positions in the financial department since he joined the Group in 2017, and has been the financial officer of the Company since March 2019. Apart from the Company, Mr. Jiang has been the supervisor of Jiashan Yicheng Trading Co., Ltd.* (嘉善熠成貿易有限公司) since January 2020. Mr. Jiang graduated from the University of Nottingham with a master degree in Supply Chain and Operations Management in 2011.

Ms. Cheng Yuan (成媛女士) (Ms. Cheng), aged 33, joined the Group in October 2016. Ms. Cheng graduated from Tianjin Normal University* (天津師範大學) in June 2016 with a master's degree in Foreign Linguistics and Applied Linguistics. Ms. Cheng has been holding various positions in the Group since she joined the Group in 2016. She has been the Secretary of the Board since March 2023 and is mainly responsible for the daily affairs of the Board.

COMPANY SECRETARY

Ms. Ruan Zeyun (阮澤雲女士) (Ms. Ruan), formerly known as Ms. Ruan Xiao (阮曉女士), aged 37, joined the Group in October 2009. Ms. Ruan was appointed as a joint company secretary on 1 April 2015 and became a sole company secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Please refer to "Executive Directors" above for details of the biography of Ms. Ruan.

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

Corporate Governance Report

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

In the opinion of the directors, the Company had complied with the code provisions in the Corporate Governance Code (“CG Code”) as set forth in Appendix C1 to the Listing Rules on the Hong Kong Stock Exchange since 1 January 2023 up to and including 31 December 2023 except for code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of the chairman and president should be separated and should not be performed by the same individual. Mr. Ruan Hongliang holds both position from 1 January 2023 to 6 June 2023. Throughout the Group’s business history of over 25 years, Mr. Ruan Hongliang has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. On 6 June 2023, the Board appointed Ms. Ruan Zeyun as the president after the resignation of Mr. Ruan as the president.

BOARD OF DIRECTORS

The Board currently comprises five executive directors and three independent non-executive directors. Biographical details of the directors are set forth on pages 25 to 26 of this annual report.

The directors during the year ended 31 December 2023 were:

Executive Directors

Mr. Ruan Hongliang
Ms. Jiang Jinhua
Ms. Ruan Zeyun (*appointed on 24 July 2023*)
Mr. Wei Yezhong
Mr. Shen Qifu

Independent Non-executive Directors

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

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

Ms. Ruan Zeyun, an executive director, president and the company secretary of the Company, is the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Mr. Zhao Xiaofei, an executive deputy president of the Company, is the spouse of Ms. Ruan Zeyun and the son-in-law of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Other than that, there is no relationship among members of the Board in respect of financial, business or other material relationship.

Corporate Governance Report

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating operating and financial performance, reviewing the corporate governance measures and supervising of the overall management of the Group. The Board is also responsible for developing, reviewing and monitoring policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The senior management of the Group is responsible for the implementation of business strategies and day-to-day operations of the Group under the leadership of the chairman of the Group. The directors have full access to all the information of the Group in relation to business operations and financial performance of the Group. Senior management of the Group also reports to the directors from time to time regarding the business operations of the Group. Independent professional advice can be sought to assist the relevant directors to discharge their duties at the Group's expense upon their request. Throughout the year ended 31 December 2023, all directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each director to discharge their duties.

Meetings and Directors Attendance Record

The Board meets regularly either in person or through electronic means of communication to discuss the overall strategy as well as the operation and financial performance of the Group. The number of the Board meetings and general meetings held and the attendance of each director at these meetings for the year ended 31 December 2023 have been set out as follows:

No. of attendance/No. of meetings

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Strategic Development Committee meetings	Risk Management Committee meetings	General meetings
Executive Directors							
Mr. Ruan Hongliang	15/15	N/A	4/4	2/2	1/1	1/1	10/10
Ms. Jiang Jinhua	15/15	N/A	N/A	N/A	N/A	1/1	10/10
Ms. Ruan Zeyun	15/15	N/A	N/A	N/A	N/A	N/A	10/10
Mr. Wei Yezhong	15/15	N/A	N/A	N/A	1/1	N/A	10/10
Mr. Shen Qifu	15/15	N/A	N/A	N/A	N/A	N/A	10/10
Independent Non-executive Directors							
Ms. Xu Pan	15/15	5/5	4/4	2/2	1/1	N/A	10/10
Ms. Hua Fulan	15/15	5/5	4/4	2/2	N/A	1/1	10/10
Ms. Ng Yau Kuen Carmen	15/15	5/5	N/A	N/A	N/A	N/A	10/10

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

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

Throughout the year ended 31 December 2023, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements in relation to continuous responsibilities of a Hong Kong listed company and its directors and other relative compliance issues were provided and notified to each of the directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2023, the following existing directors have participated in continuous professional development by attending briefings and updates, seminars, training, or reading materials on the following topics to develop and refresh their knowledge and skills:

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors have played a significant role in the Board by bringing their independent judgment at Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive directors provide independent advice on the Group's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

The Board has three independent non-executive directors. The Company has received, from each of the independent non-executive directors, an annual confirmation of their independence and considers that all of the independent non-executive directors are independent of the Company.

Corporate Governance Report

BOARD PROCEEDINGS

In accordance with code provisions A.1.1 and A.1.3 of the CG Code, the Board shall hold at least four Board meetings each year, and a notice of at least 14 days shall be given for a regular Board meeting. Since 1 January 2023 up to and including 31 December 2023, 4 regular Board meetings have been held with notices of at least 14 days having been given to the directors in compliance with the relevant code provision.

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

On 24 July 2023, Ms. Ruan Zeyun was appointed as an executive director. The current term of the directors is for a term ending on the expiration of the term of the 6th session of the Board. Please refer to the announcement of the Company dated 6 June 2023 for further details.

BOARD OF SUPERVISORS

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

DIRECTORS', SUPERVISORS' AND OFFICERS' INSURANCE

The Company has taken out appropriate insurance coverage on directors', supervisors' and senior management's liabilities in respect of legal actions taken against the same arising out of corporate activities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the directors and supervisors. Directors and supervisors of the Company are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all directors and supervisors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2023 and up to the date of the 2023 annual results announcement.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee was established on 16 October 2015. From 1 January 2023 to 31 December 2023, members of the Audit Committee comprised of Ms. Xu Pan, Ms. Hua Fulan and Ms. Ng Yau Kuen Carmen all of whom are independent non-executive directors. Ms. Xu Pan, who has appropriate professional qualification and experience in accounting matter, was the chairman of the Audit Committee. The Audit Committee primarily assists the Board to review the financial reporting process, evaluate the effectiveness of financial controls and oversee the auditing processes of the Group and relationship with external auditors of the Group.

During FY2023, the Audit Committee held five meetings to review annual financial results and reports for the year ended 31 December 2022 and interim financial results and reports for the six months ended 30 June 2023. Matters reviewed during the meetings included significant matters on the financial reporting, operational and compliance controls, effectiveness of the risk management and internal control systems and internal audit function, scope of work and appointment of external auditors, related parties transactions and arrangements for employees to raise concerns about possible improprieties. The attendance records are set out under “Meetings and Directors Attendance Record” on page 30.

The Audit Committee is of the view that the preparation of the financial results of the Group for the year ended 31 December 2023 complied with the applicable accounting standards and requirements and that adequate disclosure had been made. The Audit Committee is also of the view that the internal control systems are effective and adequate based on its review.

Corporate Governance Report

Remuneration Committee

The Remuneration Committee was established on 16 October 2015. From 1 January 2023 to 31 December 2023, members of the Remuneration Committee comprised of Ms. Xu Pan and Ms. Hua Fulan, independent non-executive Directors, and Mr. Ruan Hongliang, an executive Director and Ms. Xu Pan was the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include preparing assessment codes and evaluating the senior management of the Group, determining and reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management. No Director takes part in any discussion on his or her own remuneration.

During FY2023, the Remuneration Committee held four meetings to review, determine and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management, assessing performance of executive Directors and other related matters. For matters relating to share schemes that were reviewed and/or approved by the Remuneration Committee during FY2023, please refer to the section headed “SHARE SCHEMES OF THE COMPANY” on pages 8 to 14 of this annual report. The attendance records are set out under “Meetings and Directors Attendance Record” on page 30 of this annual report.

Pursuant to code provision B1.5 of the CG Code, the remuneration of the members of the senior management (including executive Directors) by band for the year ended 31 December 2023 is set forth below:

In the band of	Number of Individuals
Below HK\$500,000	1
HK\$500,000 to HK\$10,000,000,000	9

Note: The above amounts in Hong Kong dollars were illustrated by adoption of the exchange rate between RMB and Hong Kong dollar published by the State Administration of Foreign Exchange of the PRC on 29 December 2023.

Further particulars regarding Directors’ remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in Note (IX) 7 to the financial statements.

Nomination Committee

The Nomination Committee was established on 16 October 2015. From 1 January 2023 to 31 December 2023, members of the Nomination Committee comprised of Mr. Ruan Hongliang, an executive Director, Ms. Xu Pan and Ms. Hua Fulan, independent non-executive Directors. The chairman of the Nomination Committee is Ms. Xu Pan, an independent non-executive Director.

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

The Nomination Committee provides consultation to the Board of Directors with respect to the nomination of directors. It will first consider and determine the candidates for nomination, then make recommendations to the Board of Directors. The Board of Directors will decide whether to propose such candidate to the general meeting for election. The Nomination Committee and the Board of Directors will mainly refer to the cultural and educational background, and professional experience when selecting candidates.

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

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

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

During FY2023, the Nomination Committee held two meetings. For the details of members’ attendance of the Nomination Committee meeting, please refer to page 30. The Nomination Committee also considered the Board Diversity Policy and whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that based on the Company’s existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy for the Reporting Period.

As at 31 December 2023, the Group had a total of 8,240 staff (including senior management), comprising of 5,919 male staff and 2,321 female staff. As such, the Group has achieved gender diversity in respect of its workforce. The Group will continue to strive to enhance female representation and achieve and maintain an appropriate balance of gender diversity in its workforce in near future.

Strategic Development Committee

The Strategic Development Committee was established on 16 October 2015. From 1 January 2023 to 31 December 2023, members of the Strategic Development Committee comprised of Mr. Ruan Hongliang and Mr. Wei Yezhong, executive Directors, and Ms. Xu Pan, an independent non-executive Director. The chairman of the Strategic Development Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of Strategic Development Committee are to study, advise on and review the Company’s long-term development plans and strategies.

During FY2023, the Strategic Development Committee held one meeting to discuss the business strategies of the Group and the attendance records are set out under “Meetings and Directors Attendance Record” on page 30.

Corporate Governance Report

Risk Management Committee

The Risk Management Committee was established on 16 October 2015. From 1 January 2023 to 31 December 2023, members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jinhua, executive Directors, and Ms. Hua Fulan, an independent non-executive Director. The chairman of the Risk Management Committee is Mr. Ruan Hongliang, an executive Director. The primary duties of the Risk Management Committee are to review the Group's business operations, especially on overseas and export business to supervise and control the Group's sanctums-related risks and to monitor and review the Group's risk management and internal control systems and formulate our Group's risk management strategies.

During FY2023, the Risk Management Committee held one meeting to discuss the risk associated with overseas and export business of the Group and the attendance records are set out under "Meetings and Directors Attendance Record" on page 30.

CORPORATE GOVERNANCE FUNCTIONS

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

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Hong Kong Stock Exchange and the Company. The Company amended its Articles of Association on 6 June 2023, 24 July 2023 and 22 December 2023 in response to the changed situation and actual needs of the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company had prepared the consolidated financial statements for the year ended 31 December 2023, which were reviewed by the Audit Committee and external auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合伙)) in the PRC. The Directors acknowledge that it is their responsibilities in (i) preparing the financial statements of the Group for each financial year with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditors of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合伙)), regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 59 to 62 of this annual report.

COMPANY SECRETARY

Ms. Ruan Zeyun is the company secretary of the Company during the year under review. During FY2023, Ms. Ruan had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary are set out in the section headed “Biographies of Directors, Supervisors and Senior Management” on page 28 in this annual report.

EXTERNAL AUDITORS

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) in the PRC as the external auditor for the year ended 31 December 2023. The Audit Committee has been notified of the nature (namely, Report on Use of Previous Proceeds and Capital Verification Report etc.) and the service charges of non-audit services performed by Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) and considered that these non-audit services have no adverse effect on the independence of the auditor. The Audit Committee reviewed the external auditors’ statutory audit scope and non-audit services and approved its fees.

For the year ended 31 December 2023, the total auditor’s remuneration was approximately RMB3,800,000, which Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) charged the Group for audit and assurance services. The remuneration of non-audit services was approximately RMB701,100 which was mainly related to the Issuance of A Shares to Specific Subscribers and tax services.

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Corporate Governance Report

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

For FY2023, the Audit Committee and the Group's internal audit team, with the assistance of the management of the Group, conducted a review of the Systems and assessed the effectiveness of the Systems by taking into account the reviews by its auditor. Based on the above review, the Board considers that the Group has fully complied with provisions of the CG Code regarding the Systems in general for FY2023, and the Group's Systems are generally appropriate, effective and adequate.

SHAREHOLDERS' RIGHTS

(i) Participation at general meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages participation of its shareholders through annual general meetings and other general meetings where shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 21 days before the annual general meeting and 15 days before the extraordinary general meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors.

(ii) Convening extraordinary general meetings

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

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

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

(iii) Procedures for putting forward proposals at a general meeting

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

Communications with shareholders and investors

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

- (i) An occasion shall be arranged for shareholders of the Company at the annual general meeting for putting forward their opinions and exchanging views with the Board. Directors shall be present in person at the annual general meeting and answer shareholders' questions;
- (ii) Where possible, the interim performance and yearly performance shall be issued early to enable shareholders of the Company to better understand the performance and business operations of the Group;
- (iii) The Company also publishes all corporate correspondence on the Company's website www.flatgroup.com.cn; and
- (iv) Shareholders may raise any enquiries and proposals to the Board by either directly raising questions at general meetings or providing written notice of such enquiries or proposals for the attention of Ms. Ruan Zeyun, the company secretary, at the principal place of business of the Company situated at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC or via e-mail to flat@flatgroup.com.cn.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report for the Reporting Period has been published individually on 26 March 2024.

Report of the Board of Directors

The Directors are pleased to present this annual report and audited consolidated financial statements of the Group as at 31 December 2023.

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company was established in the PRC and has its registered office and headquarters at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC. Its principal place of business in Hong Kong is Unit 6, 11/F, Prosperity Place 6 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacturing and sale of photovoltaic glass products, float glass products, architectural glass products, household glass products and other types of relevant products in the PRC. The principal activities and other particulars of the subsidiaries are set out in note (VI) 43 to the financial statements.

LIST OF SUBSIDIARIES

Please refer to note (V) 1 to the financial statements in this annual report for details of the subsidiaries as at 31 December 2023.

FINANCIAL STATEMENTS

The profit of the Group for FY2023 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 63 to 74 of this annual report.

The Group's business review during FY2023 and material factors underlying its results and financial position are set out in the "Management Discussion and Analysis" section of this annual report.

RESERVES

Details of movements in reserves of the Company and the Group are set out in the consolidated statement of changes in equity.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the latest five financial years is set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group for FY2023.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2023 are set out in note (VI) 14 to the financial statements.

DIVIDEND AND DIVIDEND POLICY

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

In order to share the achievement of the Group in 2023 with all our shareholders, the Board has recommended a final dividend of RMB0.38 per share (before tax), subject to shareholders' approval at the annual general meeting.

CHARITABLE DONATIONS

Charitable donations made by the Group during FY2023 amounted to RMB2,306,135.30 (FY2022: RMB3,602,826.89).

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE GROUP

The following sets out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks pertaining to the PV glass industry

The Group derived a majority of its revenue from its sales of PV glass. During FY2023, the revenue generated from the sales of PV glass amount to RMB19,676.53 million, representing 91.42% of the total revenue of the Group. The demand for PV glass generally depends on the demand for PV modules, which is subject to a number of macroeconomic and factors outside the control of PV glass manufacturers. The demand for solar energy also depends on the overall demand for electricity and the overall social and governmental support for the use of renewable energy. If there is any significant decrease in the demand for solar energy or investments in the PV industry, the demand and the prices of PV glass will decrease accordingly. Such decreases could be substantial and could result in significant excessive supply. Any market downturn, over-supply or fluctuations in the PV industry or financial difficulties faced by PV module manufacturers could have a material adverse impact on the business, financial condition and results of operations of the Group.

Report of the Board of Directors

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

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

Past performance and forward-looking statements

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations are subject to current environmental laws, rules and regulations enacted by the Chinese government, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law on Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), the Law on Prevention and Control of Noise Pollution of the PRC (《中華人民共和國環境噪聲污染防治法》), the Law on Prevention and Control of Soil Pollution of the PRC (《中華人民共和國土壤污染防治法》), the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》) and the Law on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). In addition, the business of the Company's production base in Vietnam must comply with the current laws and regulations on environmental protection issued by the Vietnamese government, including the Environmental Protection Law 2-2020-QH14; Decree No. 06-2022-ND-CP; Decree No. 08-2022-ND-CP; Circular No. 01-2022-TT-BTNMT; Circular 02-2022-TT-BTNMT.

One of our major pollutants produced from our production is nitrogen oxides and sulphur dioxide. In order to be a socially responsible manufacturer, the Company has installed environmental protection and energy-saving equipment to minimize the impact on the environment from its production, including flue-gas desulphurization facility, flue-gas denitration facility, residual heat power generator and emissions monitoring system. The Company also monitors, through the emissions monitoring system, whether it satisfies the PRC standards on exhaust gas emissions. The Company was accredited with ISO14001:2004 for its environmental management system relating to the production processes of PV glass. For the year ended 31 December 2023, the Company complied with applicable environmental rules and regulations.

In recognition of the Company's continuous efforts in environmental protection and energy saving, the China Building Materials Federation* (中國建築材料聯合會), China Concrete Association* (中國水泥協會), China Architectural Land Industrial Glass Association* (中國建築玻璃與工藝玻璃協會) and China Construction Health Ceramics Association* (中國建築衛生陶瓷協會) awarded the Company with "Advanced Exemplary Enterprise for Energy Conservation and Emission Reduction in the Concrete Glass Ceramics Industry of the PRC* (全國水泥玻璃陶瓷產業節能減排先進典型企業)" in October 2015. The Company and its subsidiary Anhui Flat Solar Glass Co., Ltd. were awarded the title of "National Green Factory" by the Ministry of Industry and Information Technology of the PRC in November 2023.

KEY RELATIONSHIPS

Employees

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

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

Suppliers

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

Aggregate purchases from the Group's largest and five largest suppliers accounted for 11.52% and 34.38%, respectively, of the Group's total purchases for FY2023.

Customers

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

For the year ended 31 December 2023, the Group's accounts receivable balance with the largest and five largest customers was RMB2,344,969,332.34 (as at the end of the last year: RMB1,494,010,210.89), accounting for 60.97% (as at the end of the previous year: 51.60%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB42,748,553.38 (as at the end of the last year: RMB26,294,579.71).

At no time during the Reporting Period under review had the Directors, the supervisors of the Company and their close associates or any shareholder of the Company (who or which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

Report of the Board of Directors

COMPLIANCE WITH LAWS AND REGULATIONS

Since the Company is established and conducts its operations mainly in the PRC, its H Shares are listed on the Hong Kong Stock Exchange, and A Shares are listed on the Shanghai Stock Exchange. During FY2023 and up to the date of the 2023 annual results announcement, the Company had materially complied with the relevant laws and regulations in the PRC and Hong Kong including relating to its establishment and operations, and the rules of the relevant stock exchange.

BANK BORROWINGS

Details of bank borrowings of the Company and its subsidiaries as at 31 December 2023 are set out in note (VI) 20, 28 and 30 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2023 are set out in note (VI) 36 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules from 1 January 2023 to 31 December 2023 and at all times up to the date of the 2023 annual results announcement.

PRE-EMPTIVE RIGHTS

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

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

Reference is made to the announcement of the Company dated 30 October 2023 in relation to proposed general mandate (the "H Share Repurchase Mandate") to repurchase H shares and the circular dated 4 December 2023, 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 Mandate would be beneficial to and in the best interest of the Company and its shareholders. The relevant resolution had been passed at the general meeting and the class meetings of the Company held on 22 December 2023.

The Company bought back a total of 6,250,000 H Shares on the Hong Kong Stock Exchange as at the date of the 2023 annual results announcement. 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
Total	6,250,000	–	–	89,463,140

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.

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 31 December 2023, a total of RMB74,000 convertible bonds has been converted into 1,680 A Shares of the Company.

Report of the Board of Directors

The total net proceeds from the public issuance of A share convertible bonds by the Company amounted to approximately RMB3,976.92 million. As at 31 December 2023, 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	133,801.34	60,698.66
Distributed PV power generation construction project	15.97%	63,492.12	7,733.85	55,758.27
Annual production of 15 million square meters of solar PV ultra-white glass technical transformation project	4.95%	19,700.00	18,416.69	1,283.31
Working capital	30.17%	120,000.00	120,000.00	–
Total	100%	397,692.12	279,951.88	117,740.24

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

2. Issuance of 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 31 December 2023, the use of such proceeds were as follows:

Unit: RMB10,000

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 Annual production of 1,200,000 tons of new energy equipment high-transparent panel manufacturing project	32.353%	193,000.00 ^{note 2}	172,644.16	20,355.84
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}	111,170.36	112,370.35
Working capital		30.174%	180,000.00 ^{note 4}	180,000.00	-
Total		100%	596,540.71	463,814.52	132,726.19

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 project is expected to be put in operation before end of 2024 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 2023 annual results announcement, the directors confirm that the proceeds are proposed to be used according to the intentions previously disclosed.

Report of the Board of Directors

DIRECTORS

For the year ended 31 December 2023 and up to the date of the 2023 annual results announcement, the directors and supervisors of the Company in office are shown as below:

Executive directors

Mr. Ruan Hongliang (*Chairman of the Board of Directors*)
Ms. Jiang Jinhua
Ms. Ruan Zeyun (*appointed on 24 July 2023*)
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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive directors and independent non-executive directors has entered into a service contract with the Company. All directors (except Ms. Ruan Zeyun) retired and were re-elected at the 2020 AGM for a term of three years ending on the expiration of the term of the 6th session of the Board subject to retirement and re-election at the general meeting in accordance with the articles of association. Ms. Ruan Zeyun was elected as an executive director at the 2023 first extraordinary general meeting for a term ending on the expiration of the term of the 6th session of the Board subject to her retirement and re-election at the general meeting in accordance with the Articles of Association. Please refer to the announcement of the Company dated 6 June 2023 and the circular of the Company dated 5 July 2023 for further details.

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

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

PERMITTED INDEMNITY PROVISION

Since 1 January 2023 up to and including 31 December 2023, the Company had taken out appropriate corporate liability insurance for the its directors, supervisors and senior management. As of the date of the 2023 annual results announcement, such corporate liability insurance remained effective.

REMUNERATION OF DIRECTORS AND SUPERVISORS

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

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

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus RMB'000	Total RMB'000
Executive directors:					
Mr. Ruan Hongliang	–	1,172	39	36	1,247
Ms. Jiang Jinhua	–	844	–	36	880
Ms. Ruan Zeyun	–	1,032	70	36	1,138
Mr. Wei Yezhong	–	617	39	36	692
Mr. Shen Qifu	–	614	34	36	684
Independent non-executive directors:					
Ms. Hua Fulan	100	–	–	–	100
Ms. Xu Pan	100	–	–	–	100
Ms. Ng Yau Kuen Carmen	188	–	–	–	188
Supervisors:					
Mr. Zheng Wenrong	–	280	19	29	328
Mr. Shen Fuquan	–	228	–	24	252
Mr. Zhu Quanming	–	194	–	20	214
Ms. Niu Liping	–	177	13	16	206
Ms. Zhang Huizhen	–	291	21	26	338
Total	388	5,449	235	295	6,367

Report of the Board of Directors

During the Reporting Period, neither were there any amounts paid or receivable by Directors or supervisors of the Company as an inducement to join or upon joining the Company, nor was there any compensation paid or receivable by any Directors, supervisors of the Company or past Directors or past supervisors of the Company for the loss of office as a Director or supervisor of the Company of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. During the Reporting Period, there was no arrangement under which any Director or supervisor of the Company has waived or agreed to waive any emoluments.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 31 December 2023, the interests and short positions of the directors, supervisors and the chief executive 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 positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in the Listing Rules, were as follows:

Shareholder	Number of Shares held	Class	Nature of Interest	Approximate percentage of shareholding in the relevant class of Shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽²⁾
Directors					
Mr. Ruan Hongliang ⁽³⁾	1,070,746,194 (L)	A Shares	Beneficial owner and parties acting in concert	56.32%	45.54%
	68,870,311(S)	A Shares		3.62%	2.93%
	2,799,000 (L)	H Shares		0.62%	0.12%
Ms. Jiang Jinhua ⁽³⁾	1,070,746,194 (L)	A Shares	Beneficial owner and parties acting in concert	56.32%	45.54%
	68,870,311(S)	A Shares		3.62%	2.93%
	2,799,000 (L)	H Shares		0.62%	0.12%
Ms. Ruan Zeyun ⁽³⁾	1,070,746,194 (L)	A Shares	Beneficial owner and parties acting in concert	56.32%	45.54%
	68,870,311(S)	A Shares		3.62%	2.93%
	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	46,801,800(L)	A Shares	Beneficial owner	2.46%	1.99%
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		0.29%	0.23%

Notes:

- (1) The calculation is based on the total number of 1,901,324,235 A Shares or 450,000,000 H Shares of the Company in issue as at 31 December 2023.
- (2) The calculation is based on the total number of 1,901,324,235 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,351,324,235 Shares) in issue as at 31 December 2023.
- (3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. As at 31 December 2023, Mr. Ruan Hongliang owns 398,063,682 A Shares and 485,000 H Shares. Ms. Jiang Jinhua owns 320,481,600 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 347,400,912 A Shares and 2,203,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. As at 31 December 2023, Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun also have 51,461,500 A Shares pledged to lenders other than qualified lenders as security.

As at 31 December 2023, Mr. Ruan Hongliang and Ms. Ruan Zeyun owns 5,000,000 and 3,800,550 A share convertible bonds, respectively, which are convertible into 11,842,729 and 9,001,776 A shares, respectively. Among such convertible bonds, Mr. Ruan Hongliang and Ms. Ruan Zeyun had pledged 4,850,000 and 2,500,000 A share convertible bonds to lenders other than qualified lenders as security for certain borrowings, respectively, which are convertible into 11,487,447 and 5,921,364 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 1,070,746,194 (long positions) A Shares, 68,870,311 (short positions) A Shares and 2,799,000 H Shares under the SFO.

Save as disclosed above, as at 31 December 2023, to the knowledge of the Company, none of the Directors or supervisors and the chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the 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 Hong Kong Stock Exchange pursuant to the Model Code.

Report of the Board of Directors

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, 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⁾	1,070,746,194 (L)	A Shares	Beneficial owner and parties acting in concert	56.32%	45.54%
	68,870,311(S)	A Shares		3.62%	2.93%
	2,799,000 (L)	H Shares		0.62%	0.12%
JPMorgan Chase & Co. ⁽⁴⁾	61,030,863(L)	H Shares	Interest of controlled corporation, investment, manager, security interest in shares and approved	13.56%	2.60%
	20,902,243(S)			4.64%	0.89%
	6,739,545(P)			1.49%	0.29%
BlackRock, Inc. ⁽⁵⁾	43,976,149(L)	H Shares	Interest of controlled corporation	9.77%	1.87%
	3,997,000(S)			0.89%	0.17%
Pacific Asset Management Co., Ltd.	31,525,000(L)	H Shares	Investment manager	7.01%	1.34%
Bank of America Corporation ⁽⁶⁾	28,237,190(L)	H Shares	Interest of controlled corporation	6.27%	1.20%
	27,699,396(S)			6.16%	1.18%
Shanghai Greenwoods Asset Management Company Limited ⁽⁷⁾	27,042,000(L)	H Shares	Investment manager	6.01%	1.15%
Xizang Jingning Corporate Management Company Limited ⁽⁷⁾	27,042,000(L)	H Shares	Interest of controlled corporation	6.01%	1.15%
CICC Pucheng Investment Co., Ltd. ⁽⁸⁾	20,089,000(L)	H Shares	Beneficial owner	4.46%	0.85%
China International Capital Corporation Limited ⁽⁸⁾	22,573,000(L)	H Shares	Interest of controlled corporation	5.02%	0.96%
Public Investment Fund	22,549,000(L)	H Shares	Beneficial owner	5.01%	0.96%

Notes :

- (1) The calculation is based on the total number of 1,901,324,235 A Shares or 450,000,000 H Shares of the Company in issue as at 31 December 2023.
- (2) The calculation is based on the total number of 1,901,324,235 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 2,351,324,235 Shares) in issue as at 31 December 2023.
- (3) Mr. Zhao Xiaofei is the spouse of Ms. Ruan Zeyun, the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. As at 31 December 2023, Mr. Ruan Hongliang owns 398,063,682 A Shares and 485,000 H Shares. Ms. Jiang Jinhua owns 320,481,600 A Shares and 111,000 H Shares. Ms. Ruan Zeyun owns 347,400,912 A Shares and 2,203,000 H Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. As at 31 December 2023, Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun also have 51,461,500 A Shares pledged to lenders other than qualified lenders as security.

As at 31 December 2023, Mr. Ruan Hongliang and Ms. Ruan Zeyun owns 5,000,000 and 3,800,550 A share convertible bonds, respectively, which are convertible into 11,842,729 and 9,001,776 A shares, respectively. Among such convertible bonds, Mr. Ruan Hongliang and Ms. Ruan Zeyun had pledged 4,850,000 and 2,500,000 A share convertible bonds lenders other than qualified lenders as security for certain borrowings, respectively, which are convertible into 11,487,447 and 5,921,364 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 1,070,746,194 (long positions) A Shares, 68,870,311 (short positions) A Shares and 2,799,000 H Shares under the SFO.

- (4) JPMorgan Chase & Co. held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 14,063,006 shares (long positions) and 2,177,000 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: 571,000 Shares (long positions) and 3,997,000 Shares (short positions)).
- (6) Bank of America Corporation indirectly held relevant interests and short positions through a series of its controlled corporations, including holding of certain unlisted derivatives (cash settlement: 12,702,000 shares (long positions) and 121,000 shares (short positions)).
- (7) Xizang Jingning Corporate Management Company Limited indirectly held 100% equity interest in Shanghai Greenwoods Asset Management Company Limited.
- (8) China International Capital Corporation Limited directly held 100% equity interest in CICC Pucheng Investment Co., Ltd. China International Capital Corporation Limited indirectly held relevant interests through a series of its controlled corporations.

Save as disclosed above, as at 31 December 2023, 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2023.

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

No contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or supervisor of the Company or an entity connected with a Director or supervisor had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023.

Report of the Board of Directors

RELATED PARTY TRANSACTIONS

The related party transactions in relation to the emoluments of Directors, Supervisors and employees are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.95 of the Listing Rules. The related party transactions conducted during the year under review as disclosed in Note IX to the financial statement of the Group were transactions not falling under the definition of connected transaction or continuing connected transactions as defined in chapter 14A of the Listing Rules or were connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Connected Transaction

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

Independent Non-executive Directors Confirmation

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

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) conducted either on normal commercial terms or better; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Auditor's Confirmation

The Company's auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report (if any) in accordance with Rule 14A.56 of the Listing Rules.

COMPETING BUSINESS

None of the Directors and their associates had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2023.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei has confirmed to the Company that he/she has complied with the non-competition undertaking given by them to the Company pursuant to the deed of non-competition dated 16 October 2015. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all the undertakings thereunder have been complied with throughout the period from 1 January 2023 up to and including 31 December 2023.

ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2023 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or supervisors of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

RETIREMENT SCHEMES

The Group abides by the laws and regulations in relation to employee benefits and retirement planning promulgated by the Chinese government. Details of the Group's retirement plans are set out in Note (VI) 25 to the financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2023, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

Report of the Board of Directors

EVENTS AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the Board and external auditors the accounting standards and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

EXTERNAL AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants LLP will be the only auditor auditing the Company's financial statements in accordance with the CASBE and undertaking the role of international auditors in compliance with the Listing Rules. The consolidated financial statements for the year ended 31 December 2023 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)).

Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) as auditors of the Group is to be proposed at the annual general meeting of the Company.

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

On behalf of the Board of Directors

Ruan Hongliang

Chairman

Jiaxing, Zhejiang, the PRC

26 March 2024

Report of the Board of Supervisors

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

In the year ended 31 December 2023, for the Company’s long-term interests and shareholders’ interests, the Board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and the Listing Rules and earnestly performed their duties of supervision over the activities of the Directors and senior management of the Company. The major works performed by of the Board of Supervisors are presented below:

I. MEETINGS CONDUCTED BY THE BOARD OF SUPERVISORS

In the year ended 31 December 2023, the Board of Supervisors convened 13 meetings.

II. WORK OF THE BOARD OF SUPERVISORS

The work of the Supervisory Committee during the year ended 31 December 2023 mainly includes the following:

1. Monitoring implementation of resolutions of general meetings

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

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

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

3. Monitoring daily operating activities of the Group

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

Report of the Board of Supervisors

4. Monitoring the Group's financial conditions

The Board of Supervisors has reviewed the Group's 2023 consolidated financial statements, supervised and monitored the Group's implementation of relevant financial policies and legislations as well as details of the Group's assets, financial income and expenditure. It is of the opinion that the Group's 2023 consolidated financial statements truly and completely reflect the financial position and operating results of the Group.

Chairman of the Board of Supervisors
Zheng Wenrong

Jiaxing, Zhejiang, the PRC
26 March 2024

Independent Auditor's Report

(De Shi Bao (Shen) Zi (24) No. P00776

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

1. AUDIT OPINION

We have audited the financial statements of Flat Glass Group Co., Ltd. (hereinafter referred to as “Flat Group”), including the consolidated and parent company’s balance sheet as at 31 December 2023, the consolidated and parent company’s income statement, the consolidated and parent company’s statement of cash flow, the consolidated and parent company’s statement of changes in shareholders’ equity and notes to the financial statements in 2023.

In our opinion, the attached financial statements have been prepared in accordance with the accounting standards for business enterprises in all material aspects, and have given a fair view of the consolidated and parent company’s financial position as at 31 December 2023, and of its consolidated and parent company’s operating results and consolidated and parent company’s cash flow in 2023.

2. BASIS FOR FORMING AUDIT OPINION

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

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements in 2023. The responses to these matters were based on the audit of the financial statements as a whole and the formation of audit opinions. We do not provide a separate opinion on these matters and we confirm that the following matters are the key audit matters to be communicated in the audit report.

(1) Cut-off of revenue recognition

Item description

As stated in Note (VI) 43 to the financial statements, the sales revenue of Flat Group in 2023 was mainly from the sales of glass amounting to RMB20,929,827,382.91. The sales revenue of glass is recognised when the customer obtains the control right of relevant goods. According to the agreement of the sales contract, for domestic sales, Flat Group transported the goods to the agreed place of delivery or picked up by the buyers on their own, with the revenue recognised on receiving the goods; and for export sales, Flat Group recognises the sales revenue according to the time when the control of goods is transferred under different trade modes. As revenue is one of the key performance indicators of Flat Group, and the timing of the transfer of control of goods is different, there may be a risk that the sales revenue is not recognised in the appropriate period. Therefore, we consider whether the sales revenue of glass is included in the appropriate accounting period as the key audit matter.

Independent Auditor's Report

How our audit addressed the key audit matter

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

- (1) Obtain an understanding of the key internal control related to the cut-off of sales revenue recognition for PV glass, evaluate the design and implementation of the relevant internal control, and test the effectiveness of its operation;
- (2) Check the sales contracts of major customers and interview with the management, identify the contract terms related to the transfer time of control of products, and evaluate whether the time point of revenue recognition of Flat Group is in line with the provisions of accounting standards for business enterprises;
- (3) Obtain the sales records for a transaction cycle prior to the balance sheet date. For export sales, we conducted sampling inspection of customs declarations or cargo receipt records according to different trade patterns. For domestic sales, we sampled the receipt records of the goods;
- (4) Perform cut-off tests on the revenue of the last transaction cycle after the balance sheet date, and sample supporting documents related to revenue recognition including receipt records and customs declarations. In addition, we also took into account whether there were major post-sales recalls and assessed their impacts on the financial statements.

4. OTHER INFORMATION

The management of Flat Group is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

6. CPA'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue audit reports containing audit opinions. Reasonable assurance is a high-level assurance, but it does not guarantee that the audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, we also:

- (1) Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Draw a conclusion on the appropriateness of management's use of going concern assumption. At the same time, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Flat Group's ability to continue as a going concern based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required by the auditing standards to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to issue a non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Flat Group to cease to continue as a going concern.

Independent Auditor's Report

- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the relevant transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Flat Group to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese certified public accountant:
(engagement partner)

Chinese certified public accountant:

26 March 2024

Consolidated Balance Sheet

31 December 2023

RMB

Items	NOTE (VI)	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	1	6,616,387,667.80	2,932,152,844.19
Trading financial assets	2	230,000,000.00	2,000,000.00
Derivative financial assets	3	623,194.84	–
Bills receivable	4	1,593,420,392.78	2,505,753,674.34
Trade receivables	5	3,685,519,572.47	2,811,090,070.19
Financing receivables	6	2,006,375,691.99	784,825,969.52
Advance payment	7	334,679,147.36	578,012,656.23
Other receivables	8	110,981,841.18	101,299,773.96
Inventories	9	2,001,439,456.08	2,396,316,964.60
Assets held for sale		–	35,107,159.30
Other current assets	10	253,544,780.77	234,733,656.64
Total current assets		16,832,971,745.27	12,381,292,768.97
Non-current assets:			
Long-term equity investments	11	100,912,760.44	82,753,089.96
Investment properties	12	512,316,310.04	17,370,760.63
Fixed assets	13	15,114,905,877.20	11,225,965,058.08
Construction in progress	14	1,755,993,807.38	1,874,354,593.74
Right-of-use asset	15	772,995,833.34	194,194,008.63
Intangible assets	16	3,279,561,250.53	3,783,656,023.65
Long-term prepaid expenses	17	80,715,862.63	15,689,934.37
Deferred income tax assets	18	219,705,261.03	92,555,237.76
Other non-current assets	19	4,311,919,275.66	2,713,891,130.26
Total non-current assets		26,149,026,238.25	20,000,429,837.08
Total assets		42,981,997,983.52	32,381,722,606.05

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Consolidated Balance Sheet

31 December 2023

RMB

Items	NOTE (VI)	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	20	1,913,771,731.03	3,095,354,079.23
Derivative financial liabilities	21	1,756,309.49	1,765,968.98
Bills payables	22	914,048,358.15	964,727,516.59
Trade payables	23	4,520,361,509.42	4,100,044,464.81
Contract liabilities	24	129,107,796.79	115,048,763.64
Payroll payable	25	105,339,978.73	102,797,701.22
Tax payables	26	200,138,915.37	186,516,829.00
Other payables	27	134,808,907.90	655,490,858.12
Including: Interest payable		30,801,288.06	16,887,442.02
Dividends payable		1,371,320.00	2,737,023.00
Non-current liabilities due within one year	28	1,253,366,988.69	1,302,218,275.31
Other current liabilities	29	12,279,287.63	9,449,715.18
Total current liabilities		9,184,979,783.20	10,533,414,172.08
Non-current liabilities:			
Long-term borrowings	30	6,655,130,751.81	3,889,070,000.00
Bonds payables	31	3,755,915,215.98	3,588,678,749.97
Lease liabilities	32	538,240,698.05	11,926,193.55
Deferred income	33	56,476,018.31	58,535,568.54
Deferred tax liabilities	18	401,399,642.04	123,532,426.28
Long-term payables	34	93,846,651.81	137,660,340.97
Estimated liabilities	35	5,098,771.16	6,457,941.49
Total non-current liabilities		11,506,107,749.16	7,815,861,220.80
Total liabilities		20,691,087,532.36	18,349,275,392.88
Shareholders' equity:			
Share capital	36	587,831,058.75	536,723,491.75
Other equity instruments	37	491,726,417.43	491,731,580.66
Capital reserve	38	10,798,133,395.26	4,864,749,251.17
Less: Treasury stock	36	15,986,520.00	23,806,600.00
Other comprehensive income	39	11,349,243.83	42,350,277.12
Special reserve	40	49,829,227.15	28,583,407.89
Surplus reserve	41	293,915,529.38	268,361,745.88
Undistributed profit	42	9,998,276,039.62	7,823,754,058.70
Total equity attributable to shareholders of the parent company		22,215,074,391.42	14,032,447,213.17
Minority interests		75,836,059.74	–
Total shareholders' equity		22,290,910,451.16	14,032,447,213.17
Total liabilities and shareholders' equity		42,981,997,983.52	32,381,722,606.05

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Balance Sheet of the Parent Company

31 December 2023

RMB

Items	NOTE (XIV)	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	1	1,485,105,826.03	1,344,936,876.17
Trading financial assets		230,000,000.00	2,000,000.00
Derivative financial assets	2	617,987.00	–
Bills receivable	3	348,795,993.84	978,734,026.78
Trade receivables	4	996,978,753.08	866,961,465.37
Financing receivables	5	643,668,950.76	352,288,693.13
Advance payment	6	221,651,498.95	223,591,163.60
Other receivables	7	5,061,996,708.25	1,796,012,370.71
Inventories	8	385,726,062.73	550,731,004.00
Other current assets	9	–	30,915,492.40
Total current assets		9,374,541,780.64	6,146,171,092.16
Non-current assets:			
Long-term equity investments	10	1,851,859,972.86	4,175,936,572.86
Investment properties	11	496,377,019.81	–
Fixed assets	12	2,924,367,294.96	2,806,194,051.34
Construction in progress	13	149,964,701.84	311,715,690.72
Intangible assets	14	377,831,014.85	390,586,647.85
Long-term prepaid expenses	15	42,680,760.28	7,149,939.45
Deferred income tax assets	16	–	–
Other non-current assets	17	9,468,334,160.72	7,015,771,026.31
Total non-current assets		15,311,414,925.32	14,707,353,928.53
Total assets		24,685,956,705.96	20,853,525,020.69

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Balance Sheet of the Parent Company

31 December 2023

RMB

Items	NOTE (XIV)	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	18	842,634,429.29	1,582,350,831.00
Derivative financial liabilities	19	1,487,532.00	–
Bills payables	20	29,047,323.68	756,215,273.27
Trade payables	21	701,544,721.10	1,224,166,055.55
Contract liabilities	22	120,714,229.28	10,618,004.63
Payroll payable	23	42,034,799.03	40,625,739.50
Tax payable	24	36,727,025.23	30,206,386.78
Other payables	25	1,086,523,404.71	1,411,260,098.53
Including: Interest payable		15,362,664.29	13,081,277.67
Dividends payable		1,371,320.00	2,737,023.00
Non-current liabilities due within one year	26	292,800,000.00	500,330,000.00
Other current liabilities		10,386,758.49	1,380,340.60
Total current liabilities		3,163,900,222.81	5,557,152,729.86
Non-current liabilities:			
Long-term borrowings	27	3,137,200,000.00	2,775,070,000.00
Bonds payables		3,755,915,215.98	3,588,678,749.97
Deferred income	28	14,894,289.70	8,833,570.90
Deferred income tax liabilities	16	63,323,814.92	46,362,774.56
Total non-current liabilities		6,971,333,320.60	6,418,945,095.43
Total liabilities		10,135,233,543.41	11,976,097,825.29
Shareholders' equity:			
Share capital		587,831,058.75	536,723,491.75
Other equity instruments		491,726,417.43	491,731,580.66
Capital reserve		10,798,133,395.26	4,864,749,251.17
Less: Treasury stock		15,986,520.00	23,806,600.00
Other comprehensive income	29	(4,968,086.42)	(1,086,203.62)
Surplus reserve		293,915,529.38	268,361,745.88
Undistributed profit	30	2,400,071,368.15	2,740,753,929.56
Total shareholders' equity		14,550,723,162.55	8,877,427,195.40
Total liabilities and shareholders' equity		24,685,956,705.96	20,853,525,020.69

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Consolidated Income Statement

For the year ended 31 December 2023

RMB

Items	NOTE (VI)	Amount incurred in the current year	Amount incurred in the last year
I. Operating revenue	43	21,523,708,522.42	15,460,843,227.36
Less: Operating costs	43	16,830,721,240.54	12,048,190,879.61
Taxes and surcharges	44	198,145,169.13	134,772,326.23
Selling expenses	45	119,751,307.45	118,877,978.75
General and administrative expenses	46	302,200,735.53	277,541,944.49
Research and development expenses	47	596,750,492.70	523,230,185.51
Financial expenses	48	482,892,747.57	240,434,620.48
Including: Interest expenses		590,660,016.42	338,235,144.15
Interest income		102,641,259.91	59,295,478.89
Add: Other income	49	166,941,306.05	77,452,388.08
Investment income	50	27,722,636.72	12,864,496.08
Including: Gains on investment in associates		18,159,670.48	7,566,505.74
Gains (losses) from changes in fair value	51	632,854.33	(1,828,707.98)
Losses on credit impairment	52	(77,813,105.53)	(39,074,459.18)
Asset impairment losses	53	(52,288,682.63)	(3,094,217.86)
Losses on disposal of assets	54	(7,086,732.47)	(8,899,606.56)
II. Operating profit		3,051,355,105.97	2,155,215,184.87
Add: Non-operating income	55	4,101,236.71	1,435,472.21
Less: Non-operating expenses	56	3,648,182.91	3,774,893.58
III. Total profit		3,051,808,159.77	2,152,875,763.50
Less: Income tax expense	57	288,781,280.25	30,095,335.07
IV. Net profit		2,763,026,879.52	2,122,780,428.43
Net profit attributable to shareholders of the parent company		2,759,690,819.78	2,122,780,428.43
Profit or loss attributable to minority interests		3,336,059.74	–
V. Other comprehensive income, net of tax		(31,001,033.29)	49,963,457.84
Other comprehensive income, net of tax attributable to the owners of the parent company		(31,001,033.29)	49,963,457.84
Other comprehensive income that will be reclassified to profit or loss		(31,001,033.29)	49,963,457.84
1. Exchange differences on foreign currency financial statements translation		(20,208,141.20)	50,150,986.60
2. Changes in fair value of financing receivables		(10,792,892.09)	(187,528.76)
Other comprehensive income, net of tax attributable to minority interests		–	–
VI. Total comprehensive income		2,732,025,846.23	2,172,743,886.27
Total comprehensive income attributable to shareholders of the parent company		2,728,689,786.49	2,172,743,886.27
Total comprehensive income attributable to the minority interests		3,336,059.74	–
VII. Earnings per share:			
(1) Basic earnings per share	58	1.24	0.99
(2) Diluted earnings per share	58	1.24	0.99

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Income Statement of the Parent Company

For the year ended 31 December 2023

RMB

Items	NOTE (XIV)	Amount incurred in the current year	Amount incurred in the last year
I. Operating revenue	31	5,406,046,199.07	5,163,792,304.43
Less: Operating costs	31	4,414,226,791.82	4,307,788,238.64
Taxes and surcharges	32	27,609,510.83	6,143,594.29
Selling expenses	33	29,530,416.90	56,008,878.46
General and administrative expenses	34	156,419,638.80	152,673,066.25
Research and development expenses	35	192,346,885.52	182,071,321.18
Financial expenses	36	312,374,023.84	113,892,718.33
Including: Interest expenses		374,504,064.64	243,702,867.66
Interest income		38,260,748.16	39,915,635.70
Add: Other income	37	43,979,872.56	33,830,556.61
Investment (losses) income	38	(5,430,547.75)	10,883,515.73
Including: Gains on investment in associates		6,763,400.00	6,277,401.74
Losses from changes in fair value	39	(869,545.00)	–
Losses on credit impairment	40	(5,142,017.65)	(16,741,308.91)
Asset impairment loss	41	(23,763,184.80)	(824,680.43)
Gains (losses) on disposal of assets	42	(7,035,011.30)	515,053.81
II. Operating profit		275,278,497.42	372,877,624.09
Add: Non-operating income	43	122,580.58	685,390.38
Less: Non-operating expenses	44	1,956,747.10	2,133,889.98
III. Total profit		273,444,330.90	371,429,124.49
Less: Income tax expenses	45	28,958,053.45	31,112,933.05
IV. Net profit		244,486,277.45	340,316,191.44
V. Other comprehensive income, net of tax		(3,881,882.80)	(476,288.57)
Other comprehensive income that will be classified into profit or loss		(3,881,882.80)	(476,288.57)
1. Changes in fair value of receivables financing		(3,881,882.80)	(476,288.57)
VI. Total comprehensive income		240,604,394.65	339,839,902.87

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Consolidated Statement of Cash Flow

For the year ended 31 December 2023

RMB

	NOTE (VI)	Amount incurred in the current year	Amount incurred in the last year
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		12,954,693,347.53	6,801,275,904.86
Cash received from refunds of taxes		335,369,868.32	513,984,013.73
Cash received relating to other operating activities	59 (1)	220,125,130.50	177,358,576.29
Subtotal of cash inflows		13,510,188,346.35	7,492,618,494.88
Cash paid for goods and services		9,191,302,895.38	5,500,683,742.51
Cash paid to and on behalf of employee		866,110,564.55	699,612,904.48
Cash paid for payments of taxes and surcharges		788,373,744.56	493,778,700.20
Cash paid relating to other operating activities	59(2)	697,220,250.47	621,645,499.94
Subtotal of cash outflows		11,543,007,454.96	7,315,720,847.13
Net cash flow from operating activities	60 (1)	1,967,180,891.39	176,897,647.75
II. Cash flow from investing activities:			
Cash received from disposal of investments		2,000,000.00	900,000,000.00
Cash received from returns on investments		9,562,966.24	6,141,740.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,827,804.95	10,158,032.80
Cash received relating to other investing activities	59 (3)	100,481,319.52	49,299,089.45
Subtotal of cash inflows		133,872,090.71	965,598,862.59
Cash paid to purchase fixed assets, intangible assets and other long-term assets		5,612,343,203.62	8,071,332,385.21
Cash paid for investments		230,000,000.00	702,000,000.00
Net cash amount received from subsidiaries and other operating entities		–	4,500,000.00
Cash paid relating to other investing activities	59 (4)	117,069,405.27	56,781,643.64
Subtotal of cash outflows		5,959,412,608.89	8,834,614,028.85
Net cash flow from investing activities		(5,825,540,518.18)	(7,869,015,166.26)
III. Cash flow from financing activities:			
Cash received from absorbing investments		6,039,499,984.44	–
Including: Cash received by subsidiaries through absorbing investments of minority shareholders		72,500,000.00	–
Cash received from bonds issuing		–	3,978,000,000.00
Cash received from borrowings		11,027,271,688.94	8,548,815,246.07
Cash received relating to other financing activities	59 (5)	1,948,032,884.86	1,659,478,591.77
Subtotal of cash inflows		19,014,804,558.24	14,186,293,837.84
Cash paid for payment of borrowings		8,573,528,155.36	4,050,788,050.00
Cash paid for distribution of dividends, and profits or payment of interest		944,068,187.08	741,173,921.59
Cash paid relating to other financing activities	59(6)	2,495,249,651.41	1,540,582,744.11
Subtotal of cash outflows		12,012,845,993.85	6,332,544,715.70
Net cash flow from financing activities		7,001,958,564.39	7,853,749,122.14
IV. Effect of foreign exchange rate changes on cash and cash equivalents		16,635,897.49	55,719,181.42
V. Net increase in cash and cash equivalents		3,160,234,835.09	217,350,785.05
Add: Cash and cash equivalents at the beginning of the year	60 (2)	2,319,081,464.51	2,101,730,679.46
VI. Cash and cash equivalents at the end of the year	60 (2)	5,479,316,299.60	2,319,081,464.51

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Statement of Cash Flow of the Parent Company

For the year ended 31 December 2023

RMB

	NOTE (XIV)	Amount incurred in the current year	Amount incurred in the last year
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		2,847,987,044.13	1,677,675,095.57
Cash received from refunds of taxes		55,206,309.32	113,963,166.53
Cash received relating to other operating activities	46 (1)	61,304,659.36	81,285,539.72
Subtotal of cash inflows		2,964,498,012.81	1,872,923,801.82
Cash paid for goods and services		2,589,473,258.75	1,987,939,916.91
Cash paid to and on behalf of employee		314,259,480.26	271,694,713.51
Cash paid for payments of taxes and surcharges		113,180,510.80	111,455,575.58
Cash paid relating to other operating activities	46 (2)	204,185,899.82	205,701,515.85
Subtotal of cash outflows		3,221,099,149.63	2,576,791,721.85
Net cash flow from operating activities	47 (1)	(256,601,136.82)	(703,867,920.03)
II. Cash flow from investing activities:			
Cash received from disposal of investments		2,000,000.00	300,000,000.00
Cash received from returns on investments		11,253,177.37	804,606,113.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,828,875.63	2,280,595.51
Cash received relating to other investing activities	46 (3)	3,742,964,748.12	5,280,669,322.94
Subtotal of cash inflows		3,765,046,801.12	6,387,556,032.44
Cash paid to purchase fixed assets, intangible assets and other long-term assets		558,877,567.22	713,626,039.77
Cash paid for investments		230,000,000.00	302,000,000.00
Net cash received from subsidiaries and other operating entities		991,947,600.00	2,298,652,400.00
Cash paid relating to other investing activities	46 (4)	7,046,041,641.81	8,314,753,459.99
Subtotal of cash outflows		8,826,866,809.03	11,629,031,899.76
Net cash flow from investing activities		(5,061,820,007.91)	(5,241,475,867.32)
III. Cash flow from financing activities:			
Cash received from absorbing investment		5,966,999,984.44	—
Cash received from bonds issuing		—	3,978,000,000.00
Cash received from borrowings		5,713,550,141.49	5,541,898,697.84
Cash received relating to other financing activities	46 (5)	1,524,623,181.70	839,236,131.02
Subtotal of cash inflows		13,205,173,307.63	10,359,134,828.86
Cash paid for payment of borrowings		5,678,516,288.00	2,503,749,500.00
Cash paid for distribution of dividends, and profits or payment of interest		763,791,421.99	640,454,288.21
Cash paid relating to other financing activities	46 (6)	1,108,262,146.25	806,951,764.34
Subtotal of cash outflows		7,550,569,856.24	3,951,155,552.55
Net cash flow from financing activities		5,654,603,451.39	6,407,979,276.31
IV. Effect of foreign exchange rate changes on cash and cash equivalents		2,638,732.12	11,243,800.70
V. Net increase in cash and cash equivalents		338,821,038.78	473,879,289.66
Add: Cash and cash equivalents at the beginning of the year	47 (2)	918,983,312.20	445,104,022.54
VI. Cash and cash equivalents at the end of the year	47 (2)	1,257,804,350.98	918,983,312.20

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2023

RMB

Items	The current year									Total shareholders' equity
	Equity attributable to the owners of the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	
I. Opening balance of the current year	536,723,491.75	491,731,580.66	4,864,749,251.17	23,806,600.00	42,350,277.12	28,583,407.89	268,361,745.88	7,823,754,058.70	-	14,032,447,213.17
II. Increase/decrease for the current year										
(I) Total comprehensive (losses) income	-	-	-	-	(31,001,033.29)	-	-	2,759,690,819.78	3,336,059.74	2,732,025,846.23
(II) Contribution of shareholders	51,107,567.00	(5,163.23)	5,933,384,144.09	(6,558,680.00)	-	-	-	-	72,500,000.00	6,063,545,227.86
1. Common shares contributed by owners	51,107,325.25	-	5,914,299,821.45	(6,558,680.00)	-	-	-	-	72,500,000.00	6,044,465,826.70
2. Contribution of capital by other equity instrument owners	241.75	(5,163.23)	45,951.80	-	-	-	-	-	-	41,030.32
3. Amount of share-based payment included in owners' equity	-	-	19,038,370.84	-	-	-	-	-	-	19,038,370.84
(III) Profit distribution	-	-	-	(1,261,400.00)	-	-	25,553,783.50	(585,168,838.86)	-	(558,353,655.36)
1. Appropriation to surplus reserve	-	-	-	-	-	-	25,553,783.50	(25,553,783.50)	-	-
2. Appropriation to shareholders	-	-	-	(1,261,400.00)	-	-	-	(559,615,055.36)	-	(558,353,655.36)
(IV) Special reserve	-	-	-	-	-	21,245,819.26	-	-	-	21,245,819.26
1. Provision of special reserves	-	-	-	-	-	23,831,612.79	-	-	-	23,831,612.79
2. Utilisation of special reserves	-	-	-	-	-	(2,585,793.53)	-	-	-	(2,585,793.53)
III. Closing balance of the current year	587,831,058.75	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	9,998,276,039.62	75,836,059.74	22,290,910,451.16

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2023

RMB

Items	The last year									Total shareholders' equity
	Equity attributable to the owners of the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	
I. Opening balance of the current year	536,723,313.50	-	4,832,768,261.83	32,096,200.00	(7,613,180.72)	17,266,053.61	268,361,656.75	6,194,759,167.82	-	11,810,169,072.79
II. Increase/decrease for the current year										
(I) Total comprehensive income	-	-	-	-	49,963,457.84	-	-	2,122,780,428.43	-	2,172,743,886.27
(II) Contribution of shareholders	178.25	491,731,580.66	31,980,989.34	(7,070,600.00)	-	-	-	-	-	530,783,348.25
1. Common shares contributed by owners	-	-	-	(7,070,600.00)	-	-	-	-	-	7,070,600.00
2. Contribution of capital by other equity instrument owners	178.25	491,731,580.66	32,400.14	-	-	-	-	-	-	491,764,159.05
3. Amount of share-based payment included in owners' equity	-	-	31,948,589.20	-	-	-	-	-	-	31,948,589.20
(III) Profit distribution	-	-	-	(1,219,000.00)	-	-	89.13	(493,785,537.55)	-	(492,566,448.42)
1. Appropriation to surplus reserve	-	-	-	-	-	-	89.13	(89.13)	-	-
2. Appropriation to shareholders	-	-	-	(1,219,000.00)	-	-	-	(493,785,448.42)	-	(492,566,448.42)
(IV) Special reserve	-	-	-	-	-	11,317,354.28	-	-	-	11,317,354.28
1. Provision of special reserves	-	-	-	-	-	13,206,977.30	-	-	-	13,206,977.30
2. Utilization of special reserves	-	-	-	-	-	(1,889,623.02)	-	-	-	(1,889,623.02)
III. Closing balance of the current year	536,723,491.75	491,731,580.66	4,864,749,251.17	23,806,600.00	42,350,277.12	28,583,407.89	268,361,745.88	7,823,754,058.70	-	14,032,447,213.17

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2023

RMB

Items	The current year							Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	
I. Opening balance of the current year	536,723,491.75	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. Increase/decrease for the current year								
(I) Total comprehensive (losses) income	-	-	-	-	(3,881,882.80)	-	244,486,277.45	240,604,394.65
(II) Contribution and withdrawal of capital by shareholders	51,107,567.00	(5,163.23)	5,933,384,144.09	(6,558,680.00)	-	-	-	5,991,045,227.86
1. Common shares contributed by owners	51,107,325.25	-	5,914,299,821.45	(6,558,680.00)	-	-	-	5,971,965,826.70
2. Contribution of capital by other equity instrument owners	241.75	(5,163.23)	45,951.80	-	-	-	-	41,030.32
3. Amount of share-based payment included in owners' equity	-	-	19,038,370.84	-	-	-	-	19,038,370.84
(III) Profit distribution	-	-	-	(1,261,400.00)	-	25,553,783.50	(585,168,838.86)	(558,353,655.36)
1. Appropriation to surplus reserve	-	-	-	-	-	25,553,783.50	(25,553,783.50)	-
2. Appropriation to shareholders	-	-	-	(1,261,400.00)	-	-	(559,615,055.36)	(558,353,655.36)
III. Closing 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

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2023

RMB

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

The notes are an integral part of the financial statements.

The financial statements on pages 63 to 74 are signed by:

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Notes to the Financial Statements

For the year ended 31 December 2023

(I) CORPORATE 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.

2. Scope of the Consolidated Financial Statements

On 26 March 2024, the Company’s company and consolidated financial statements have been approved by the Board of Directors of the Company.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has implemented the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as the “CASBE”) and has also disclosed relevant financial information in accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (revised in 2023). In addition, the financial statements also include disclosures required by the Companies Ordinance and the Listing Rules of the Stock Exchange of Hong Kong.

Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since 31 December 2023 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.

* for identification purpose only

Notes to the Financial Statements

For the year ended 31 December 2023

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Basis of accounting and principle of measurement

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

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

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

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

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

(III) SIGNIFICANT ACCOUNTING 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 consolidated and the Company's financial position as at 31 December 2023 and the consolidated and the Company's results of operations, the consolidated and the Company's changes in shareholders' equity and the consolidated and the Company's cash flows in 2023.

2. Accounting Period

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

3. Operating Cycle

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

4. Functional Currency

Renminbi ("RMB") is the currency in the primary economic environment in which the Company and its subsidiaries other than the Vietnam 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, and the Company's Indonesia subsidiary determines IDR 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. Business Combinations Involving Enterprises under Common Control and Business Combinations 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

6. Business Combinations Involving Enterprises under Common Control and Business Combinations not Involving Enterprises under Common Control (Continued)

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.

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

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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

7. Criterion of Control and Preparation of Consolidated Financial Statements (Continued)

7.2 Preparation of Consolidated Financial Statements (Continued)

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

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.

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

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 the determination method of the fair value of financial assets and financial liabilities, see the relevant disclosures of the accounting basis and cost principles in Note II). 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Financial Instruments (Continued)

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

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.

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

10. Financial Instruments (Continued)

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

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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Financial Instruments (Continued)

10.2 Impairment of financial instruments (Continued)

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.

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

10. Financial Instruments (Continued)

10.2 Impairment of financial instruments (Continued)

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.
- (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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Financial Instruments (Continued)

10.2 Impairment of financial instruments (Continued)

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).

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

10. Financial Instruments (Continued)

10.2 Impairment of financial instruments (Continued)

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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Financial Instruments (Continued)

10.3 Transfer of financial assets (Continued)

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.

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

10. Financial Instruments (Continued)

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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Financial Instruments (Continued)

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

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

10.4.1.1 Financial liabilities at FVTPL (Continued)

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

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.

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

10. Financial Instruments (Continued)

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

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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Financial Instruments (Continued)

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.

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

10. Financial Instruments (Continued)

10.8 Convertible bonds (Continued)

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

11. Bills receivable

11.1 Determination method and accounting treatment of ECL of bills receivable

The Group determines credit risks individually for bills receivable with significantly different credit risks including bills receivable that are not accepted upon maturity, and bills receivable for which there are clear signs indicating that the acceptors are likely to fail to fulfil the acceptance obligations. The Group makes provisions for ECL for other bills receivable assessed collectively by credit risk characteristics.

The increase or reversal amount of provisions for ECL of bills receivable shall be included as credit impairment loss or profit in the current profit and loss.

11.2 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

Notes to the Financial Statements

For the year ended 31 December 2023

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

12. Trade receivables

12.1 Determination method and accounting treatment of ECL of trade receivables

The Group determines credit losses of trade receivables using an impairment matrix on a collectively basis.

The increase or reversal amount of provisions for ECL of trade receivables shall be included as credit impairment loss or profit in the current profit and loss.

12.2 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.

12.3 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.

12.4 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. Financing receivables

13.1 Determination method and accounting treatment of ECL of financing receivables

The Group determines credit risks for financing receivables based on individual assets. The credit risks of financing receivables of the Group includes financing receivable that are not accepted upon maturity, and bills receivable for which there are clear signs indicating that the acceptors are likely to fail to fulfil the acceptance obligations.

The Group recognizes the credit loss provision of the financing receivables in the other comprehensive income, and accounts for the credit impairment loss or profit into the current profit and loss, without reducing the carrying amount of the financing receivables as stated in the balance sheet.

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

14. Other receivables

14.1 Determination method and accounting treatment of ECL of other receivables

The Group determines the credit losses of other receivables based on individual assets. The Group assesses credit losses of other receivables on individual basis, which are unable to be collected under the existing terms of other receivables as proved by objective evidence.

The increase or reversal amount of provisions for ECL of other receivables shall be included as credit impairment loss or profit in the current profit and loss.

15. Inventories

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

15.1.1 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.

15.1.2 Pricing of inventories delivered

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

15.1.3 Inventory system

The inventory system is a perpetual inventory system.

15.1.4 Amortisation of low-value consumables

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

Notes to the Financial Statements

For the year ended 31 December 2023

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

15. Inventories (Continued)

15.2 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.

16. Non-current assets or disposal groups held for sale

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

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

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

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

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

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

17. Long-term Equity Investments

17.1 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.

17.2 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

17. Long-term Equity Investments (Continued)

17.3 Subsequent measurement and recognition of profit or loss

17.3.1 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.

17.3.2 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.

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

17. Long-term Equity Investments (Continued)

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

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

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

17.4 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.

18. Investment Properties

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

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

The Group adopts the cost model for subsequent measurement of investment properties, and 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

Notes to the Financial Statements

For the year ended 31 December 2023

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

18. Investment Properties (Continued)

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

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

19. Fixed Assets

19.1 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.

19.2 Depreciation methods

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

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.

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

19. Fixed Assets (Continued)

19.3 Other description

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

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

20. 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:

<u>Class</u>	<u>The standard and time point of carried forward to fixed assets</u>
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

21. 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

22. Intangible Assets

22.1 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:

<u>Class</u>	<u>Amortisation method</u>	<u>Useful life and determination basis (Years)</u>	<u>Residual value rate (%)</u>
Land use rights	Straight line method	40-50 years, legal right to use	–
Pollutant discharge rights	Straight line method	3-20 years, estimated useful life	–
Mining rights	Output method	–	–
Software	Straight line method	10 years, estimated useful life	–
Maritime right of use	Straight line method	50 years, 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.

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

22. Intangible Assets (Continued)

22.2 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.

23. 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

24. 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.

25. 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.

26. Employee Compensation

26.1 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.

26.2 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.

26.3 Accounting for termination benefits

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

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

27. 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.

28. 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.

28.1 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.

28.2 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

28. Share-based Payments (Continued)

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

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

29. 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.

30. 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.

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

30. Government Grants (Continued)

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

For details, please see Note (VI) 33 for the Group's government grants related to assets. Such grants are government grants as they related to fixed assets that were built or acquired.

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

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

Please refer to Note (VI) 49 for details of the grants related to revenue of the Group. As they are directly related to the expenses incurred during the period, such government grants are government grants 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.

31. Safety Production Expenses

Pursuant to the requirements of the Administrative Measures for the Withdrawal and Use of Safety Production Expenses of Enterprises issued by the Ministry of Finance and the State Administration of Work Safety, the Group has made provision for safety production expenses of RMB2 per ton based on the output of raw ore of open-pit non-metallic mines. The safety production expenses are specifically used for the improvement, transformation and maintenance of the Group's safety production conditions.

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

Notes to the Financial Statements

For the year ended 31 December 2023

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

32. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

32.1 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.

32.2 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.

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

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

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

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

32.3 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.

33. Lease

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

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

33.1 The Group as lessee

33.1.1 Separation of leases

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

Notes to the Financial Statements

For the year ended 31 December 2023

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

33. Lease (Continued)

33.1 The Group as lessee (Continued)

33.1.2 Right-of-use assets

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

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

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

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

33.1.3 Lease liabilities

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

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

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

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

33. Lease (Continued)

33.1 The Group as lessee (Continued)

33.1.4 Short-term leases and low-value leases

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.

33.2 The Group as lessor

33.2.1 Classification of leases

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

33.3 The Group as lessor under operating leases

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

34. Other Significant Accounting Policies and Accounting Estimates

34.1 Accounting treatment in relation to the repurchase of shares of the Company

The consideration and transaction costs paid in a share repurchase reduce shareholders' equity and no gain or loss is recognised when the shares of the Company are repurchased, transferred or cancelled.

Notes to the Financial Statements

For the year ended 31 December 2023

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

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

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

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

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

Impairment of trade receivables

The Group applies significant accounting estimates when assessing the expected recoverable amount of trade receivables, and assesses expected credit losses and calculates credit impairment with reference to the historical default, current credit risk status and forecast of future economic status. As at 31 December 2023, expected credit losses of trade receivables of the Group was RMB160,819,598.65 (as at 31 December 2022: RMB84,020,148.45).

Impairment of fixed assets

The management of the Group regularly reviews whether there are any indications of impairment for fixed assets and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group conducts impairment test on fixed assets whenever there is an indication that the fixed assets may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of its future cash flows. In determining the recoverable amount of fixed assets, the management of the Group has taken into account factors including future profitability, growth rate and discount rate, etc. As at 31 December 2023, the balance of the Group's provision for impairment of fixed assets was RMB41,000,974.01 (as at 31 December 2022: RMB19,486,994.22).

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

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

Recognition of deferred income tax assets

As at 31 December 2023, the Group has recognised deferred income tax assets of RMB219,705,261.03 (as at 31 December 2022: RMB92,555,237.76) which are included in the balance sheet. Deferred income tax assets arise from the actual profits and temporary differences are mainly based on the actual tax rates utilised in the upcoming years. In cases where the actual future profits generated are less than expected, a reversal of deferred income tax assets recognised may arise, which would be recognised in the income statement for the period in which such a reversal takes place. In the opinion of the management of the Group, it is uncertain whether it is probable that sufficient taxable profits will be available in the future for certain subsidiaries, and therefore, as at 31 December 2023, the deductible losses and other temporary differences in relation to the unrecognised deferred income tax assets amounted to RMB27,178,555.46 in aggregate (as at 31 December 2022: RMB27,182,534.19).

36. Significant Changes in Accounting Policy

Interpretation of Accounting Standards for Business Enterprises No. 16

The Accounting Standards for Business Enterprises Interpretation No.16 (“Interpretation No.16”) issued by the Ministry of Finance on 30 November 2022 clarifies that the deferred tax related to assets and liabilities arising from a single transaction shall not apply the accounting treatment of the initial recognition exception. Interpretation No.16 amended the scope of the initial recognition exception of deferred income tax in the Accounting Standards for Business Enterprises No.18-Income Tax, clarifying that a single transaction, which not occurs during the merger or transaction of an enterprise nor affects the accounting profits or taxable income (or deductible losses), and for which the initially recognized assets and liabilities resulting in equivalent tax temporary differences and deductible temporary differences, shall not apply the provisions on the initial recognition exception of the deferred income tax liabilities and deferred income tax assets under the Accounting Standards for Business Enterprises No.18-Income Tax. These provisions were effective from 1 January 2023, and can be implemented earlier. After assessment, the Group considers that the adoption of this provision has no material impact on the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

(IV) TAXATION

1. Major Types of Tax and Tax Rates

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

(IV) TAXATION (Continued)

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

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

Note 2: EIT rates for the Company and subsidiaries:

	Tax rate
The Company	15%
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 Jiaying 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 (Jiaying) 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%
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 Jiaying 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 Jiaying Kunlun Flat Energy Management Co., Ltd.* (formerly known as 嘉興福萊特能源管理有限公司 Jiaying Flat Energy Management Co., Ltd.*)	25%
福焱光能有限公司 Fuyan Photoenergy 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%
昭通福萊特矽業有限公司 Zhaotong Flat Silicon industry Co., Ltd.*	25%
PT FLATSOLAR ENERGY INDONESIA	22%
FLAT SOLAR TECHNOLOGY PTE. LTD.	17%

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

Notes to the Financial Statements

For the year ended 31 December 2023

(IV) TAXATION (Continued)

2. Tax Preferences

The Company

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

Zhejiang Jiafu Glass Co., Ltd.

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

Anhui Flat Solar Glass Co., Ltd.

On 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.

On 8 October 2021, the Organisation for Economic Co-operation and Development (OECD) issued the “Pillar Two” implementation plan of new international tax rules. On 29 November 2023, the National Assembly of Vietnam passed the resolution in respect of the Pillar Two global minimum tax rules, which were effective from 1 January 2024. The global minimum tax rules will be implemented in 2024.

(V) INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The composition of the corporate group

Level	Name of subsidiary	Place of incorporation and business	Particulars of issued and capital	Nature of business	Shareholding and voting rights percentage as at 31 December 2023 (%)		Acquisition method
					Direct	Indirect	
1	Zhejiang Flat Glass Co., Ltd.* (浙江福萊特玻璃有限公司) ("Zhejiang Flat")	Zhejiang, China - Domestic enterprise	RMB10,000,000.00	Engaged in the manufacture and sale of architectural or household glass products	100	-	Establishment
2	Zhejiang Jiafu Glass Co., Ltd.* (浙江嘉福玻璃有限公司) ("Zhejiang Jiafu")	Zhejiang, China - Domestic enterprise	RMB150,000,000.00	Manufacture and sale of photovoltaic glass	100	-	Establishment
2.1	Flat (Hong Kong) Investment Limited* (福萊特(香港)投資有限公司) ("Flat Investment")	Hongkong, China - Domestic enterprise	HKD1,000,000.00	Investments	-	100	Establishment
2.1.1	FLAT (AUSTRALIA) PTY LTD ("Australia Flat")	Australia	AUD10.00	Mine operations and sale of quartz ore	-	100	Establishment
3	Shanghai Flat Glass Co., Ltd.* (上海福萊特玻璃有限公司) ("Shanghai Flat")	Shanghai, China - Domestic enterprise	RMB70,000,000.00	Architectural glass processing	100	-	Establishment
4	Anhui Flat Solar Glass Co., Ltd. (安徽福萊特光伏玻璃有限公司) ("Anhui Flat Glass")	Anhui, China - Domestic enterprise	RMB1,000,000,000.00	Anhui Flat Solar Glass Co., Ltd.	100	-	Establishment
4.1	Fengyang Flat Natural Gas Pipeline Co., Ltd.* (鳳陽福萊特天然氣管道有限公司) ("Flat Natural Gas")	Anhui, China - Domestic enterprise	RMB20,000,000.00	Installation and sales of natural gas pipelines	-	100	Establishment
4.2	Fengyang Flat New Energy Technology Co., Ltd.* (鳳陽福萊特新能源科技有限公司) ("Fengyang Flat New Energy")	Anhui, China - Domestic enterprise	RMB10,000,000.00	Investment, construction, operation and maintenance of new energy power plants	-	100	Establishment
4.3	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 - Domestic enterprise	RMB5,000,000.00	Supply chain management services	-	100	Establishment
4.4	Anhui Flat Solar Material Co., Ltd.* (安徽福萊特光伏材料有限公司) ("Anhui Flat Material")	Anhui, China - Domestic enterprise	RMB30,000,000.00	Mine operations and sale of quartz ore	-	100	Establishment
4.4.1	Anhui Dahua Dongfang Mining Company Limited* (安徽大華東方礦業有限公司) ("Dahua Mining")	Anhui, China - Domestic enterprise	RMB50,000,000.00	Mine operations and sale of quartz ore	-	100	Acquisition
4.4.2	Anhui Sanli Mining Company Limited* (安徽三力礦業有限公司) ("Sanli Mining")	Anhui, China - Domestic enterprise	RMB170,000,000.00	Mine operations and sale of quartz ore	-	100	Acquisition
4.4.3	Zhaotong Flat Silicon industry Co., Ltd.* (昭通福萊特硅業有限公司) ("Zhaotong Flat")	Yunnan, China - Domestic enterprise	RMB10,000,000.00	Manufacturing and sale of non-metallic mineral products	-	100	Establishment

* for identification purpose only

Notes to the Financial Statements

For the year ended 31 December 2023

(V) INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

The composition of the corporate group (Continued)

Level	Name of subsidiary	Place of incorporation and business	Particulars of issued and capital	Nature of business	Shareholding and voting rights percentage as at 31 December 2023 (%)		Acquisition method
					Direct	Indirect	
5	Flat (Hong Kong) Limited* (福萊特(香港)有限公司) ("Flat (Hong Kong)")	Hongkong, China - Domestic enterprise	USD10,000,000.00	Glass export	100	-	Establishment
5.1	Flat (Vietnam) Company Limited ("Flat (Vietnam)")	Vietnam	VDN 1,752,800,000,000.00	Manufacture and sale of photovoltaic glass	-	100	Establishment
5.1.1	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	VDN2,286,000,000.00	Import and export trade	-	100	Establishment
6	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 - Domestic enterprise	RMB10,000,000.00	Investment, construction, operation and maintenance of new energy power plants	100	-	Establishment
7	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 - Domestic enterprise	RMB7,000,000.00	Import and export trade	100	-	Establishment
8	Flat (Nantong) Solar Glass Co., Ltd.* (福萊特(南通)光伏玻璃有限公司)("Nantong Flat")	Jiangsu, China - Domestic enterprise	RMB400,000,000.00	Manufacture and sale of photovoltaic glass	100	-	Establishment
8.1	Nantong Flat Natural Gas Co., Ltd.* (南通福萊特天然氣有限公司)("Nantong Natural Gas")	Jiangsu, China - Domestic enterprise	RMB1,000,000.00	Installation and sales of natural gas pipelines	-	51	Establishment
9	Flat (Suqian) Solar Glass Co., Ltd.* (福萊特(宿遷)光伏玻璃有限公司)("Suqian Flat")	Jiangsu, China - Domestic enterprise	RMB10,000,000.00	Manufacture and sale of photovoltaic glass	100	-	Establishment
10	Shanghai Flat Technology Development Co., Ltd.* (上海福萊特科技發展有限公司)("Flat Technology Development")	Shanghai, China - Domestic enterprise	RMB10,000,000.00	Research and development for new materials and technologies	100	-	Establishment
11	Jiaxing Flat Intelligent Equipment Co., Ltd.* (嘉興福萊特智能裝備有限公司)("Flat Intelligent Equipment")	Zhejiang, China - Domestic enterprise	RMB10,000,000.00	Manufacturing and sales of intelligent equipment	100	-	Establishment
12	Nantong Flat Port Co., Ltd.* (南通福萊特港務有限公司)("Flat Port")	Jiangsu, China - Domestic enterprise	RMB1,000,000.00	Port operation	100	-	Establishment

(V) INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

The composition of the corporate group (Continued)

Level	Name of subsidiary	Place of incorporation and business	Particulars of issued and capital	Nature of business	Shareholding and voting rights percentage as at 31 December 2023 (%)		Acquisition method
					Direct	Indirect	
13	Jiaxing Kunlun Flat Energy Management Co., Ltd.* (嘉興崑崙福萊特能源管理有限公司) (formerly known as Jiaxing Flat Energy Management Co., Ltd.* (嘉興福萊特能源管理有限公司)) ("Flat Energy Management")	Jiangsu, China - Domestic enterprise	RMB10,000,000.00	Energy management	100	-	Establishment
14	Fuyan Photoenergy Co., Ltd.* (福焱光能有限公司) ("Fuyan Photoenergy")	Zhejiang, China - Domestic enterprise	RMB100,000,000.00	R&D of power generation technology and service	100	-	Establishment
15	Flat (Guangxi) Photoenergy Co., Ltd.* (福萊特(廣西)光能有限公司) ("Guangxi Flat")	Guangxi, China - Domestic enterprise	RMB100,000,000.00	Manufacture and sale of photovoltaic glass	100	-	Establishment
16	Flat Photoenergy Co., Ltd.* (福萊特光能有限公司) ("Flat Photoenergy")	Zhejiang, China - Domestic enterprise	RMB100,000,000.00	Development and sales of emerging energy technologies and equipment	100	-	Establishment
17	Zhejiang Fulaitai New Energy Co., Ltd.* (浙江福萊泰新能源有限公司) ("Fulaitai") and its subsidiaries	Zhejiang, China - Domestic enterprise	RMB400,000,000.00	PV module power generation and sales	82	-	Establishment, acquisition
18	Flat (Yibin) Photoenergy Co., Ltd.* (福萊特(宜賓)光能有限公司) ("Yibin Flat")	Sichuan, China - Domestic enterprise	RMB100,000,000.00	Manufacturing and sale of non-metallic mineral products	100	-	Establishment
19	FLAT SOLAR TECHNOLOGY PTE. LTD.	Singapore	SGD10,000.00	Investment	100	-	Establishment
19.1	PT FLATSOLAR ENERGY INDONESIA	Indonesia	IDR 1,200,000,000,000.00	Manufacture and sale of photovoltaic glass	-	100	Establishment

Notes to the Financial Statements

For the year ended 31 December 2023

(V) INTERESTS IN OTHER ENTITIES (Continued)

2. Interest in associates

Name of associate	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2023 (%)	Accounting treatment method for investment in associates
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”)	Zhejiang, China	Zhejiang, China	Transportation of goods	40.00	Equity method
Kaihong Flat Logistics (Vietnam) Co., Ltd.* (凱鴻福萊特物流(越南)有限公司)	Vietnam	Vietnam	Transportation of goods	40.00	Equity method
Fengyang PetroChina Kunlun Gas Co., Ltd.* (鳳陽中石油崑崙燃氣有限公司) (“Kunlun Gas”)	Anhui, China	Anhui, China	Installation, sales and operation of natural gas pipelines	35.00	Equity method
JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) (“JiaXing Gas”)	Zhejiang, China	Zhejiang, China	Installation, sales and operation of natural gas pipelines	4.53	Equity method
Flat (Jiaxing) Energy Supply Chain Co., Ltd.* (福萊特(嘉興)能源供應鏈有限公司) (“Jiaxing Energy”)	Zhejiang, China	Zhejiang, China	wholesale and sales of chemicals	45.00	Equity method

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

The Group holds the equity interests in Jiaxing Gas, an H share listed company. One of the de facto controllers of the Group also is the non-executive director of Jiaxing Gas, and she is entitled to participate in its operation and financial decision-making. Therefore, the Group can exert significant influence on the operation and finance of Jiaxing Gas, and the accounting method for its equity investment is long-term equity investment accounting in accordance with the equity method.

(1) Financial information summary of insignificant associate

Unit: RMB

Items	Amount incurred in the current year
Associates:	
Total invested book value	100,912,760.44
Listed total number calculated by shareholding percentage	
– Net profit	18,159,670.48
– Other comprehensive income	–
– Total comprehensive income	18,159,670.48

* for identification purpose only

(V) INTERESTS IN OTHER ENTITIES (Continued)

2. Interest in associates (Continued)

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

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

(3) *Contingent liabilities relating to investment of associates*

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

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Items	Foreign currency amount	Closing balance	
		Conversion rate	RMB amount
Cash on hand:			
RMB	–	–	18,273.37
Cash at bank:			
RMB	–	–	4,347,395,440.49
US dollars	129,575,229.60	7.0827	917,742,478.66
Euro	3,772,519.23	7.8592	29,648,983.12
Yen	93,417,444.00	0.0502	4,690,770.29
Hong Kong dollars	190,112,564.44	0.9062	172,283,808.15
Australian dollars	273,376.91	4.8484	1,325,440.61
Pound	3,870.78	9.0411	34,996.11
Vietnamese Dong	21,010,820,978.00	0.0003	6,176,108.80
Other cash at bank and on hand:			
RMB	–	–	993,716,464.00
US dollars	20,240,149.04	7.0827	143,354,903.60
Yen	12.00	0.0502	0.60
Total			6,616,387,667.80
Including: total amount deposited abroad			606,208,121.01

Notes to the Financial Statements

For the year ended 31 December 2023

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

1. Cash at Bank and on Hand (Continued)

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

Other notes:

Among other cash at bank and on hand of the Group at the end of the year, the restricted cash at bank and on hand amounted to RMB1,137,071,368.20 (at the end of the last year: RMB613,071,379.68), mainly including bill deposit, pledged certificates of deposit and bank deposit, futures margin, margin for wealth management and forward foreign exchange contract, L/C guarantee deposits, etc.

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

2. Trading Financial Assets

	<i>RMB</i>	
Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss:		
Bank wealth management products	230,000,000.00	2,000,000.00
Total	230,000,000.00	2,000,000.00

3. Derivative Financial Assets

	<i>RMB</i>	
Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	623,194.84	–
Including: Forward foreign exchange contract (Note)	5,207.84	–
Foreign exchange option contract (Note)	617,987.00	
Total	623,194.84	–

Note: 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

4. Bills Receivable

(1) Bills receivable by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	937,437,522.65	1,860,198,827.10
Commercial acceptance bills	667,735,006.24	657,120,162.09
Less: bad debt provision	11,752,136.11	11,565,314.85
Total	1,593,420,392.78	2,505,753,674.34

(2) At the end of the year, the Group had no bills receivable pledged.

(3) Bills receivable that have been endorsed or discounted by the Group at the end of the year but not yet due at the balance sheet date

RMB

Items	Amounts not derecognised at the end of the year	Amounts not derecognised at the beginning of the year
Endorsed bank acceptance bills	685,238,801.08	1,528,577,368.17
Discounted bank acceptance bills	3,000,000.00	67,350,831.00
Discounted commercial acceptance bills	164,990,331.03	153,232,171.23
Total	853,229,132.11	1,749,160,370.40

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

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

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

4. Bills Receivable (Continued)

(5) Disclosed by classification of bad debt provision method

RMB

Classification	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Bad debt provision by portfolio 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	1,605,172,528.89	100.00	11,752,136.11	0.73	1,593,420,392.78

Classification	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Bad debt provision by portfolio Including:					
Low risk	1,860,198,827.10	73.90	–	–	1,860,198,827.10
Normal	657,120,162.09	26.10	11,565,314.85	1.76	645,554,847.24
Total	2,517,318,989.19	100.00	11,565,314.85	0.46	2,505,753,674.34

Notes to the Financial Statements

For the year ended 31 December 2023

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

4. Bills Receivable (Continued)

(5) Disclosed by classification of bad debt provision method (Continued)

Bills receivable with bad debt provision by portfolio

RMB

Name of portfolio	Closing balance			Opening balance		
	Book balance	Bad debt provision	Accrual Percentage (%)	Book balance	Bad debt provision	Accrual Percentage (%)
Low risk	937,437,522.65	-	-	1,860,198,827.10	-	-
Normal	667,735,006.24	11,752,136.11	1.76	657,120,162.09	11,565,314.85	1.76
Total	1,605,172,528.89	11,752,136.11	0.73	2,517,318,989.19	11,565,314.85	0.46

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

(6) Bad debt provision

RMB

Classification	Opening balance	Changes in amount for the year			Closing balance
		Provided	Transferred	Written off	
Normal	11,565,314.85	11,752,136.11	11,565,314.85	-	11,752,136.11
Total	11,565,314.85	11,752,136.11	11,565,314.85	-	11,752,136.11

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

5. Trade Receivables

(1) Disclosed by ageing:

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

RMB

Ageing	Closing balance			Opening balance		
	Trade receivables	Bad debt provision	Accrual percentage (%)	Trade receivables	Bad debt provision	Accrual percentage (%)
Within 1 year	3,748,679,371.19	73,947,512.75	1.97	2,862,429,426.07	54,442,224.40	1.90
1-2 years	72,039,300.12	61,251,586.09	85.03	19,284,453.21	16,181,584.69	83.91
2-3 years	13,488,437.14	13,488,437.14	100.00	6,574,232.05	6,574,232.05	100.00
Over 3 years	12,132,062.67	12,132,062.67	100.00	6,822,107.31	6,822,107.31	100.00
Total	3,846,339,171.12	160,819,598.65	4.18	2,895,110,218.64	84,020,148.45	2.90

Notes to the Financial Statements

For the year ended 31 December 2023

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

5. Trade Receivables (Continued)

(2) Disclosed by classification of bad debt provision method:

The Group always measures the loss provision of receivables at an amount equal to the lifetime expected credit loss (“ECL”) and calculates its ECL based on the comparison table of credit risk rating and default loss rate. The credit risk portfolio is divided into low risk, normal, concerned and loss. The default loss rate is calculated based on the actual credit loss experience of the past three years, and adjusted according to the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions within the expected life assumed by the Group.

RMB

Credit risk rating	Closing balance				Total
	Within 1 year	1-2 years	2-3 years	Over 3 years	
Normal					
ECL rate	1.76%	1.76%	1.76%	1.76%	
Trade receivables	3,696,312,872.79	-	-	-	3,696,312,872.79
ECL	65,055,106.56	-	-	-	65,055,106.56
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	50,978,063.10	67,046,078.45	8,544,207.57	-	126,568,349.12
ECL	7,503,970.89	56,258,364.42	8,544,207.57	-	72,306,542.88
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	1,388,435.30	4,993,221.67	4,944,229.57	12,132,062.67	23,457,949.21
ECL	1,388,435.30	4,993,221.67	4,944,229.57	12,132,062.67	23,457,949.21
Total					
Book balance of trade receivables	3,748,679,371.19	72,039,300.12	13,488,437.14	12,132,062.67	3,846,339,171.12
ECL	73,947,512.75	61,251,586.09	13,488,437.14	12,132,062.67	160,819,598.65
Carrying amount of trade receivables	3,674,731,858.44	10,787,714.03	-	-	3,685,519,572.47

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

5. Trade Receivables (Continued)

(2) Disclosed by classification of bad debt provision method: (Continued)

Credit risk rating	RMB				Total
	Within 1 year	1-2 years	Opening balance 2-3 years	Over 3 years	
Normal					
ECL rate	1.76%	1.76%	1.76%	1.76%	
Trade receivables	2,831,075,517.95	-	-	-	2,831,075,517.95
ECL	49,826,929.12	-	-	-	49,826,929.12
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	31,353,908.12	19,284,453.21	6,570,314.71	-	57,208,676.04
ECL	4,615,295.28	16,181,584.69	6,570,314.71	-	27,367,194.68
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	-	-	3,917.34	6,822,107.31	6,826,024.65
ECL	-	-	3,917.34	6,822,107.31	6,826,024.65
Total					
Book balance of trade receivables	2,862,429,426.07	19,284,453.21	6,574,232.05	6,822,107.31	2,895,110,218.64
ECL	54,442,224.40	16,181,584.69	6,574,232.05	6,822,107.31	84,020,148.45
Carrying amount of trade receivables	2,807,987,201.67	3,102,868.52	-	-	2,811,090,070.19

Notes to the Financial Statements

For the year ended 31 December 2023

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

5. Trade Receivables (Continued)

(3) Changes in credit loss provision of trade receivables

	<i>RMB</i>
Credit loss provision	Lifetime ECL
Balance at 1 January 2023	84,020,148.45
Changes of the opening balance in the year:	
Provision for the year	77,626,284.27
Transfers out due to derecognised financial assets (including direct write-down)	<u>(826,834.07)</u>
Balance at 31 December 2023	<u>160,819,598.65</u>

(4) Accounts receivable actually written off this year

	<i>RMB</i>
Item	Amounts written off
Accounts receivable actually written off	<u>826,834.07</u>

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

At the end of the year, the top five trade receivables of the Group with the closing balances classified by the borrowers amounted to RMB2,344,969,332.34 (as at the end of the last year: RMB1,494,010,210.89), accounting for 60.97% (as at the end of the last year: 51.60%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB42,748,553.38 (as at the end of the last year: RMB26,294,579.71).

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

6. Financing receivables

RMB

Item	Closing balance	Opening balance
Bank acceptance bills	2,006,375,691.99	784,825,969.52

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

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

(1) Changes in fair value

RMB

Items	Closing balance	Opening balance
Cost	2,020,283,851.74	787,941,237.18
Fair value	2,006,375,691.99	784,825,969.52
Accumulated changes in fair value included in other comprehensive income	(13,908,159.75)	(3,115,267.66)

(2) Bank acceptance bills pledged by the Group at the end of the year

RMB

Item	Pledged amount at the end of the year
Bank acceptance bills	80,199,303.43

Notes to the Financial Statements

For the year ended 31 December 2023

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

6. Financing receivables (Continued)

(3) Bank acceptance bills that have been endorsed or discounted by the Group at the end of the year but not yet due at the balance sheet date

RMB

Items	Amounts not derecognised at the end of the year	Amounts not derecognised at the beginning of the year
Endorsed bank acceptance bills	2,737,959,688.62	1,645,773,499.45
Discounted bank acceptance bills	1,241,397,240.00	59,072,317.90
Total	3,979,356,928.62	1,704,845,817.35

7. Advance Payments

(1) The ageing analysis of advance payments is as follows:

RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	331,276,788.97	98.98	575,591,541.78	99.58
1-2 years	2,106,604.08	0.63	2,234,361.28	0.39
2-3 years	1,234,065.11	0.37	164,078.13	0.03
Over 3 years	61,689.20	0.02	22,675.04	0.00
Total	334,679,147.36	100.00	578,012,656.23	100.00

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

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

As at 31 December 2023 and 31 December 2022, the balances of top five advance payments were RMB269,385,857.12 and RMB446,777,293.27, respectively, representing 80.49% and 77.30% of the total balances of advance payments.

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

8. Other Receivables

RMB

Items	Closing balance	Opening balance
Other receivables	110,981,841.18	101,299,773.96
Total	110,981,841.18	101,299,773.96

(1) Disclosed by ageing

RMB

Ageing	Closing balance			Opening balance		
	Trade receivables	Bad debt provision	Accrual Percentage (%)	Trade receivables	Bad debt provision	Accrual Percentage (%)
Within 1 year	60,212,836.41	-	-	49,802,068.11	-	-
1-2 years	49,345,940.45	-	-	30,939,205.44	-	-
2-3 years	871,523.00	-	-	20,084,800.79	-	-
Over 3 years	551,541.32	-	-	473,699.62	-	-
Total	110,981,841.18	-	-	101,299,773.96	-	-

(2) Other receivables listed by classification by nature

RMB

Nature	Closing book balance	Opening book balance
Deposit	74,043,731.73	41,007,881.73
Margin	11,692,572.37	51,773,000.07
Reserve fund	687,926.46	489,823.06
Others	24,557,610.62	8,029,069.10
Total	110,981,841.18	101,299,773.96

Notes to the Financial Statements

For the year ended 31 December 2023

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

8. Other Receivables (Continued)

(3) Impairment of other receivables

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

(4) Other receivables had been actually written-off during the period

The Group had not written-off other receivables during the year.

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

Name	Nature	Closing balance	Ageing	RMB	
				Percentage of the other receivables (%)	Closing balance of credit loss provision
Fengyang Xinao Gas Co., Ltd.* (鳳陽新奧燃氣有限公司)	Deposit	40,000,000.00	Within 1 year, 1-2 years	36.04	–
Chuzhou PetroChina Kunlun Gas Co., Ltd.* (滁州中石油崑崙燃氣有限公司)	Deposit	32,000,000.00	Within 1 year, 1-2 years	28.83	–
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)	Other	16,505,159.30	Within 1 year	14.87	–
Wuxuan Baoxin Mining Co., Ltd.* (武宣寶鑫礦業有限公司)	Margin	5,000,000.00	Within 1 year	4.51	–
DEEP C GREEN ENERGY VIỆT NAM COMPANY	Margin	4,938,653.39	Within 1 year, 1-2 years	4.45	–
Total		98,443,812.69		88.70	–

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

9. Inventories

(1) Inventories category

RMB

Items	Closing balance		Book value
	Book balance	Impairment provision	
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	2,039,224,954.30	37,785,498.22	2,001,439,456.08

Items	Opening balance		Book value
	Book balance	Impairment provision	
Raw materials	752,813,726.43	–	752,813,726.43
Low-valued consumables	339,605,709.34	4,335,685.03	335,270,024.31
Work in progress	107,466,234.14	–	107,466,234.14
Finished goods	1,207,160,700.87	6,393,721.15	1,200,766,979.72
Total	2,407,046,370.78	10,729,406.18	2,396,316,964.60

(2) Inventory impairment provision

RMB

Items	Opening balance	Increased amount for the year	Decreased amount for the year		Closing balance
			Reversed	Write off	
Finished goods	6,393,721.15	12,099,553.20	3,893,657.17	–	14,599,617.18
Low-valued consumables	4,335,685.03	22,195,162.88	–	3,344,966.87	23,185,881.04
Total	10,729,406.18	34,294,716.08	3,893,657.17	3,344,966.87	37,785,498.22

Notes to the Financial Statements

For the year ended 31 December 2023

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

10. Other Current Assets

RMB

Items	Closing balance	Opening balance
Prepaid income tax	54,856,463.09	119,919,962.44
Value-added tax recoverable	196,499,526.00	105,856,295.24
Export tax rebate	1,775,947.64	1,845,853.95
Prepaid rent	412,844.04	412,844.04
Others	–	6,698,700.97
Total	253,544,780.77	234,733,656.64

11. Long-term Equity Investments

RMB

Invested unit	Accounting method	Opening balance	Movement for the year		Closing balance
			Investment / additional investments	Investment gains recognised under the equity method	
Associate:					
Kaihong Flat	Equity method	13,199,229.86	–	6,763,400.00	19,962,629.86
Kunlun Gas	Equity method	10,500,000.00	–	–	10,500,000.00
JiaXing Gas (Note (V) 2)	Equity method	54,553,860.10	–	11,396,270.48	65,950,130.58
Jiaxing Energy	Equity method	4,500,000.00	–	–	4,500,000.00
Total		82,753,089.96	–	18,159,670.48	100,912,760.44

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

12. Investment Properties

Investment properties with cost measurement model

RMB

Items	House and buildings	Land use rights	Total
I. Book value			
1. Opening balance	27,486,623.54	7,525,892.36	35,012,515.90
2. Amount increased in the current year	511,823,829.42	–	511,823,829.42
(1) Purchased	499,100,342.42	–	499,100,342.42
(2) Transfer from original value of fixed assets	12,723,487.00	–	12,723,487.00
3. Closing balance	539,310,452.96	7,525,892.36	546,836,345.32
II. Accumulated amortisation			
1. Opening balance	15,678,479.43	1,963,275.84	17,641,755.27
2. Amount increased in the current year	16,714,673.69	163,606.32	16,878,280.01
(1) Provided or amortised	13,157,781.64	163,606.32	13,321,387.96
(2) Transfer from accumulated depreciation of fixed assets	3,556,892.05	–	3,556,892.05
3. Closing balance	32,393,153.12	2,126,882.16	34,520,035.28
III. Book value			
1. Closing book value	506,917,299.84	5,399,010.20	512,316,310.04
2. Opening book value	11,808,144.11	5,562,616.52	17,370,760.63

The ownership of houses and buildings and land use rights with a net value of RMB15,939,290.23 at the end of the current year (at the end of previous year: RMB17,370,760.63) was pledged for borrowings.

The investment properties held by the Group is listed in the balance sheet at the amount of the book value less accumulated amortisation and impairment provision. At the end of the current year, according to the evaluation of qualified independent professional valuers, the fair value of the Group's investment properties amounted to RMB774,046,610.51 (at the end of previous year: RMB61,950,000.00).

Fair value is recognised according to market method. Under the same market conditions, the market method compares the real estate to be evaluated with similar real estate transaction examples that have been traded in the recent period according to the principle of substitution, and adjusts the evaluation value of the real estate to be evaluated according to the known price of the latter and referring to the differences of the real estate transaction situation, transaction date, regional factors and individual factors. When estimating the fair value of investment properties, the best use of investment properties is its current use. The valuation method adopted has not changed.

Notes to the Financial Statements

For the year ended 31 December 2023

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

13. Fixed Assets

(1) Fixed assets

	<i>RMB</i>				
Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	3,896,178,948.73	9,780,651,979.13	148,824,126.08	67,862,932.51	13,893,517,986.45
2. Amount increased in the current year	1,434,937,189.55	3,615,385,929.43	15,736,260.19	95,943,114.34	5,162,002,493.51
(1) Purchase	240,233,823.45	2,139,833,736.39	14,736,769.02	14,204,616.15	2,409,008,945.01
(2) Transferred from construction in progress	1,194,703,366.10	1,417,323,515.73	999,491.17	81,738,498.19	2,694,764,871.19
(3) Business combinations increased	-	58,228,677.31	-	-	58,228,677.31
3. Amount decreased in the current year	(12,723,487.00)	(28,213,679.01)	(1,804,115.63)	(1,726,327.32)	(44,467,608.96)
(1) Disposal or scrap	-	(28,213,679.01)	(1,804,115.63)	(1,726,327.32)	(31,744,121.96)
(2) Transferred to investment properties	(12,723,487.00)	-	-	-	(12,723,487.00)
4. Exchange differences on foreign currency financial statements translation	(7,625,619.75)	(11,390,947.71)	(169,379.33)	(47,499.53)	(19,233,446.32)
5. Closing balance	5,310,767,031.53	13,356,433,281.84	162,586,891.31	162,032,220.00	18,991,819,424.68
II. Accumulated depreciation					
1. Opening balance	558,790,986.80	1,979,079,181.85	65,562,757.65	44,633,007.85	2,648,065,934.15
2. Amount increased in the current year	222,251,498.49	952,756,085.56	24,783,025.75	15,002,473.24	1,214,793,083.04
(1) Provision	222,251,498.49	952,653,439.65	24,783,025.75	15,002,473.24	1,214,690,437.13
(2) Business combinations increased	-	102,645.91	-	-	102,645.91
3. Amount decreased in the current year	(3,556,892.05)	(19,472,033.19)	(1,709,477.78)	(111,523.63)	(24,849,926.65)
(1) Disposal or scrap	-	(19,472,033.19)	(1,709,477.78)	(111,523.63)	(21,293,034.60)
(2) Transferred to investment properties	(3,556,892.05)	-	-	-	(3,556,892.05)
4. Exchange differences on foreign currency financial statements translation	(493,942.95)	(1,556,807.15)	(36,074.48)	(9,692.49)	(2,096,517.07)
5. Closing balance	776,991,650.29	2,910,806,427.07	88,600,231.14	59,514,264.97	3,835,912,573.47
III. Impairment provision					
1. Opening balance	-	19,129,845.49	275,923.26	81,225.47	19,486,994.22
2. Amount increased in the current year	-	21,819,919.36	6,859.95	60,844.41	21,887,623.72
(1) Provision	-	21,819,919.36	6,859.95	60,844.41	21,887,623.72
3. Amount decreased in the current year	-	(373,643.93)	-	-	(373,643.93)
(1) Disposal or scrap	-	(373,643.93)	-	-	(373,643.93)
4. Closing balance	-	40,576,120.92	282,783.21	142,069.88	41,000,974.01
IV. Book value					
1. Closing balance of 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. Opening balance of book value	3,337,387,961.93	7,782,442,951.79	82,985,445.17	23,148,699.19	11,225,965,058.08

At the end of the current year, the fixed assets with a book value of RMB1,948,240,881.71 (at the end of previous year: RMB4,022,348,650.15), were used as collateral for borrowings.

See Notes (VI) 20 and 30 for short-term and long-term borrowings.

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

13. Fixed Assets (Continued)

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

RMB

Items	Book value	Accumulated depreciation	Impairment provision	Net 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
Total	87,746,433.07	46,482,990.45	40,700,801.21	562,641.41

At the end of the current year, the Group's idle fixed assets included some equipment of certain subsidiaries of the Company, namely Zhejiang Jiafu, 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 beginning and the end of the year, no fixed asset was held under finance lease.

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

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

RMB

Items	Book value	Reasons for failing to complete the title certificate
Buildings of Phase III project of Anhui Flat Glass	1,430,201,718.20	The title certificate is still in process
Buildings of Phase II PV project of the Group	506,228,709.86	The title certificate is still in process
Total	1,936,430,428.06	

Notes to the Financial Statements

For the year ended 31 December 2023

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

14. Construction in progress

(1) Listed by category

RMB

Items	Closing balance	Opening balance
Construction in progress	1,615,861,970.66	1,557,815,302.02
Engineering materials	140,131,836.72	316,539,291.72
Total	1,755,993,807.38	1,874,354,593.74

At the end of the current year, the construction in progress with the net value of RMB93,287,049.55 (at the end of the last year: RMB107,331,643.75) was pledged for borrowings.

(2) Construction in progress

a. Construction in progress

RMB

Items	Book balance	Closing balance Impairment provision	Net book amount
Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project	877,959,319.88	–	877,959,319.88
Supporting housing project of Anhui Flat	336,887,555.34	–	336,887,555.34
Annual production of 1,500,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	104,100,829.17	–	104,100,829.17
PV modules project factories	79,196,956.04	–	79,196,956.04
Flat solar energy high-efficient thin-film PV modules supporting manufacturing project	70,971,574.05	–	70,971,574.05
Newly-built factory roof distributed power generation project	44,634,635.03	–	44,634,635.03
Annual output of 1,950,000 tons of PV cover glass project	834,976.86	–	834,976.86
Machinery and equipment to be installed and others	101,276,124.29	–	101,276,124.29
Total	1,615,861,970.66	–	1,615,861,970.66

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

14. Construction in progress (Continued)

(2) Construction in progress (Continued)

a. Construction in progress (Continued)

Items	Book balance	RMB	
		Opening balance Impairment provision	Net book amount
Annual output of 1,950,000 tons of PV cover glass project	987,546,485.03	–	987,546,485.03
Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project	110,266,906.15	–	110,266,906.15
Supporting housing project of Anhui Flat	96,581,900.45	–	96,581,900.45
The project of Low-E coating third line and supporting facilities	92,870,989.95	–	92,870,989.95
220KV transformer substation	71,081,387.73	–	71,081,387.73
Annual production of 1,152 sets of intelligent equipment construction project	58,026,533.79	–	58,026,533.79
Annual output of 750,000 tons of PV cover glass project phase II	18,701,303.99	–	18,701,303.99
Annual production of 750,000 tons of solar equipment ultrathin and ultra-high-transparent panel manufacturing project	17,341,295.01	–	17,341,295.01
Vietnam Flat pier building project	1,363,391.08	–	1,363,391.08
Vietnam Flat PV glass production line	1,163,431.12	–	1,163,431.12
PV backplane glass with an annual production capacity of 28 million square meters project	822,481.57	–	822,481.57
Nature gas direct supply project	66,700.90	–	66,700.90
Machinery and equipment to be installed and others	101,982,495.25	–	101,982,495.25
Total	1,557,815,302.02	–	1,557,815,302.02

Notes to the Financial Statements

For the year ended 31 December 2023

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

14. Construction in progress (Continued)

(2) Construction in progress (Continued)

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

RMB

Project name	Budget	Opening amount	Amount increased in the year	Transfer Amount into fixed assets in the year	Closing balance	Project cumulative investment accounted for the proportion of the budget	Project progress	Accumulated amount of interest capitalisation	Including: the amount of interest capitalisation in the year	Capitalisation rate of interest in the year (%)	Sources of funds
Annual output of 1,950,000 tons of PV cover glass project	4,349,335,600.00	987,546,485.03	1,007,599,984.56	1,994,311,492.73	834,976.86	95.53%	95.53%	3,600,000.00	-	0.00%	Non-public proceeds/ Self-funds/ Special borrowings
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	110,266,906.15	767,692,413.73	-	877,959,319.88	23.40%	23.40%	-	-	0.00%	Non-public proceeds/ Self-funds
Supporting housing project of Anhui Flat	338,105,800.00	96,581,900.45	240,305,654.89	-	336,887,555.34	99.64%	99.64%	-	-	0.00%	Self-funds
The project of Low-E coating third line and supporting facilities	129,698,000.00	92,870,989.95	48,642,594.75	139,545,225.54	1,968,359.16	109.11%	100.00%	-	-	0.00%	Self-funds
220KV transformer substation	183,961,800.00	71,081,387.73	64,918,331.28	135,999,719.01	-	100.23%	100.00%	-	-	0.00%	Self-funds
Annual production of 1,152 sets of intelligent equipment construction project	101,753,200.00	58,026,533.79	41,825,438.28	98,772,743.05	1,079,229.02	98.13%	98.13%	-	-	0.00%	Self-funds
Annual production of 750,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project	1,751,683,600.00	17,341,295.01	2,766,248.84	20,107,543.85	-	75.59%	75.59%	16,910,810.53	-	0.00%	Self-funds/ Convertible bonds/ General borrowings
PV modules project factories	120,000,000.00	18,602,073.80	60,594,882.24	-	79,196,956.04	66.00%	66.00%	-	-	0.00%	Self-funds
Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project	3,885,000,000.00	835,134.64	103,265,694.53	-	104,100,829.17	2.60%	2.60%	-	-	0.00%	Self-funds
Flat solar energy high-efficient thin-film PV modules supporting manufacturing project	1,000,000,000.00	-	70,971,574.05	-	70,971,574.05	7.10%	7.10%	-	-	0.00%	Self-funds
Newly-built factory roof distributed power generation project	660,000,000.00	-	44,634,635.03	-	44,634,635.03	6.76%	6.76%	-	-	0.00%	Self-funds
Total	16,272,498,000.00	1,453,152,706.55	2,453,217,452.18	2,388,736,724.18	1,517,633,434.55	-	-	20,510,810.53	-	-	-

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

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

14. Construction in progress (Continued)

(3) Engineering materials

RMB

Items	Closing balance	Opening balance
Specialised equipment	88,812,722.98	158,426,728.34
Refractory materials	32,844,103.23	76,915,929.93
Electric wire and cable	1,254,566.02	32,257,057.26
Steel and wire rod	1,251,181.86	945,464.61
Others	15,969,262.63	47,994,111.58
Total	140,131,836.72	316,539,291.72

15. Right-of-use Assets

RMB

Items	Land	Roof	Total
I. Book value			
1. Opening balance	221,532,156.28	–	221,532,156.28
2. Amount increased in the current year	27,456,381.63	566,569,651.21	594,026,032.84
(1) Increased	27,456,381.63	566,569,651.21	594,026,032.84
3. Exchange differences on foreign currency financial statements translation	(2,123,034.29)	–	(2,123,034.29)
4. Closing balance	246,865,503.62	566,569,651.21	813,435,154.83
II. Accumulated depreciation			
1. Opening balance	27,338,147.65	–	27,338,147.65
2. Amount increased in the current period	5,734,117.62	7,416,889.22	13,151,006.84
(1) Provision	5,734,117.62	7,416,889.22	13,151,006.84
3. Exchange differences on foreign currency financial statements translation	(49,833.00)	–	(49,833.00)
4. Closing balance	33,022,432.27	7,416,889.22	40,439,321.49
III. Book value			
1. Closing balance of book value	213,843,071.35	559,152,761.99	772,995,833.34
2. Opening balance of book value	194,194,008.63	–	194,194,008.63

Notes to the Financial Statements

For the year ended 31 December 2023

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

15. Right-of-use Assets (Continued)

Other notes:

The Group leased several lands in Vietnam, with terms ranging from 29 to 42 years. Fulaitai, a subsidiary of the Group, leased the roofs of several farm households, with terms ranging from 25 to 30 years.

The short-term lease expenses included in the simplified processing of current profit and loss for the year were RMB21,532,230.38 (in the previous year: RMB13,971,345.55).

The total cash outflow related to leases for the year was RMB59,296,594.16 (in the previous year: RMB14,662,303.22).

16. Intangible Assets

Items							<i>RMB</i>
	Land use right	Emission rights (Note 1)	Mining rights (Note 2)	Energy use rights (Note 3)	Software	Sea area use rights (Note 4)	Total
I. Book value							
1. Opening balance	625,558,930.68	63,999,020.73	3,724,688,156.82	144,731,091.46	7,603,045.14	-	4,566,580,244.83
2. Amount increased in the current year	30,789,524.04	-	-	-	804,014.68	56,684,220.00	88,277,758.72
(1) Purchase	30,789,524.04	-	-	-	804,014.68	56,684,220.00	88,277,758.72
3. Closing balance	656,348,454.72	63,999,020.73	3,724,688,156.82	144,731,091.46	8,407,059.82	56,684,220.00	4,654,858,003.55
II. Accumulated amortisation							
1. Opening balance	77,986,940.34	35,686,669.97	664,978,578.82	-	4,272,032.05	-	782,924,221.18
2. Amount increased in the current year	12,950,393.29	7,914,285.12	570,189,025.01	-	846,459.92	472,368.50	592,372,531.84
(1) Provision	12,950,393.29	7,914,285.12	570,189,025.01	-	846,459.92	472,368.50	592,372,531.84
3. Closing balance	90,937,333.63	43,600,955.09	1,235,167,603.83	-	5,118,491.97	472,368.50	1,375,296,753.02
III. Book value							
1. Closing balance of book value	565,411,121.09	20,398,065.64	2,489,520,552.99	144,731,091.46	3,288,567.85	56,211,851.50	3,279,561,250.53
2. Opening balance of book value	547,571,990.34	28,312,350.76	3,059,709,578.00	144,731,091.46	3,331,013.09	-	3,783,656,023.65

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

16. Intangible Assets (Continued)

At the end of the current year, the land use right with the net value of RMB456,694,315.25 (at the end of the last year: RMB367,362,534.63) was pledged for borrowings.

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

Note 2: Mining exploitation rights refer to the right of the Group to quartz ore mine located in Fengyang County, Anhui Province, China. Mining rights are amortised on a production basis.

Note 3: Energy use rights refer to the right of the Group to purchase the tradable energy consumption as a result of the increased energy demand of the project construction. As an intangible asset with an indefinite useful life, energy use rights are not amortised during the period of use.

Note 4: The right to use sea area refers to the right owned by the Group to use the industrial sea in Nantong, Jiangsu, China. The right to use sea area shall be amortized using the straight-line method over their legal useful lives.

17. Long-term deferred expenses

Items	Opening balance	Added amount during the period	Deferred amount during the period	Closing balance
Pallets	–	41,818,059.88	4,686,765.17	37,131,294.71
Decoration and maintenance	15,689,934.37	34,775,397.40	6,880,763.85	43,584,567.92
Total	15,689,934.37	76,593,457.28	11,567,529.02	80,715,862.63

Notes to the Financial Statements

For the year ended 31 December 2023

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

18. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred income tax assets before offsetting

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	78,786,472.23	11,833,314.14	30,216,400.40	4,547,803.38
Provision of credit impairment	167,762,204.34	31,694,549.31	90,086,104.15	14,073,127.95
Deferred revenue	56,476,018.31	8,900,731.30	58,535,568.54	9,252,441.34
Depreciation difference for fixed assets	40,568,327.36	6,085,249.10	36,780,257.43	5,517,038.61
Share payment	5,892,794.35	883,919.15	11,606,023.50	1,740,903.53
Increased valuation of intangible assets	782,262,480.40	195,565,620.10	351,841,997.49	87,960,499.37
Lease liability	561,290,763.27	140,322,690.82	–	–
Deductible losses	787,260,839.79	120,032,521.43	2,356,327,466.09	353,554,852.31
Changes in fair values of derivative financial liability	1,756,309.49	267,478.09	1,765,968.98	291,384.88
Sub-total	2,482,056,209.54	515,586,073.44	2,937,159,786.58	476,938,051.37

(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	10,121,075.86	1,518,161.38	11,319,781.23	1,697,967.18
Accelerated depreciation of fixed assets	3,662,093,275.89	549,313,991.38	3,323,385,466.37	498,507,819.96
Right-of-use asset	559,152,761.99	139,788,190.50	–	–
Trial production cost	43,777,025.66	6,566,553.85	51,396,351.71	7,709,452.75
Changes in fair values of derivative financial asset	623,194.84	93,557.34	–	–
Sub-total	4,275,767,334.24	697,280,454.45	3,386,101,599.31	507,915,239.89

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

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

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

RMB

Items	Closing balance		Opening balance	
	Offset amount of deferred income tax assets and liabilities at the end of the period	Deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities at the end of the period	Deferred income tax assets or liabilities after offsetting
Deferred income tax assets	295,880,812.41	219,705,261.03	384,382,813.61	92,555,237.76
Deferred tax liabilities	295,880,812.41	401,399,642.04	384,382,813.61	123,532,426.28

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

RMB

Items	Closing balance	Opening balance
Deductible losses	20,139,886.09	20,602,437.95
Temporary differences	7,038,669.37	6,580,096.24
Total	27,178,555.46	27,182,534.19

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

Notes to the Financial Statements

For the year ended 31 December 2023

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

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

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

RMB

	Closing balance	Opening balance
2022	–	–
2023	–	–
2024	–	–
2025	6,454,474.73	9,168,249.15
2026	10,963,973.54	10,963,973.54
2027	467,483.57	470,215.26
2028	2,253,954.25	–
Total	20,139,886.09	20,602,437.95

19. Other Non-current Assets

RMB

	Closing balance	Opening balance
Prepayment for mining rights (Note)	3,380,000,000.00	2,028,000,000.00
Construction prepayment	765,852,674.81	607,290,974.95
Prepaid investment	77,693,740.85	78,600,155.31
Prepaid payment of compensation fees for land requisition in mining areas	80,402,860.00	–
Prepaid land	7,970,000.00	–
Total	4,311,919,275.66	2,713,891,130.26

Note: On 1 August 2022, Anhui Flat Glass, a subsidiary of the Company and Chuzhou Natural Resources and Planning Bureau (滁州市自然資源和規劃局) entered into the Mining Right Assignment Contract on the Mining Right of the Thirteenth New Segment of a Quartzite Mine for Glass Located at Lingshan-Mujishan Mining Zone, Fengyang County, Anhui Province, for the transfer of the mining right of the thirteenth new segment of a quartzite mine for glass located at Lingshan-Mujishan Mining Zone, Fengyang County, Anhui Province at a consideration of RMB3.38 billion. Pursuant to which, Anhui Flat Glass paid RMB1.014 billion, RMB1.014 billion and RMB1.352 billion on 5 August 2022, 20 November 2022 and 15 October 2023, respectively. As of 31 December 2023, the mining right registration formalities are still in the process of handling, so the relevant prepayments are included in other non-current assets.

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

20. Short-term Borrowings

	<i>RMB</i>	
	Closing balance	Opening balance
Mortgaged borrowings (Note)	404,000,000.00	2,125,915,900.00
Guaranteed borrowings	725,127,400.00	–
Guaranteed and mortgage borrowings	225,000,000.00	–
Credit borrowings	356,240,500.00	548,855,177.00
Bill discounting borrowings	167,990,331.03	220,583,002.23
Pledged borrowings (Note)	35,413,500.00	200,000,000.00
Total	1,913,771,731.03	3,095,354,079.23

Note: For the types and amount of the asset of the mortgaged borrowings, please refer to the Notes (VI) 12, 13, 14 and 16. For details of classification and amount of pledged borrowings, please refer to the Note (VI) 1 and 6.

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

The annual interest rate of the above borrowings in current year is from 2.15% to 6.23% (last year: from 0.79% to 4.70%).

21. Derivative financial liabilities

	<i>RMB</i>	
Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	1,756,309.49	1,765,968.98
Including: Forward foreign exchange contract (Note)	–	120,410.62
Interest rate swap contracts (Note)	1,467,183.00	–
Foreign exchange option contracts (Note)	289,126.49	1,645,558.36
Total	1,756,309.49	1,765,968.98

Note: The unexpired forward foreign exchange contracts, interest rate swap contracts and foreign exchange option contracts 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

22. Bills Payables

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	914,048,358.15	964,727,516.59
Total	914,048,358.15	964,727,516.59

23. Trade Payables

(1) Listing of trade payables:

RMB

	Closing balance	Opening balance
Trade payables	2,068,611,497.98	2,530,380,248.71
Construction costs payable	2,451,750,011.44	1,569,664,216.10
Total	4,520,361,509.42	4,100,044,464.81

(2) Ageing analysis of trade payables according to the posting date:

RMB

Items	Closing balance	Opening balance
Within 1 year	4,305,978,438.00	3,936,658,210.32
1-2 years	135,303,998.22	118,245,621.47
2-3 years	50,463,474.94	34,081,184.42
Over 3 years	28,615,598.26	11,059,448.60
Total	4,520,361,509.42	4,100,044,464.81

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

23. Trade Payables (Continued)

(3) Significant trade payables with ageing over 1 year

RMB

	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	190,299,456.33	Project retention has not yet expired and been repaid
Trade payables	24,083,615.09	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	214,383,071.42	

24. Contract Liabilities

Listing of contract liabilities:

RMB

	Closing balance	Opening balance
Advance payment from customers for goods	129,107,796.79	115,048,763.64

- (1) The Group accounts for the advance payment from customers for goods based on goods sales contracts as contract liabilities, and the related contract liabilities are recognised as sales revenue when the control of the goods is transferred to the customer. The advance payment from customers for goods at the beginning of the year have all been recognised as revenue in the current year, and the contract liabilities at the end of the year are expected to be recognised as revenue in 2023.

25. Payroll Payable

(1) Listing of payroll payable

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Short-term remuneration	100,577,585.45	799,222,492.80	798,275,487.03	101,524,591.22
2. Post-employment welfare – Defined contribution plan	2,220,115.77	69,430,349.26	67,835,077.52	3,815,387.51
Total	102,797,701.22	868,652,842.06	866,110,564.55	105,339,978.73

Notes to the Financial Statements

For the year ended 31 December 2023

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

25. Payroll Payable (Continued)

(2) Listing of short-term remuneration

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	97,687,509.34	697,524,738.68	697,628,299.86	97,583,948.16
II. Staff welfare	195,289.70	40,063,525.67	40,258,310.37	505.00
III. Social insurance	1,395,276.07	30,818,641.56	30,671,662.79	1,542,254.84
Including: Medical insurance	1,118,723.39	26,408,191.91	26,184,584.24	1,342,331.06
Work-related injury insurance	223,678.86	3,913,714.92	3,937,677.60	199,716.18
Maternity insurance	52,873.82	496,734.73	549,400.95	207.60
IV. Housing funds	898,877.00	17,403,760.57	17,198,216.57	1,104,421.00
V. Labor education & union	400,633.34	13,411,826.32	12,518,997.44	1,293,462.22
Total	100,577,585.45	799,222,492.80	798,275,487.03	101,524,591.22

(3) Defined contribution plan

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Basic pension insurance	2,153,016.84	67,280,139.76	65,739,996.86	3,693,159.74
2. Unemployment insurance	67,098.93	2,150,209.50	2,095,080.66	122,227.77
Total	2,220,115.77	69,430,349.26	67,835,077.52	3,815,387.51

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

25. Payroll Payable (Continued)

(3) Defined contribution plan (Continued)

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 year, the Group shall pay a total of RMB67,280,139.76 and RMB2,150,209.50 (2022: RMB53,227,489.01 and RMB1,940,541.13) to the pension insurance and unemployment insurance schemes respectively. As of 31 December 2023, RMB3,693,159.74 and RMB122,227.77 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

	<i>RMB</i>	
<u>Items</u>	<u>Closing balance</u>	<u>Opening balance</u>
Enterprise income tax	61,874,135.48	75,569,826.43
VAT	89,635,709.32	56,124,439.23
Resource tax	12,282,897.97	24,882,030.58
Property tax	13,600,531.04	7,906,954.03
Land use tax	6,073,864.23	7,725,486.36
Urban maintenance and construction tax	3,071,418.87	3,660,125.92
Education surcharge and local educational surcharges	2,662,134.55	3,335,827.14
Individual income tax	990,312.15	1,005,832.53
Others	9,947,911.76	6,306,306.78
Total	200,138,915.37	186,516,829.00

Notes to the Financial Statements

For the year ended 31 December 2023

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

27. Other Payables

Listing of items:

	<i>RMB</i>	
Items	Closing balance	Opening balance
Interest payable	30,801,288.06	16,887,442.02
Dividends payables	1,371,320.00	2,737,023.00
Other payables	102,636,299.84	635,866,393.10
Total	134,808,907.90	655,490,858.12

(1) Interest payable

	<i>RMB</i>	
Items	Closing balance	Opening balance
Interest payable on convertible bonds	12,582,259.61	7,430,077.54
Interest for long-term borrowings with interest paid in installment and principal paid due to maturity	8,861,162.93	5,976,347.37
Interest payable for short-term borrowings	9,357,865.52	3,481,017.11
Total	30,801,288.06	16,887,442.02

(2) Dividends payables

	<i>RMB</i>	
Items	Closing balance	Opening balance
Dividends on ordinary shares	1,371,320.00	2,737,023.00
Total	1,371,320.00	2,737,023.00

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

27. Other Payables (Continued)

(3) Other payables

RMB

Classification	Closing balance	Opening balance
Equity acquisition funds (Note 1)	–	520,947,600.00
Warranty	66,164,706.34	66,240,106.34
Restricted share incentive schemes (Note 2)	16,068,482.50	23,806,600.00
Transportation premium	13,375,290.82	16,663,676.42
Others	7,027,820.18	8,208,410.34
Total	102,636,299.84	635,866,393.10

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

Note 1: The Company held the 15th meeting of the sixth session of the board of directors on 13 February 2022, during which reviewed and approved the Resolution on the Company's Acquisition of 100% Equity of Anhui Dahua Oriental Mining Co., Ltd.* held by Anhui Fengsha Mining Group Co., Ltd.* and 100% Equity Interests of Anhui Sanli Mining Co., Ltd.*, pursuant to which the Company purchased 100% equity of Anhui Dahua Oriental Mining Co., Ltd.* and 100% equity interests of Anhui Sanli Mining Co., Ltd.* by paying cash and undertaking liabilities, with a total transaction price of RMB3,343,947,600.00. The industrial and commercial change registration procedures of the target company have been completed on 28 February 2022, and the delivery of the target equity has been completed.

Note 2: It represents the subscription amount of restricted shares paid by the participants to the Company after the Company granted the restricted shares to the employees. The Company recognised full liabilities for the repurchase obligations of restricted shares and included them in the treasury stock. Please refer to Note (X) for the details of grant of restricted shares.

28. Non-Current Liabilities Due Within One Year

RMB

	Closing balance	Opening balance
Long-term borrowings due within 1 year (Note (VI) 30)	1,172,006,729.76	1,259,649,348.86
Lease liabilities due within 1 year (Note (VI) 32)	37,546,569.77	690,608.03
Long-term payables due within 1 year (Note (VI) 34)	43,813,689.16	41,878,318.42
Total	1,253,366,988.69	1,302,218,275.31

Notes to the Financial Statements

For the year ended 31 December 2023

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

29. Other Current Liabilities

RMB

	Closing balance	Opening balance
Output-VAT pending for recognition	12,279,287.63	9,449,715.18
Total	12,279,287.63	9,449,715.18

30. Long-Term Borrowings

(1) Categories of long-term borrowings

RMB

	Closing balance	Opening balance
Pledged borrowings (Note 1)	1,132,096,897.57	2,026,519,348.86
Secured borrowings (Note 2)	1,095,000,000.00	2,923,200,000.00
Guarantee borrowings	1,598,640,584.00	–
Guarantee and mortgage borrowings	3,306,400,000.00	–
Credit borrowings	695,000,000.00	199,000,000.00
Less: Pledged borrowings due within 1 year	152,200,018.80	636,919,348.86
Less: Secured borrowings due within 1 year	–	622,730,000.00
Less: Guarantee borrowings due within 1 year	185,806,710.96	–
Less: Guarantee and mortgage borrowings due within 1 year	832,000,000.00	–
Less: Credit borrowings due within 1 year	2,000,000.00	–
Total	6,655,130,751.81	3,889,070,000.00

Note 1: The pledged assets of the pledge borrowings are the equity interest of Flat (Vietnam), Sanli Mining and Dahua Mining.

Note 2: For the types and amounts of secured assets of secured loans, please refer to the Notes (VI) 12, 13, 14 and 16.

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

30. Long-Term Borrowings (Continued)

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

RMB

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
1 to 2 years	165,181,496.37	1,624,907,500.00
2 to 5 years	5,191,002,141.44	2,264,162,500.00
Over 5 years	1,298,947,114.00	—
Total	6,655,130,751.81	3,889,070,000.00

(3) Other descriptions

The interest rate of the above borrowings was between 3.00% to 3.85% (previous year: between 3.35% to 4.10%).

31. Bonds Payables

(1) Bonds Payables

RMB

	<u>Closing balance</u>	<u>Opening balance</u>
Bonds Payables	3,755,915,215.98	3,588,678,749.97
Total	3,755,915,215.98	3,588,678,749.97

Notes to the Financial Statements

For the year ended 31 December 2023

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

31. Bonds Payables (Continued)

(2) Changes in bonds payable

RMB

Name of bond	Issuing date	Term of the bond	Issue amount	Opening balance	Issued for the current year	Accrued interests at par value	Amortisation of premium/discount	Conversion for the current year	Redemption for the current year	Closing balance
Flat convertible bond	2022-05-20	6 years	4,000,000,000.00	3,588,678,749.97	-	16,919,589.79	184,196,956.45	40,900.65	-	3,755,915,215.98

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	110,951,786.24	-	110,951,786.24
Conversion of convertible bonds in 2022	(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 of convertible bonds in 2023	(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

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

31. Bonds Payables (Continued)

(3) Descriptions of issue, conversion term and time of convertible corporate 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.

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 2.0% 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 (i.e. 26 May 2022), and end on the maturity date of the convertible bonds (i.e. 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.

Notes to the Financial Statements

For the year ended 31 December 2023

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

32. Lease Liabilities

RMB

Classification	Closing balance	Opening balance
Lease liabilities	575,787,267.82	12,616,801.58
Less: Lease liabilities included in non-current liabilities due within one year (Note (VI) 28)	37,546,569.77	690,608.03
Net	538,240,698.05	11,926,193.55

33. Deferred Revenue

RMB

Classification	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grants related to assets	58,535,568.54	10,000,000.00	12,059,550.23	56,476,018.31
Total	58,535,568.54	10,000,000.00	12,059,550.23	56,476,018.31

34. Long-term payables

RMB

Classification	Closing balance	Opening balance
Payment for assignment of mining right	137,660,340.97	179,538,659.39
Less: Long-term payables included in non-current liabilities due within one year (Note (VI) 28)	43,813,689.16	41,878,318.42
Net amount	93,846,651.81	137,660,340.97

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

35. Provisions

RMB

Items	Closing balance	Opening balance	Reason
Expenses of environmental protection and land reclamation	5,098,771.16	6,457,941.49	Provision of expenses for mine geological environment protection and land reclamation
Total	5,098,771.16	6,457,941.49	

36. Share Capital and Treasury Stock

Share capital

RMB

	Opening balance	Increase or decrease for the year		Closing balance
		New shares Issued (Note 1)	Conversion of convertible bonds (Note 2)	
Total share capital	536,723,491.75	51,107,325.25	241.75	587,831,058.75

Notes to the Financial Statements

For the year ended 31 December 2023

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

36. Share Capital and Treasury Stock (Continued)

Treasury stock

				RMB
Items	Opening balance	Increase for the year	Decrease for the year (Note 3)	Closing balance
Share-based payment	23,806,600.00	–	7,820,080.00	15,986,520.00
Total	23,806,600.00	–	7,820,080.00	15,986,520.00

Note 1: As considered and approved at the 23th meeting of the sixth session of the Board, 2022 first extraordinary general meeting, 2022 first A shareholders class meeting and 2022 first H shareholders class meeting of the Company, and approved by the Approval of the Non-public Issuance of Shares of Flat Glass Group Co., Ltd. (CSRC Approval [2022] No. 2742) issued by China Securities Regulatory Commission, the Company was permitted to issue not more than 509,068,000 RMB ordinary shares (A shares) to specific subscribers. As of 19 July 2023, the Company has completed the issuance of A Shares to specific subscribers of 204,429,301 RMB ordinary shares (A shares) at a par value of RMB0.25 per share at an issue price of RMB29.35 per share with the total amount of funds raised of RMB5,999,999,984.35. The net proceeds were RMB5,965,407,146.70 after deducting the issue cost of RMB34,592,837.65, of which the amount of RMB51,107,325.25 and RMB5,914,299,821.45 was included in total share capital and capital reserve, respectively. All payments of subscription amounts were made by cash in Renminbi. Due to the issuance of A Shares to specific subscribers, the registered capital of the Company increased by RMB51,107,325.25, the number of shares increased by 204,429,301 shares and the capital reserve increased by RMB5,914,299,821.45.

Note 2: For details of conversion of convertible bonds, please see Note (VI)31.

Note 3: In 2023, the Company implemented the 2023 interim profit distribution proposal, pursuant to which the Company distributed cash dividend of RMB0.238 (tax included) to all shareholders of the Company. After the completion of the foregoing, the treasury stock of the Company decreased by RMB1,261,400.00. On 25 May 2023, the Company achieved the conditions to remove the sales restriction for the reserved part of the restricted shares for the second unlocking period in May 2021, and the treasury shares decreased by RMB1,893,360.00 accordingly. On 11 August 2023, the conditions for lock-up release in respect to the third lock-up period release for the initial grant under the A restricted shares incentive plan 2020 of the Company have been satisfied, the treasury stock decreased by RMB4,665,320.00 accordingly.

37. Other equity instruments

							RMB	
Outstanding financial instruments	Opening balance		Increase in the current year		Decrease in the current year		Closing balance	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Convertible corporate bonds	39,999,680.00	491,731,580.66	–	–	420.00	5,163.23	39,999,260.00	491,726,417.43

Note: Other equity instruments comprise of the equity from the convertible corporate bonds issued for the current year, and please refer to Note (VI) 31.

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

38. Capital reserve

Items	<i>RMB</i>			
	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium (Note (VI) 31 and 36)	4,780,150,027.67	5,914,345,773.25	–	10,694,495,800.92
Other capital reserve (Note (X))	84,599,223.50	19,038,370.84	–	103,637,594.34
Total	4,864,749,251.17	5,933,384,144.09	–	10,798,133,395.26

39. Other Comprehensive Income

Items	<i>RMB</i>						
	Opening balance	Amount before income tax incurred in the current year	Less: Income tax expense	Amount attributable to the parent Company after income tax	Amount attributable to minority shareholders after income tax	Carry-forward to retained earnings	Closing balance
I. Other comprehensive income that will not be reclassified into profit or loss afterwards	–	–	–	–	–	–	–
Changes in fair value of other equity instrument investments	–	–	–	–	–	–	–
II. Other comprehensive income that will be reclassified into profit or loss afterwards	42,350,277.12	(31,001,033.29)	–	(31,001,033.29)	–	–	11,349,243.83
Exchange differences on foreign currency financial statements translation	45,465,544.78	(20,208,141.20)	–	(20,208,141.20)	–	–	25,257,403.58
Changes in fair value of financing receivables	(3,115,267.66)	(10,792,892.09)	–	(10,792,892.09)	–	–	(13,908,159.75)
Total	42,350,277.12	(31,001,033.29)	–	(31,001,033.29)	–	–	11,349,243.83

Notes to the Financial Statements

For the year ended 31 December 2023

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

40. Special Reserve

RMB

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Safety production costs	28,583,407.89	23,831,612.79	2,585,793.53	49,829,227.15
Total	28,583,407.89	23,831,612.79	2,585,793.53	49,829,227.15

41. Surplus Reserve

RMB

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserve	268,361,745.88	25,553,783.50	–	293,915,529.38
Total	268,361,745.88	25,553,783.50	–	293,915,529.38

Note: Surplus reserve is accrued according to the Company's Articles of Association or with the approval from the Board. The statutory surplus reserve can be used to cover the Company's losses or to increase the share capital. In accordance with Articles of Association of the Company, the statutory surplus reserve is withdrawn at 10% of the net profit, and it will not be withdrawn when the accumulated statutory surplus reserve of the Group reaches 50% of the registered capital.

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

42. Undistributed Profit

Items	RMB	
	Amount for the current year	Amount for the last year
Opening balance of the undistributed profit	7,823,754,058.70	6,194,759,167.82
Add: Net profit attributable to shareholders of the parent company in the current year	2,759,690,819.78	2,122,780,428.43
Less: Accrual of statutory surplus reserves	25,553,783.50	89.13
Ordinary dividends payable (Note 1)	559,615,055.36	493,785,448.42
Closing balance of the undistributed profit (Note 2)	9,998,276,039.62	7,823,754,058.70

Note1 : The Company held the 42th meeting of the sixth session of the board of directors on 28 August 2023 and the 2023 second extraordinary general meeting, the 2023 second A share class meeting and the 2023 second H share class meeting on 27 October 2023, during which reviewed and approved the Resolution on the 2023 Interim Profit Distribution Proposal, pursuant to which the Company distributed cash dividend of RMB2.38 (tax included) to all shareholders of the Company for every 10 shares based on the total shares of 2,351,323,762 of the Company as at 1 August 2023. Based on these, a total of RMB559,615,055.36 of cash dividend (tax inclusive) were proposed to be distributed.

Note 2: The undistributed profit at the end of the year included the legal surplus reserve of RMB637,341,794.59 (31 December 2022: RMB457,710,247.06) accrued by the subsidiaries of the Company.

Note3: The Company held the 52nd meeting of the sixth session of the board of directors on 26 March 2024, reviewed and approved the Resolution on the 2023 Annual Profit Distribution Proposal based on the total number of 2,351,324,258 shares of the Company as of 1 March 2024, deducting 6,250,000 shares of the Company's special securities account for repurchase. Therefore, the Company propose to pay a cash dividend of RMB3.80 (tax included) to all shareholders of the Company for every 10 shares based on the total shares of 2,345,074,258, and the total proposed cash dividend is RMB891,128,218.04 (including tax). The profit distribution plan is subject to approval by the 2023 annual general meeting of shareholders.

43. Operating Revenue and Operating Cost

(1) Operating revenue and operating cost

Items	RMB		RMB	
	Amount for the year Revenue	Cost	Amount for last year Revenue	Cost
Main business	21,365,204,291.35	16,745,253,742.23	15,401,681,636.47	12,028,679,616.15
Other business	158,504,231.07	85,467,498.31	59,161,590.89	19,511,263.46
Total	21,523,708,522.42	16,830,721,240.54	15,460,843,227.36	12,048,190,879.61

The Group recognised operating revenue at a point in time.

Notes to the Financial Statements

For the year ended 31 December 2023

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

43. Operating Revenue and Operating Cost (Continued)

(2) Breakdowns of operating revenue and operating cost

RMB

Items	Amount for the year	
	Operating revenue	Operating cost
Category of commodities		
PV glass	19,676,531,705.61	15,260,010,550.61
Household glass	328,383,288.15	290,560,652.88
Architectural glass	582,707,703.55	519,852,974.98
Float glass	342,204,685.60	354,566,859.90
Mining product	435,376,908.44	320,262,703.86
Other business	158,504,231.07	85,467,498.31
Total	21,523,708,522.42	16,830,721,240.54
Classification by operating area		
China	17,200,202,835.78	13,655,283,343.48
Asia (excluding China)	3,740,599,329.79	2,725,870,546.27
Europe	229,407,085.64	188,850,118.62
North America	336,042,409.04	245,264,476.61
Others	17,456,862.17	15,452,755.56
Total	21,523,708,522.42	16,830,721,240.54
Classified by sales channel		
Direct sales	21,365,952,557.26	16,679,786,358.65
Dealers	157,755,965.16	150,934,881.89
Total	21,523,708,522.42	16,830,721,240.54

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

43. Operating Revenue and Operating Cost (Continued)

(2) Breakdowns of operating revenue and operating cost (Continued)

RMB

Items	Amount for the last year	
	Operating revenue	Operating cost
Category of commodities		
PV glass	13,681,797,758.21	10,491,982,451.08
Household glass	349,913,721.40	287,077,721.08
Architectural glass	595,576,936.84	511,726,345.20
Float glass	334,991,997.59	402,993,984.76
Mining product	439,401,222.43	334,899,114.03
Other business	59,161,590.89	19,511,263.46
Total	15,460,843,227.36	12,048,190,879.61
Classification by operating area		
China	12,085,756,436.22	9,523,238,154.31
Asia (excluding China)	2,896,259,491.82	2,145,357,427.62
Europe	209,666,541.16	167,105,058.48
North America	249,784,605.31	196,555,814.72
Others	19,376,152.85	15,934,424.48
Total	15,460,843,227.36	12,048,190,879.61
Classified by sales channel		
Direct sales	15,343,894,628.56	11,929,076,938.17
Dealers	116,948,598.80	119,113,941.44
Total	15,460,843,227.36	12,048,190,879.61

Notes to the Financial Statements

For the year ended 31 December 2023

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

43. Operating Revenue and Operating Cost (Continued)

(3) Performance obligations

The Group's main business activities are the production and sales of glass products. The contract for the relevant sale of goods normally contains only a performance obligation to deliver the goods, and the consideration for the sale of products is determined on the basis of a fixed price agreed in the sales contract or order. The Group recognises revenue at the point at which control of the related merchandise is transferred to the customer. The Group requires dealer customers to fully prepay the purchase payment before the delivery of the goods, and the normal credit period for direct sales customers is 30 to 120 days after the acceptance of the goods.

44. Taxes and Surcharges

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Resource tax	86,558,467.22	68,782,757.96
Land use tax	21,720,498.74	14,963,047.87
Property tax	30,054,594.83	14,218,406.68
Urban construction tax	16,389,285.91	9,232,289.95
Stamp duty	14,623,040.59	8,921,670.90
Education surcharge and local educational surcharges	14,069,796.59	8,864,015.56
Special fund for water conservancy construction	8,409,233.00	4,809,374.46
Environmental protection tax	5,500,320.07	3,707,836.30
Others	819,932.18	1,272,926.55
Total	198,145,169.13	134,772,326.23

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

45. Selling Expenses

Items	RMB	
	Amount for the year	Amount for last year
Assembling frame charges	87,904,224.29	91,984,450.42
Employee compensation and welfare	16,411,506.84	12,999,444.79
Marketing expenses	3,131,339.70	8,584,968.76
Depreciation and amortisation	430,240.74	114,911.16
Others	11,873,995.88	5,194,203.62
Total	119,751,307.45	118,877,978.75

46. Administrative Expenses

Items	RMB	
	Amount for the year	Amount for last year
Employee remuneration and benefits	107,853,598.87	123,458,626.26
Equity settled share-based payment	19,038,370.84	31,948,589.20
Depreciation and amortisation	33,532,066.57	29,741,951.34
Labor costs	18,005,720.22	19,388,648.41
Intermediary agency service fee	16,541,702.66	15,153,435.26
Green and environmental protection expenses	20,887,966.08	12,750,521.83
Office expenses	16,202,809.71	8,966,938.36
Rent expenses	15,009,588.78	6,229,289.14
Entertainment expenses	12,181,856.30	3,842,943.92
Audit expense	3,800,000.00	3,650,000.00
Transportation expenses	3,894,186.56	2,793,086.58
Travelling expenses	3,079,552.99	1,694,894.51
Decoration cost	14,742,255.95	1,594,066.17
Property insurance expense	1,077,289.30	1,155,383.95
Repair and maintenance fee	758,683.38	846,750.13
Others	15,595,087.32	14,326,819.43
Total	302,200,735.53	277,541,944.49

Notes to the Financial Statements

For the year ended 31 December 2023

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

47. Research and Development Expenses

	<i>RMB</i>	
Items	Amount for the year	Amount for last year
Direct material costs	376,382,945.64	345,461,477.21
Employee remuneration and benefits	158,455,919.87	125,721,278.69
Depreciation and amortisation	42,726,759.05	26,021,773.83
Others	19,184,868.14	26,025,655.78
Total	596,750,492.70	523,230,185.51

48. Finance Expenses

	<i>RMB</i>	
Items	Amount for the year	Amount for last year
Interest expenses	590,660,016.42	338,235,144.15
Including: Interest expense for lease liabilities	6,908,797.18	597,879.42
Less: Interest income	102,641,259.91	59,295,478.89
Handling fee	19,436,796.06	5,036,337.83
Exchange losses (gains)	(24,562,805.00)	(43,541,382.61)
Total	482,892,747.57	240,434,620.48

49. Other Revenues

	<i>RMB</i>	
Sources of other revenues	Amount for the year	Amount for last year
Government grants related to assets	12,059,550.23	12,710,376.58
Government grants related to revenues	63,736,606.18	64,742,011.50
Additional VAT credit	91,145,149.64	—
Total	166,941,306.05	77,452,388.08

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

50. Investment Income

	<i>RMB</i>	
Sources of investment income	Amount for the year	Amount for last year
Investment gains (losses) on disposal of derivative financial instruments	9,519,008.87	(6,351,420.00)
Long term equity investment income measured at equity method	18,159,670.48	7,566,505.74
Investment income from financial assets held for trading during the holding period	43,957.37	11,649,410.34
Total	27,722,636.72	12,864,496.08

51. Gains (losses) from Changes in Fair Value

	<i>RMB</i>	
Sources of gains (losses) from changes in fair value	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship		
– Gains (losses) from changes in fair value of forward foreign exchange contracts	125,618.46	(183,149.62)
– Losses from changes in fair value of interest rate swap contracts	(1,467,183.00)	–
– Gains (losses) from changes in fair value of foreign exchange option contracts	1,974,418.87	(1,645,558.36)
Total	632,854.33	(1,828,707.98)

Notes to the Financial Statements

For the year ended 31 December 2023

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

52. Credit Impairment Losses

Items	RMB	
	Amount for the year	Amount for last year
Credit impairment losses on bills receivable	(186,821.26)	(8,854,216.80)
Credit impairment losses on trade receivables	(77,626,284.27)	(30,220,242.38)
Total	(77,813,105.53)	(39,074,459.18)

53. Asset Impairment Losses

Items	RMB	
	Amount for the year	Amount for last year
Inventory impairment losses	(30,401,058.91)	(3,094,217.86)
Fixed assets impairment losses	(21,887,623.72)	–
Total	(52,288,682.63)	(3,094,217.86)

54. Losses on Disposal of Asset

Item	RMB	
	Amount for the year	Amount for last year
Losses on disposal of fixed assets	(7,086,732.47)	(8,899,606.56)

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

55. Non-Operating Income

	<i>RMB</i>	
Item	Amount for the year	Amount for last year
Others	4,101,236.71	1,435,472.21

56. Non-Operating Expense

	<i>RMB</i>	
Items	Amount for the year	Amount for last year
Public welfare donations	2,306,135.30	3,602,826.89
Others	1,342,047.61	172,066.69
Total	3,648,182.91	3,774,893.58

57. Income Tax Expense

	<i>RMB</i>	
Items	Amount for the year	Amount for last year
Current period income tax expenses	183,188,626.86	133,310,894.32
Income taxes refunded for the last year	(45,124,539.10)	(34,139,159.24)
Deferred income tax expenses	150,717,192.49	(69,076,400.01)
Total	288,781,280.25	30,095,335.07

Notes to the Financial Statements

For the year ended 31 December 2023

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

57. Income Tax Expense (Continued)

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

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Total profits	3,051,808,159.77	2,152,875,763.50
Income tax expense calculated at tax rate of 15% (2022: 15%)	457,771,223.97	322,931,364.53
Effect of subsidiaries to adapt different tax rates	24,677,376.69	28,126,207.94
Effect of non-deductible costs, expenses and losses	30,420,594.00	17,462,706.65
Refund of the income tax for last period	(45,124,539.10)	(34,139,159.24)
Tax effect on tax incentives	(105,453,884.59)	(238,451,049.41)
Effect of use of deductible losses on previously unrecognised deferred income tax asset	(817,238.95)	(2,808,143.58)
Effect of deductible losses and deductible temporary difference of unrecognised deferred income tax assets at end of the year	793,257.33	117,553.82
Effect on research and development costs plus deduction	(73,485,509.10)	(63,144,145.64)
Income tax expenses	288,781,280.25	30,095,335.07

58. Calculation of Basic Earnings Per Share and Diluted Earnings Per Share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders of the parent company is as follows:

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Net profit for the current period attributable to ordinary shareholders of the parent company	2,759,690,819.78	2,122,780,428.43
Less: cash dividends distributed in the current year to the holders of restricted shares expected to be unlocked in the future	526,456.00	763,600.00
Net profit attributable to the ordinary shareholders of the parent company for the current period for the purpose of the basic earnings per share	2,759,164,363.78	2,122,016,828.43

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

58. Calculation of Basic Earnings Per Share and Diluted Earnings Per Share (Continued)

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Items	Unit: Share	
	Amount for the year	Amount for last year
Number of ordinary shares outstanding at the beginning of the year	2,146,893,967.00	2,146,893,254.00
Add: Weighted number of ordinary shares of the year	83,039,221.00	(3,319,941.00)
Weighted number of outstanding ordinary shares at the end of the year	2,229,933,188.00	2,143,573,313.00

When calculating diluted earnings per share, the net profit attributable to ordinary shareholders of the parent company for the current period is:

Items	RMB	
	Amount for the year	Amount for last year
Net profit attributable to the ordinary shareholders of the parent company for the current period for the purpose of the earning per share	2,759,164,363.78	2,122,016,828.43
Add: cash dividends distributed in the current year to the holders of restricted shares expected to be unlocked in the future	526,456.00	763,600.00
The calculation of the diluted earnings per share of net profit attributable to the ordinary shareholders of the parent company for the current period	2,759,690,819.78	2,122,780,428.43

Notes to the Financial Statements

For the year ended 31 December 2023

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

58. Calculation of Basic Earnings Per Share and Diluted Earnings Per Share (Continued)

For the purpose of the diluted earnings per share is as follows:

Items	<i>Unit: Share</i>	
	Amount for the year	Amount for last year
Weighted number of ordinary shares outstanding at the end of the year for the purpose of earnings per share	2,229,933,188.00	2,143,573,313.00
Add: Impact on the weight number of the employee share incentive schemes of the Group	1,810,650.00	2,641,966.00
Weighted number of ordinary shares outstanding as at the end of the year	2,231,743,838.00	2,146,215,279.00

59. Notes to Items in the Cash Flow Statement

(1) Other cash received and related to business activities

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Government grants	69,362,106.18	110,546,811.50
Interest income	102,641,259.91	59,295,478.89
Operating margin	44,020,527.70	6,080,813.69
Others	4,101,236.71	1,435,472.21
Total	220,125,130.50	177,358,576.29

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

59. Notes to Items in the Cash Flow Statement (Continued)

(2) Other cash paid and related to operating activities

Items	RMB	
	Amount for the year	Amount for last year
Paid fees	638,902,935.88	565,400,205.19
Operating margin	35,010,850.00	40,987,243.66
Charitable donation expenses	2,306,135.30	3,602,826.89
Handling charge	19,436,796.06	5,036,337.83
Others	1,563,533.23	6,618,886.37
Total	697,220,250.47	621,645,499.94

(3) Other cash received and related to investment activities

Items	RMB	
	Amount for the year	Amount for last year
Recovery of restricted monetary funds such as wealth management margin	70,752,819.52	39,597,589.45
Project margin	29,728,500.00	9,701,500.00
Total	100,481,319.52	49,299,089.45

(4) Other cash paid and related to investment activities

Items	RMB	
	Amount for the year	Amount for last year
Recovery of restricted monetary funds such as wealth management margin	85,300,405.27	30,618,228.77
Project margin	31,769,000.00	26,163,414.87
Total	117,069,405.27	56,781,643.64

Notes to the Financial Statements

For the year ended 31 December 2023

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

59. Notes to Items in the Cash Flow Statement (Continued)

(5) Other cash received and related to fundraising activities

Items	RMB	
	Amount for the year	Amount for last year
Recovery of restricted monetary funds such as bill deposit	1,948,032,884.86	1,659,478,591.77
Total	1,948,032,884.86	1,659,478,591.77

(6) Other cash paid and related to fundraising activities

Items	RMB	
	Amount for the year	Amount for last year
Payment of restricted monetary funds such as bill deposit	2,457,485,287.63	1,540,582,744.11
Payment of lease fees	37,764,363.78	—
Total	2,495,249,651.41	1,540,582,744.11

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

60. Supplementary Information for Cash Flow Statement

(1) Supplementary information for cash flow statement

	RMB	
<u>Supplementary information</u>	<u>Amount for the year</u>	<u>Amount for last year</u>
(1) Adjust net profit to cash flow from operating activities		
Net profit	2,763,026,879.52	2,122,780,428.43
Add: Asset impairment provision	52,288,682.63	3,094,217.86
Credit impairment losses	77,813,105.53	39,074,459.18
Investment property amortisation	13,321,387.96	1,431,470.40
Depreciation of fixed assets	1,214,690,437.13	805,494,206.43
Depreciation of right-of-use assets	13,151,006.84	5,004,335.20
Amortisation of intangible assets	592,372,531.84	498,092,486.99
Amortisation of long-term fees	11,567,529.02	2,719,052.46
Losses for disposal of fixed assets, intangible assets other long-term assets	7,086,732.47	8,899,606.56
Losses (gains) on fair value change	(632,854.33)	1,828,707.98
Financial expenses	598,487,324.56	393,254,203.27
Investment gains	(27,722,636.72)	(12,864,496.08)
Increase in deferred income tax assets	(127,150,023.27)	(88,392,572.46)
Increase in deferred income tax liabilities	277,867,215.76	19,316,172.45
Decrease (increase) in inventory	364,476,449.61	(122,941,654.17)
Increase in operating receivables	(3,767,313,485.98)	(4,735,708,423.46)
Decrease (increase) in operating payables	(126,959,824.58)	1,203,370,256.79
Deferred income amortisation	(12,059,550.23)	(12,710,376.58)
Increase in special reserve	23,831,612.79	13,206,977.30
Equity settled share-based payment	19,038,370.84	31,948,589.20
Net cash flow from operating activities	1,967,180,891.39	176,897,647.75
(2) Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	5,479,316,299.60	2,319,081,464.51
Less: Opening balance of cash and cash equivalents	2,319,081,464.51	2,101,730,679.46
Net decrease in cash and cash equivalents	3,160,234,835.09	217,350,785.05

Notes to the Financial Statements

For the year ended 31 December 2023

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

60. Supplementary Information for Cash Flow Statement (Continued)

(2) Component of cash and cash equivalents

RMB

Items	Closing balance	Opening balance
1. Cash	5,479,316,299.60	2,319,081,464.51
Including: Cash on hand	18,273.37	15,002.78
Blank deposit available for payment	5,479,298,026.23	2,319,066,461.73
Other monetary funds available for payment	-	-
2. Cash equivalents	-	-
Cash and cash equivalents at the end of the year	5,479,316,299.60	2,319,081,464.51

61. Assets with Restricted Ownership or Use Rights

RMB

Items	Book value at the end of the year	Reasons for restriction
Monetary funds	1,137,071,368.20	Bills deposits, deposit certificate pledge, electricity fee income pledge, etc.
Financing receivables	80,199,303.43	Pledged to bank to obtain credit facilities
Investment property	15,939,290.23	Pledged to bank to obtain credit facilities
Fixed assets	1,948,240,881.71	Pledged to bank to obtain credit facilities
Construction in progress	93,287,049.55	Pledged to bank to obtain credit facilities
Intangible assets	456,694,315.25	Pledged to bank to obtain credit facilities
Total	3,731,432,208.37	

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

62. Foreign Currency Monetary Items

Items	Foreign currency amounts	Closing balance	
		Translation exchange rate	RMB amounts
Cash at bank and on hand			
Including: USD	149,815,378.64	7.0827	1,061,097,382.26
EUR	3,772,519.23	7.8592	29,648,983.12
JPY	93,417,456.00	0.0502	4,690,770.89
HKD	190,112,564.44	0.9062	172,283,808.15
AUD	273,376.91	4.8484	1,325,440.61
GBP	3,870.78	9.0411	34,996.11
Total			1,269,081,381.14
Trade receivables			
Including: USD	96,637,756.09	7.0827	684,456,235.08
EUR	796,683.93	7.8592	6,261,298.34
Total			690,717,533.42
Other receivables			
Including: HKD	3,970.00	0.9062	3,597.69
Total			3,597.69
Trade payables			
Including: USD	3,068,753.69	7.0827	21,735,061.79
EUR	220,600.00	7.8592	1,733,739.52
Total			23,468,801.31
Other payables			
Including: USD	819,876.89	7.0827	5,806,942.05
Total			5,806,942.05
Borrowings			
Including: USD	88,000,000.00	7.0827	623,277,600.00
HKD	187,200,000.00	0.9062	169,644,384.00
Total			792,921,984.00

Notes to the Financial Statements

For the year ended 31 December 2023

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

63. Operating Lease Arrangement

Revenue from operating leases for the year amounted to RMB8,112,882.00 (last year: RMB7,399,338.74). Total undiscounted lease receipts in each of the five accounting years after the balance sheet date and in subsequent years are as follows:

	<i>RMB</i>	
	Closing balance	Opening balance
Undiscounted lease receipts:		
1 year after the balance sheet date	8,473,727.28	7,522,661.08
2 years after the balance sheet date	3,963,645.46	7,769,305.70
3 years after the balance sheet date	762,756.49	3,237,210.71
4 years after the balance sheet date	800,894.31	–
5 years after the balance sheet date	305,796.01	–
Total	14,306,819.55	18,529,177.49

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

RMB

Items	Closing balance	Opening balance
Financial asset		
Cash at bank and on hand	6,616,387,667.80	2,932,152,844.19
Held-for-trading financial assets	230,000,000.00	2,000,000.00
Derivative financial asset	623,194.84	–
Bills receivable	1,593,420,392.78	2,505,753,674.34
Trade receivables	3,685,519,572.47	2,811,090,070.19
Receivables financing	2,006,375,691.99	784,825,969.52
Other receivables	110,981,841.18	101,299,773.96
Total	14,243,308,361.06	9,137,122,332.20
Financial liabilities		
Derivative financial liabilities	1,756,309.49	1,765,968.98
Bills payable	914,048,358.15	964,727,516.59
Trade payables	4,520,361,509.42	4,100,044,464.81
Other payables (excluding interests payable)	104,007,619.84	638,603,416.10
Bonds payable (including interests payable)	3,768,497,475.59	3,596,108,827.51
Lease liabilities (including due within one year)	575,787,267.82	12,616,801.58
Borrowings (including interests payable)	9,759,128,241.05	8,253,530,792.57
Total	19,643,586,781.36	17,567,397,788.14

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.

The Group adopts sensitivity analysis to analyze the potential impact of possible reasonable changes in risk variables on current profits and losses or owner's equity. As risk variables seldom change alone and the correlation between variables greatly accounts for the final effect from a change in a certain risk variable, the following assume that the change of each variable is independent.

Notes to the Financial Statements

For the year ended 31 December 2023

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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 maximise 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 exposure to 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 principal activities of the Company and its domestic subsidiaries are denominated and settled in RMB. Subsidiaries of the Group within Vietnam mainly use VND for settlement and denomination. Subsidiaries of the Group within Indonesia mainly use IDR for settlement and denomination. 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 31 December 2023, 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 (VI) 62 may impact the Group's operating results.

RMB

Items	Closing balance	Opening balance
Cash and cash equivalents	1,269,081,381.14	678,593,517.48
Trade receivables	690,717,533.42	662,057,627.04
Other receivables	3,597.69	3,546.28
Trade payables	23,468,801.31	39,676,495.18
Other payables	5,806,942.05	2,046,428.53
Borrowings	792,921,984.00	950,326,348.86

The Group closely monitors exchange rate movements and formulates relevant hedging policies to reduce foreign exchange risk. Foreign exchange forward contracts can be used to eliminate foreign exchange risk. For the year ended 31 December 2023, the Group entered into contracts in relation to foreign currency assets equivalent to RMB176,737,130.93 (equivalent to USD24,953,355.49). For details, please refer to Notes (VI)3 and 21.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.1 Market risk (Continued)

1.1.1 Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange risk

The following table details the sensitivity of this Group to 5% of the change of foreign exchanges rate from functional currency of related group entities (including: RMB and VND) to other foreign currencies. Internal reports to senior management adopt such ratio of 5% which represents the estimation of the management on the possible changes of foreign exchange rate. The Group's foreign exchange risk sensitivity analysis at the reporting date includes only monetary items denominated in foreign currencies and does not consider the impact of the derivative financial instruments purchased. Positive refers to an increase in profit before tax due to exchange rate changes, and negative refers to a decrease in profit before tax due to exchange rate changes.

<i>RMB</i>					
Items	Changes in the exchange rates	Amount for the year		Amount for last year	
		Impact on profit before tax	Impact on Shareholder's equity	Impact on profit before tax	Impact on Shareholder's equity
Entities using RMB as functional currency					
USD	Appreciation of 5% against RMB	31,614,723.17	31,614,723.17	7,758,275.68	(7,758,275.68)
USD	Depreciation of 5% against RMB	(31,614,723.17)	(31,614,723.17)	(7,758,275.68)	7,758,275.68
EUR	Appreciation of 5% against RMB	1,708,827.10	1,708,827.10	712,709.87	712,709.87
EUR	Depreciation of 5% against RMB	(1,708,827.10)	(1,708,827.10)	(712,709.87)	(712,709.87)
JPY	Appreciation of 5% against RMB	234,538.54	66,272.06	246,982.45	246,982.45
JPY	Depreciation of 5% against RMB	(234,538.54)	(66,272.06)	(246,982.45)	(246,982.45)
HKD	Appreciation of 5% against RMB	17,096,589.49	17,096,589.49	167,740.60	167,740.60
HKD	Depreciation of 5% against RMB	(17,096,589.49)	(17,096,589.49)	(167,740.60)	(167,740.60)
GBP	Appreciation of 5% against RMB	1,749.81	1,749.81	1,641.73	1,641.73
GBP	Depreciation of 5% against RMB	(1,749.81)	(1,749.81)	(1,641.73)	(1,641.73)
AUD	Appreciation of 5% against RMB	66,272.03	66,272.03	85,271.90	85,271.90
AUD	Depreciation of 5% against RMB	(66,272.03)	(66,272.03)	(85,271.90)	(85,271.90)
Entities using VND as functional currency					
USD	Appreciation of 5% against VND	23,121,977.51	23,121,977.51	23,970,912.46	23,970,912.46
USD	Depreciation of 5% against VND	(23,121,977.51)	(23,121,977.51)	(23,970,912.46)	(23,970,912.46)
EUR	Appreciation of 5% against VND	-	-	3,287.59	3,287.59
EUR	Depreciation of 5% against VND	-	-	(3,287.59)	(3,287.59)

Notes to the Financial Statements

For the year ended 31 December 2023

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.1 Market risk (Continued)

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 31 December 2023, the Group's floating borrowings amounted to RMB6,420,362,000.00 (31 December 2022: RMB6,527,126,348.86) (please refer to Notes (VI) 20 and 30). The management of the Group closely monitors interest rate risk. The Group's policy is to maintain the floating interest rate of these loans. At present, there is no interest rate swap arrangement.

Sensitivity analysis of interest rate risk

The sensitivity analysis below is prepared based on the interest rate risk faced by non-derivative instruments at the end of each reporting period. When reporting interest rate risk to the management, the assumption of a 100 basis point increase or decrease for bank borrowings with floating interest rate provisions and a 50 basis point increase or decrease for bank deposits represents the management's estimates of possible changes in deposit-related interest rates.

If the bank borrowing interest rate rises by 100 basis points, the bank deposit interest rate rises by 50 basis points, and all other variables remain unchanged, the Group's net profit increase and decrease for the year ended 31 December 2023 (excluding the impact of interest capitalisation) is as follows:

	<i>RMB</i>	
	Closing balance	Opening balance
Decrease in net profit	45,910,401.35	45,938,801.19
Decrease in shareholders' equity	45,910,401.35	45,938,801.19

If the bank borrowing interest rate drops by 100 basis points, the bank deposit interest rate decreases by 50 basis points, and all other variables remain unchanged, the annual net profit and year-end shareholders' equity will increase by the same amount as described above.

The management believes that the above sensitivity analysis does not represent interest rate risk because the year-end risk exposure does not reflect the risk exposure for the year.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.2 Credit risk

As at 31 December 2023, 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 (Note (VI) 1), bills receivable (Note (VI) 4), trade receivables (Note (VI) 5) financing receivables (Note (VI) 6) other receivables (Note (VI) 8), etc., and held-for-trading financial assets (Note (VI) 2) and derivative financial assets that are not included in the scope of impairment assessment (Note (VI) 3), etc. As 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 31 December 2023, the Group's accounts receivable balance with the top five customers was RMB2,344,969,332.34 (31 December 2022: RMB1,494,010,210.89), accounting for 60.97% of the Group's account receivable balance (31 December 2022: 51.60%). 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.

Notes to the Financial Statements

For the year ended 31 December 2023

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk Management Objectives and Policies (Continued)

1.3 Liquidity risk (Continued)

According to the term to maturity of non-discounted and remaining contract obligations, the financial liabilities held by the Group are analyzed as below:

RMB

<u>Closing balance</u>	<u>Within three months</u>	<u>Three months to one year</u>	<u>One to two years</u>	<u>Two to five years</u>	<u>Over five years</u>
Short-term borrowings	660,879,872.63	1,282,117,451.45	-	-	-
Bills payable	253,312,098.46	660,736,259.69	-	-	-
Trade payables	4,520,361,509.42	-	-	-	-
Other payables (excluding interests payable)	104,007,619.84	-	-	-	-
Long-term borrowings	158,869,805.26	1,093,064,239.13	2,693,610,223.48	3,333,393,006.03	1,250,897,380.78
Bonds payables	-	32,417,396.51	67,430,136.99	4,559,802,739.72	-
Lease liabilities	9,782,076.13	29,346,228.38	39,128,304.50	116,222,868.60	745,912,208.76
Total	5,707,212,981.74	3,097,681,575.16	2,800,168,664.97	8,009,418,614.35	1,996,809,589.54

2. Capital Management

The Group manages capital by optimising the structure of liabilities and shareholders' equity to ensure that entities within the Group maintain operations while maximising 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.

(VIII) 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
Fair value as at 31 December 2023				
I. Continuous fair value				
(I) Trading financial assets – financial products	–	–	230,000,000.00	230,000,000.00
(II) Financing receivables	–	–	2,006,375,691.99	2,006,375,691.99
(III) Derivative financial assets	–	623,194.84	–	623,194.84
(IV) Derivative financial liabilities	–	1,756,309.49	–	1,756,309.49
Fair value as at 31 December 2022				
I. Continuous fair value				
(I) Trading financial assets – financial products	–	–	2,000,000.00	2,000,000.00
(II) Financing receivables	–	–	784,825,969.52	784,825,969.52
(III) Derivative financial liabilities	–	1,765,968.98	–	1,765,968.98

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

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

3. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Second Level of Continuous and Non-continuous Fair Value Measurement

RMB

Items	Fair value as at 31 December 2023	Valuation techniques	Main input value
Financial assets at FVTPL – derivative financial assets	623,194.84	Market method	Forward exchange rate
Financial assets at FVTPL – derivative financial liabilities	1,756,309.49	Market method	Forward exchange rate

Notes to the Financial Statements

For the year ended 31 December 2023

(VIII) DISCLOSURE OF FAIR VALUE (Continued)

4. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Third Level of Fair Value Measurement Items

RMB

Item	Fair value as at 31 December 2023	Valuation technique	Significant unobservable input	Range
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	2,006,375,691.99	Discounted cash flow method	Expected discount rate	1.89%

Continuous level-3 fair value measurement items, the reconciliation information between the book values at the beginning and the end of the period and the sensitivity analysis of unobservable parameters

Item	1 January 2023	Total gains or losses for current year		Purchase, issuance, sales and settlement			31 December 2023	Assets held at the end of the reporting period are included in profit or loss for the change of unrealized gains or losses for current year			
		Transferred into Level 3	Transferred out of Level 3	Included in profit or loss	Included in other comprehensive income	Purchase/increase			Issuance	Sales	Settlement/decrease
Trading financial assets – bank wealth management products	2,000,000.00	-	-	43,957.37	-	230,000,000.00	-	-	2,043,957.37	230,000,000.00	-
Financing receivables	784,825,969.52	-	-	-	(10,792,892.09)	11,702,874,834.69	-	-	10,470,532,220.13	2,006,375,691.99	-

5. 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.

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related parties with controlling relationship

The actual controllers of the Group are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei.

2. The Group's subsidiaries

Please refer to Note (V) for relevant information of subsidiaries.

3. Associates of the Group

Associates that had related party transactions with the Group in the year are as follows:

<u>Name of enterprise</u>	<u>Relationship with the Group</u>
Kaihong Flat	Associate
JiaXing Gas	Associate

4. Related Party Transactions

<u>Enterprise name</u>	<u>Relationship with the connected party</u>
Jiaxing Yihe Investment Co., Ltd.*	Controlled by one of the actual controllers of the Company
Fengyang Hongding Port Co., Ltd.*	Controlled by one of the actual controllers of the Company

5. Related Party Transaction

(1) Sales of goods

			<i>RMB</i>
<u>Related party</u>	<u>Content of the related party transaction</u>	<u>Amount for the year</u>	<u>Amount for last year</u>
Kaihong Flat	Sales of goods	–	8,559.20

* for identification purpose only

Notes to the Financial Statements

For the year ended 31 December 2023

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transaction (Continued)

(2) Purchase of goods/accepting labor service

			<i>RMB</i>
<u>Related party</u>	<u>Content of the related party transaction</u>	<u>Amount for the year</u>	<u>Amount for last year</u>
JiaXing Gas	Purchase of raw materials	395,233,618.55	311,486,939.34
Kaihong Flat	Accepting labor service	339,499,473.40	301,806,368.11
Total		734,733,091.95	613,293,307.45

(3) Related rental income

			<i>RMB</i>
<u>Related party</u>	<u>Content of the related party transaction</u>	<u>Amount for the year</u>	<u>Amount for last year</u>
Kaihong Flat	House lease	322,924.48	-

(4) Related rental expense

			<i>RMB</i>
<u>Related party</u>	<u>Content of the related party transaction</u>	<u>Amount for the year</u>	<u>Amount for last year</u>
Jiaxing Yihe Investment Co., Ltd.*	House lease	8,499,629.28	8,499,629.28
Fengyang Hongding Port Co., Ltd.*	Pier lease	1,651,376.15	1,651,376.16
Total		10,151,005.43	10,151,005.44

* for identification purpose only

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transaction (Continued)

(5) Remuneration of key management personnel

Item	RMB	
	Amount for the year	Amount for last year
Remuneration of key management personnel	9,607,586.02	8,282,035.80

6. Amounts Due to/from Related Parties

Items	Related parties	RMB	
		Closing balance	Opening balance
Advance Payments	Jiaxing Gas	3,902,913.28	3,521,885.74
Other receivables	Jiaxing Gas	1,500,000.00	1,500,000.00
Other current assets	Fengyang Hongding Port Co., Ltd.*	412,844.04	412,844.04
Trade payables	Kaihong Flat	63,608,501.48	61,814,588.62
Trade payables	Jiaxing Yihe Investment Co., Ltd.*	270,616.47	134,441.53
Total		63,879,117.95	61,949,030.15
Contract liabilities	Kaihong Flat	–	25,604.55
Other payables	Kaihong Flat	400,000.00	300,000.00

Notes to the Financial Statements

For the year ended 31 December 2023

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration

2023

RMB

Name	Remuneration	Salaries and other benefits (Note 1)	Bonus (Note 3)	Post-employment benefits (Note 2)	Total
Executive Directors					
Ruan Hongliang	-	1,171,946.78	36,000.00	38,821.17	1,246,767.95
Jiang Jinhua	-	844,244.28	36,000.00	-	880,244.28
Ruan Zeyun	-	1,032,197.41	36,000.00	69,639.90	1,137,837.31
Wei Yezhong	-	617,358.25	36,000.00	38,821.17	692,179.42
Shen Qifu	-	613,770.65	36,000.00	34,323.70	684,094.35
Independent non-executive Directors					
Hua Fulan	100,000.00	-	-	-	100,000.00
Xu Pan	100,000.00	-	-	-	100,000.00
Ng Yau Kuen Carmen	188,080.47	-	-	-	188,080.47
Total	388,080.47	4,279,517.37	180,000.00	181,605.94	5,029,203.78

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration (Continued)

2022

Name	Remuneration	Salaries and other benefits (Note 1)	Bonus (Note 3)	Post-employment benefits (Note 2)	RMB
					Total
Executive Directors					
Ruan Hongliang	–	1,026,156.60	141,874.00	40,072.79	1,208,103.39
Jiang Jinhua	–	761,417.08	115,914.00	–	877,331.08
Wei Yezhong	–	589,632.60	60,595.00	40,072.79	690,300.39
Shen Qifu	–	587,291.88	62,974.00	32,362.80	682,628.68
Independent non-executive Directors					
Hua Fulan	100,000.00	–	–	–	100,000.00
Xu Pan	100,000.00	–	–	–	100,000.00
Ng Yau Kuen Carmen	192,109.54	–	–	–	192,109.54
Total	392,109.54	2,964,498.16	381,357.00	112,508.38	3,850,473.08

Note 1: Other benefits include housing provident fund, medical insurance, work injury insurance, and maternity insurance borne by the Company.

Note 2: Post-employment benefits include endowment insurance and unemployment insurance undertaken by the Company.

Note 3: The bonus is determined based on the Director's performance.

Notes to the Financial Statements

For the year ended 31 December 2023

(IX) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

7. Directors' Remuneration (Continued)

The top five highest paid employees this year are two directors (last year: one), and their remunerations have been reflected in Directors' salaries. The salaries of the other three members (last year: four) are as follows:

RMB

	Total of this year	Total of last year
Salaries and other benefits	3,247,224.97	3,723,452.26
Post-employment benefits	147,282.29	209,245.54
Bonus	108,000.00	533,423.00
Total	3,502,507.26	4,466,120.80

Pay range:

	Number of this year	Number of last year
Below HK\$1,000,000	–	–
HK\$1,000,000 to HK\$1,500,000	5	5
HK\$1,500,000 to HK\$2,000,000	–	–

(X) SHARE-BASED PAYMENTS

1. Details of share-based payments

(1) *Restricted A Share Incentive Scheme*

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

Authorised by the Company’s 2019 annual general meeting, the first A share class meeting in 2020, and the first H share class meeting in 2020, the Company held the second meeting of the sixth session of the board of directors on 25 May 2021, in which the Resolution on the Reserved Grant of the Restricted A Shares To Participants was reviewed and approved. According to the resolution, the Company set the grant date on 25 May 2021 and granted 700,000 restricted A shares to 3 eligible participants, at the grant price of RMB14.23 per share. As of 25 July 2021, the Company has received a total of RMB9,961,000.00 of funds paid by 3 participants to subscribe for 700,000 RMB ordinary shares (A shares). The lock-up periods for the restricted shares are 12 months, 24 months, 36 months, 48 months, and 60 months from the date of completion of the first grant registration. For the restricted shares that have not been applied for unlocking or cannot be applied for unlocking due to failure to meet the unlocking 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 incentive scheme.

Notes to the Financial Statements

For the year ended 31 December 2023

(X) SHARE-BASED PAYMENTS (Continued)

1. Details of share-based payments (Continued)

(1) *Restricted A Share Incentive Scheme (Continued)*

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

The Company held the 23rd meeting of the sixth session of the board of directors and the 20th meeting of the sixth session of the board of supervisors on 1 June 2022 to review and approve the Resolution About the First Grant of the 2020 Restricted A Share Incentive Scheme for the Reserved Part of the First Unlocking Period for the Achievement of Removing the Sales Restriction Conditions. According to the resolution, we lifted the sales restriction of the 140,000 restricted shares that met the conditions for lifting the restriction during the first lock-up period. The lifting of restrictions on sales has been authorised by the Company's 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020.

The Company held the 27th meeting of the sixth session of the board of directors and the 23rd meeting of the sixth session of the board of supervisors on 15 August 2022 to review and approve the Resolution About the First Grant of the 2020 Restricted A Share Incentive Scheme for the Reserved Part of the Second Unlocking Period for the Achievement of Removing the Sales Restriction Conditions. According to the resolution, we lifted the sales restriction of the 920,000 restricted shares that met the conditions for lifting the restriction during the second lock-up period. The lifting of restrictions on sales has been authorised by the Company's 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020.

The Company held the 37th meeting of the sixth session of the board of directors and the 29th meeting of the sixth session of the board of supervisors on 6 June 2023 to review and approve the Resolution About the First Grant of the 2020 Restricted A Share Incentive Scheme for the Reserved Part of the Second Unlocking Period for the Achievement of Removing the Sales Restriction Conditions. According to the resolution, we lifted the sales restriction of the 140,000 restricted shares that met the conditions for lifting the restriction during the second lock-up period. The lifting of restrictions on sales has been authorised by the Company's 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020.

The Company held the 43rd meeting of the sixth session of the board of directors and the 34th meeting of the sixth session of the board of supervisors on 8 September 2023 to review and approve the Resolution About the First Grant of the 2020 Restricted A Share Incentive Scheme for the Reserved Part of the Third Unlocking Period for the Achievement of Removing the Sales Restriction Conditions. According to the resolution, we lifted the sales restriction of the 920,000 restricted shares that met the conditions for lifting the restriction during the third lock-up period. The lifting of restrictions on sales has been authorised by the Company's 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020.

(X) SHARE-BASED PAYMENTS (Continued)

1. Details of share-based payments (Continued)

(2) Share Option Scheme

According to the Resolution About the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. (Draft) and Its Summary, Resolution on the Administrative Measures for the Implementation of the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. which were reviewed and approved by the seventh meeting of the sixth session of the board of directors and the fifth meeting of the sixth session of the board of supervisors held by the Company on 17 August 2021, the Resolution on the 2021 A Share Option Incentive Scheme of Flat Glass Group Co., Ltd. (Revised Draft) and Its Summary and Resolution on Flat Glass Group Co., Ltd. 2021 A Share Option Incentive Scheme (Revised Draft) which were reviewed and approved by the eighth meeting of the sixth session of the board of directors held on 12 October 2021 and the sixth meeting of the sixth session of the board of supervisors, the Resolution on the First Grant of 2021 A Share Options to Participant, which was reviewed and approved by the eleventh meeting of the sixth session of the board of directors held by the company on 19 November 2021 by authorisation of the Company's third extraordinary general meeting in 2021, the third A share class meeting in 2021 and the third H share class meeting in 2021, the first grant date was set on 19 November 2021 and 5,341,072 A share options were granted to 288 eligible participants, with exercise price RMB44.02 per share. During the share option registration process after the authorisation date was determined, 5 participants gave up the subscription due to personal reasons. The company actually granted a total of 5,245,472 A share options to 283 participants. The lock-up periods for the exercise periods of the first grant of share options are 12 months, 24 months, 36 months, 48 months, and 60 months from the date of first grant of partial share options. The share options not fulfilling the exercise conditions during the above lock-up periods shall not be exercised or deferred to the next exercise period, and the Company shall cancel the corresponding share options of the participants according to the terms stipulated in the incentive scheme. After the expiration of each exercise period of the share options, the relevant share options that have not been exercised by the participants shall be terminated, and the Company will cancel the share options.

	Share option incentive scheme 2021	<i>Share</i> Restricted A Share Incentive Scheme for 2020
Total equity instruments outstanding at the beginning of the year	4,196,377.60	3,320,000.00
Total equity instruments granted for the current year	-	-
Total equity instruments unlocked for the current year	(1,049,094.40)	(1,060,000.00)
Total equity instruments outstanding at the end of the year	3,147,283.20	2,260,000.00
Exercise price in respect of equity instruments outstanding at the end of the year	RMB44.02	RMB7.29
Remaining contract terms in respect of equity instruments outstanding at the end of the year	Approximately 2.9 years	Approximately 1.6 years

Notes to the Financial Statements

For the year ended 31 December 2023

(X) SHARE-BASED PAYMENTS (Continued)

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 recognised into capital reserves	18,128,750.73	85,508,843.62
Total recognised fees of share-based payment settled in equity in the current year	7,401,103.39	11,637,267.45

(X) SHARE-BASED PAYMENTS (Continued)

2. Equity settled share-based payments (Continued)

Determination method of fair value of equity instruments: The fair value is determined using Black-Scholes Model. The related data as at the grant date entered to the model are as below:

	Share option incentive scheme 2021
Exercise price of share option	RMB44.02/share
Market price on the date of share grant	RMB42.89/share
Standard Deviation – Annualised Volatility	14.73%–18.71%
Risk free rate	1.50%–2.75%
Expected duration	5 years

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant Matters of Commitments

Capital Commitment

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

	Closing balance	Opening balance
Contracted but not confirmed in the financial statements Purchase		
– Build long-term asset commitments	4,492,127,667.04	4,698,251,664.98
– Investment commitment	–	520,947,600.00

2. Contingencies

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

(XII) EVENTS AFTER THE BALANCE SHEET DATE

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, intending to repurchase part of RMB ordinary A Shares with its self-owned funds for the implementation of share incentive or employee stock ownership scheme. The total amount of funds for the repurchase will not be less than RMB300 million (inclusive) and not more than RMB600 million (inclusive), and the price for the repurchase will be no more than RMB30 per share (inclusive) and the price shall not exceed 150% of the average trading price of the Company's shares in the 30 trading days prior to the Board's approval of the resolution on the repurchase. The repurchase period shall be not more than 6 months from the date on which the Board considered and approved the repurchase plan.

Notes to the Financial Statements

For the year ended 31 December 2023

(XIII) OTHER SIGNIFICANT MATTERS

1. Segment Report

According to the internal organisational 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. Transfer transactions between segments are measured on the basis of actual transaction prices, and segment revenue and segment expenses are determined based on the actual revenue and expenses of each segment.

(1) Segment report information

RMB

	Amount for the year						Mutual offset among segments	Total
	PV glass	Household glass	Architectural glass	Float glass	Mining products	Other business		
Segment operating revenue	19,676,531,705.61	328,383,288.15	582,707,703.55	342,204,685.60	435,376,908.44	158,504,231.07	-	21,523,708,522.42
Segment operating costs	15,260,010,550.61	290,560,652.88	519,852,974.98	354,566,859.90	320,262,703.86	85,467,498.31	-	16,830,721,240.54
Segment profit	4,416,521,155.00	37,822,635.27	62,854,728.57	(12,362,174.30)	115,114,204.58	73,036,732.76	-	4,692,987,281.88
Adjusted items								
Less: Taxes and surcharges								198,145,169.13
Selling expenses								119,751,307.45
Administrative expenses								302,200,735.53
Research and development expenses								596,750,492.70
Financial expenses								482,892,747.57
Including: Interest expense								590,660,016.42
Interest income								102,641,259.91
Add: Other income								166,941,306.05
Investment income								27,722,636.72
Including: Gains on investment in associates								18,159,670.48
Losses from changes in fair value								632,854.33
Credit impairment losses								(77,813,105.53)
Asset impairment losses								(52,288,682.63)
Losses on disposal of assets								(7,086,732.47)
II. Operating profit								3,051,355,105.97
Add: Non-operating income								4,101,236.71
Less: Non-operating expenses								3,648,182.91
III. Total profit								3,051,808,159.77
Less: Income tax expense								288,781,280.25
IV. Net profit								2,763,026,879.52

(XIII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(1) Segment report information (Continued)

RMB

	Amount for last year						Mutual offset among segments	Total
	PV glass	Household glass	Architectural glass	Float glass	Mining products	Other business		
Segment operating revenue	13,681,797,758.21	349,913,721.40	595,576,936.84	334,991,997.59	439,401,222.43	59,161,590.89	-	15,460,843,227.36
Segment operating costs	10,491,982,451.08	287,077,721.08	511,726,345.20	402,993,984.76	334,899,114.03	19,511,263.46	-	12,048,190,879.61
Segment profit	3,189,815,307.13	62,836,000.32	83,850,591.64	(68,001,987.17)	104,502,108.40	39,650,327.43	-	3,412,652,347.75
Adjusted items								
Less: Taxes and surcharges								134,772,326.23
Selling expenses								118,877,978.75
Administrative expenses								277,541,944.49
Research and development expenses								523,230,185.51
Financial expenses								240,434,620.48
Including: Interest expense								338,235,144.15
Interest income								59,295,478.89
Add: other income								77,452,388.08
Investment income								12,864,496.08
Including: Gains on investment in associates								7,566,505.74
Losses from changes in fair value								(1,828,707.98)
Credit impairment losses								(39,074,459.18)
Asset impairment losses								(3,094,217.86)
Losses on disposal of assets								(8,899,606.56)
II. Operating profit								2,155,215,184.87
Add: Non-operating income								1,435,472.21
Less: Non-operating expenses								3,774,893.58
III. Total profit								2,152,875,763.50
Less: Income tax expense								30,095,335.07
IV. Net profit								2,122,780,428.43

Notes to the Financial Statements

For the year ended 31 December 2023

(XIII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(2) Income by geographical area

Items	RMB	
	Amount for the year	Amount for last year
PRC	17,200,202,835.78	12,085,756,436.22
Asia (excluding the PRC)	3,740,599,329.79	2,896,259,491.82
Europe	229,407,085.64	209,666,541.16
North America	336,042,409.04	249,784,605.31
Others	17,456,862.17	19,376,152.85
Total	21,523,708,522.42	15,460,843,227.36

(3) Non-current assets by location

Items (Note)	RMB	
	Closing balance	Opening balance
PRC	24,230,780,063.35	18,107,901,929.91
Vietnam	1,698,540,913.87	1,799,972,669.41
Total	25,929,320,977.22	19,907,874,599.32

Note: The above non-current assets do not include deferred income tax assets.

The management of the Group does not evaluate the assets and liabilities of the above operating segments, hence no the assets and liabilities of the above reporting segments were not disclosed.

(XIII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(4) Reliance on major customers

In 2023, the income from 3 customers for PV glass segment account for 16%, 13% and 10% (2022: 15%, 14% and 9%) of the Group's total revenue in 2023, respectively.

2. Net profit for the year had deducted the following items

Items	RMB	
	Amount for the year	Amount for last year
Employees' salaries (including directors' salaries)	801,372,702.30	679,722,872.95
Basic pension insurance	67,280,139.76	55,168,030.14
Total employees' salaries	868,652,842.06	734,890,903.09
Audit fee	3,800,000.00	3,650,000.00
Depreciation and amortisation (included in operating cost, selling expenses, administrative expenses and research and development expenses)	1,845,102,892.79	1,312,741,551.48
Leases	21,532,230.38	13,971,345.55
Inventory selling costs	14,141,417,266.87	10,625,317,831.86
Provision for impairment of inventories	30,401,058.91	3,094,217.86
Impairment of fixed assets	21,887,623.72	—

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Items	Foreign currency amounts	Closing balance	
		Translation exchange rate	RMB amounts
Cash:			
RMB	17,656.37	1.0000	17,656.37
Bank deposit:			
RMB	–	–	1,239,455,155.87
USD	1,925,350.88	7.0827	13,636,682.66
EUR	384,514.38	7.8592	3,021,975.41
AUD	273,376.91	4.8484	1,325,440.61
JPY	3,262,224.00	0.0502	163,806.05
HKD	164,019.66	0.9062	148,637.90
GBP	3,870.78	9.0411	34,996.11
Other currency capital:			
RMB			83,946,570.92
USD	20,240,149.03	7.0827	143,354,903.53
JPY	12.00	0.0502	0.60
Total			1,485,105,826.03

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Cash at Bank and on Hand (Continued)

RMB

Items	Opening balance		RMB amounts
	Foreign currency amounts	Translation exchange rate	
Cash:			
RMB	—	—	12,539.79
Bank deposit:			
RMB	—	—	900,283,030.69
USD	1,856,809.98	6.9646	12,931,938.78
EUR	548,637.17	7.4229	4,072,478.85
AUD	282,743.53	4.7138	1,332,796.45
JPY	3,269,399.00	0.0524	171,179.19
HKD	164,019.66	0.8933	146,513.84
GBP	3,911.63	8.3941	32,834.61
Other currency capital:			
RMB	—	—	305,883,669.00
USD	17,240,027.33	6.9646	120,069,894.34
JPY	12.00	0.0524	0.63
Total			1,344,936,876.17

Note: At the end of the year, the restricted cash at bank and on hand of the Company's other cash at bank and on hand was RMB227,301,475.05 (end of the last year: RMB425,953,563.97), mainly including pledge of deposit, bill deposit, futures margin, wealth management deposit, L/C guarantee deposits, etc.

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Derivative Financial Assets

	<i>RMB</i>	
Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	617,987.00	–
Including: Foreign exchange option contract (Note)	617,987.00	–
Total	617,987.00	–

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

3. Bills Receivable

(1) Bills receivable listed by category

	<i>RMB</i>	
Items	Closing balance	Opening balance
Bank acceptance bills	268,423,741.58	625,126,359.77
Commercial acceptance bills	81,812,146.03	356,359,595.90
Less: Provision for bad debt	1,439,893.77	2,751,928.89
Total	348,795,993.84	978,734,026.78

(2) At the end of the year, the Group had no bills receivable pledged.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bills Receivable (Continued)

(3) Bills receivable that have been endorsed or discounted by the Company but not yet due at the balance sheet date

RMB

Items	Not de-recognised at the end of the year	Not de-recognised at the beginning of the year
Endorsed bank acceptance bills	184,884,216.09	489,196,564.35
Discounted commercial acceptance bills	38,220,929.29	150,000,000.00
Discounted bank acceptance bills	–	42,350,831.00
Total	223,105,145.38	681,547,395.35

The above bills receivable that have been endorsed or discounted but not yet due at the balance sheet date were not de-recognised.

(4) At the end of the year, the Group had no bills transferred to accounts receivable due to the drawer's non-performance.

(5) Disclosed by classification of bad debt provision method

RMB

Classification	Book balance		Closing balance Bad debt provision		Book value
	Amounts	Percentage (%)	Amounts	Accrual Percentage (%)	
Bad debt provision by portfolio Including:					
Low risk	268,423,741.58	76.64	–	–	268,423,741.58
Normal	81,812,146.03	23.36	1,439,893.77	1.76	80,372,252.26
Total	350,235,887.61	100.00	1,439,893.77	0.41	348,795,993.84

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bills Receivable (Continued)

(5) Disclosed by classification of bad debt provision method (Continued)

Classification	Book balance		Opening balance Bad debt provision		Book value
	Amounts	Percentage (%)	Amounts	Accrual percentage (%)	
Bad debt provision by portfolio Including:					
Low risk	825,126,359.77	84.07	–	–	825,126,359.77
Normal	156,359,595.90	15.93	2,751,928.89	1.76	153,607,667.01
Total	981,485,955.67	100.00	2,751,928.89	0.28	978,734,026.78

Bills receivable with credit loss provision by portfolio

RMB

Name of portfolio	Closing balance			Opening balance		
	Book balance	Credit loss provision	Accrual percentage (%)	Book balance	Credit loss provision	Accrual percentage (%)
Low risk	268,423,741.58	–	–	825,126,359.77	–	–
Normal	81,812,146.03	1,439,893.77	1.76	156,359,595.90	2,751,928.89	1.76
Total	350,235,887.61	1,439,893.77	0.41	981,485,955.67	2,751,928.89	0.28

The Company considers that the bank acceptance bills it holds have low credit risk arising from bank default, therefore, no provision of credit loss is made.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bills Receivable (Continued)

(6) Bad debt provision

RMB

Classification	Opening balance	Changes in amount for the year			Closing balance
		Provided	Transferred	Written off	
Normal	2,751,928.89	1,439,893.77	2,751,928.89	–	1,439,893.77
Total	2,751,928.89	1,439,893.77	2,751,928.89	–	1,439,893.77

4. Trade Receivables

(1) Disclosed by ageing:

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

RMB

Ageing	Closing balance			Opening balance		
	Trade receivables	Credit loss provision	Accrual percentage (%)	Trade receivables	Credit loss provision	Accrual percentage (%)
Within 1 year	1,014,270,332.29	20,173,440.87	1.99	880,185,491.92	16,325,960.49	1.85
1-2 years	9,315,203.92	6,433,342.26	69.06	19,278,644.76	16,176,710.82	83.91
2-3 years	13,488,437.14	13,488,437.14	100.00	6,574,232.05	6,574,232.05	100.00
Over 3 years	6,136,680.33	6,136,680.33	100.00	1,480,429.88	1,480,429.88	100.00
Total	1,043,210,653.68	46,231,900.60	4.43	907,518,798.61	40,557,333.24	4.47

(2) Disclosed by classification of credit loss provision method:

The Group always measures the loss provision of receivables at an amount equal to the lifetime expected credit loss (“ECL”) and calculates its ECL based on the comparison table of credit risk rating and default loss rate. The credit risk portfolio is divided into low risk, normal, concerned and loss. The default loss rate is calculated based on the actual credit loss experience of the past three years, and adjusted according to the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions within the expected life assumed by the Group.

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

(2) Disclosed by classification of credit loss provision method: (Continued)

RMB

Credit risk rating	Closing balance				Total
	Within 1 year	1-2 years	2-3 years	Over 3 years	
Low risk					
ECL rate	-	-	-	-	
Trade receivables	128,320,423.32	2,605,714.12	-	-	130,926,137.44
ECL	-	-	-	-	-
Normal					
ECL rate	1.76%	1.76%	1.76%	1.76%	
Trade receivables	859,741,075.43	-	-	-	859,741,075.43
ECL	15,131,442.93	-	-	-	15,131,442.93
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	24,820,398.22	1,716,268.13	8,544,207.57	-	35,080,873.92
ECL	3,653,562.62	1,440,120.59	8,544,207.57	-	13,637,890.78
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	1,388,435.32	4,993,221.67	4,944,229.57	6,136,680.33	17,462,566.89
ECL	1,388,435.32	4,993,221.67	4,944,229.57	6,136,680.33	17,462,566.89
Total					
Book balance of Trade receivables	1,014,270,332.29	9,315,203.92	13,488,437.14	6,136,680.33	1,043,210,653.68
ECL	20,173,440.87	6,433,342.26	13,488,437.14	6,136,680.33	46,231,900.60
Book value of Trade receivables	994,096,891.42	2,881,861.66	-	-	996,978,753.08

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

(2) Disclosed by classification of credit loss provision method: (Continued)

RMB

Credit risk rating	Within 1 year	1-2 years	Opening balance 2-3 years	Over 3 years	Total
Low risk					
ECL rate	-	-	-	-	-
Trade receivables	183,373,505.19	-	-	-	183,373,505.19
ECL	-	-	-	-	-
Normal					
ECL rate	1.76%	1.76%	1.76%	1.76%	
Trade receivables	665,468,857.76	-	-	-	665,468,857.76
ECL	11,712,251.91	-	-	-	11,712,251.91
Concerned					
ECL rate	14.72%	83.91%	100.00%	100.00%	
Trade receivables	31,343,128.97	19,278,644.76	6,570,314.71	-	57,192,088.44
ECL	4,613,708.58	16,176,710.82	6,570,314.71	-	27,360,734.11
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	-	-	3,917.34	1,480,429.88	1,484,347.22
ECL	-	-	3,917.34	1,480,429.88	1,484,347.22
Total					
Book balance of Trade receivables	880,185,491.92	19,278,644.76	6,574,232.05	1,480,429.88	907,518,798.61
ECL	16,325,960.49	16,176,710.82	6,574,232.05	1,480,429.88	40,557,333.24
Book value of Trade receivables	863,859,531.43	3,101,933.94	-	-	866,961,465.37

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

(3) Changes in credit loss provision of trade receivables

	<i>RMB</i>
	Lifetime ECL
Balance at 1 January 2023	40,557,333.24
Changes of the opening balance in the year:	
Provision or transferred for the year	6,454,052.77
Transfers out due to derecognised financial assets (including direct write-down)	(779,485.41)
Balance at 31 December 2023	46,231,900.60

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

At the end of the year, the top five trade receivables of the Company with the closing balances classified by the borrowers amounted to RMB730,653,810.70 (as at the end of the last year: RMB533,045,942.11), accounting for 70.04% (as at the end of the last year: 58.74%) of the total balance of trade receivables and the provision for credit losses of top five trade receivables amounted to RMB12,859,507.07 (as at the end of the last year: RMB6,979,847.36).

(5) At the end of the year, the Company had no trade receivable derecognised due to the transfer of financial assets.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Financing receivables

RMB

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
Bank acceptance bills	643,668,950.76	352,288,693.13

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

On 31 December 2023, the Company measured the bad debt provision according to the lifetime ECL. The Group believes that there is no significant credit risk in the bank acceptance bills held by it, and the possibility for significant loss due to bank default is low.

(1) Changes in fair value

RMB

<u>Items</u>	<u>Closing balance</u>	<u>Opening balance</u>
Cost	648,637,037.18	353,374,896.75
Fair value	643,668,950.76	352,288,693.13
Accumulated changes in fair value included in other comprehensive income	(4,968,086.42)	(1,086,203.62)

(2) At the end of the year, the Company had no bank acceptance bills pledged.

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Financing receivables (Continued)

(3) *Bank acceptance bills that have been endorsed or discounted by the Company at the end of the year but not yet due at the balance sheet date*

RMB

Items	Amounts derecognised at the end of the year	Amounts derecognised at the beginning of the year
Endorsed bank acceptance bills	870,464,568.88	665,903,655.19
Discounted bank acceptance bills	422,813,285.94	55,072,317.90
Total	1,293,277,854.82	720,975,973.09

6. Advance Payments

(1) *The ageing analysis of advance payments is as follows:*

RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	218,671,364.58	98.66	220,349,799.53	98.55
1-2 years	812,947.03	0.37	1,017,929.93	0.46
2-3 years	5,200.00	0.00	1,023,094.14	0.46
Over 3 years	2,161,987.34	0.97	1,200,340.00	0.53
Total	221,651,498.95	100.00	223,591,163.60	100.00

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

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

As at 31 December 2023 and 31 December 2022, the balances of top five advance payments were RMB178,656,459.06 and RMB183,814,871.88, respectively, representing 80.60% and 82.21% of the total balances of advance payments.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Other Receivables

RMB

Items	Closing balance	Opening balance
Other receivables	5,061,996,708.25	1,796,012,370.71
Total	5,061,996,708.25	1,796,012,370.71

(1) Disclosed by ageing

RMB

Ageing	Closing balance			Opening balance		
	Other receivables	Bad debt provision	Accrual percentage (%)	Other receivables	Bad debt provision	Accrual percentage (%)
Within 1 year	5,044,396,670.83	-	-	1,242,985,411.22	-	-
1-2 years	38,785.16	-	-	536,594,117.93	-	-
2-3 years	246,000.00	-	-	50,900.00	-	-
Over 3 years	17,315,252.26	-	-	16,381,941.56	-	-
Total	5,061,996,708.25	-	-	1,796,012,370.71	-	-

(2) Other receivables listed by classification by nature

RMB

Nature of other receivables	Closing balance book value	Opening balance book value
Amounts receivable from subsidiaries	5,055,699,951.73	1,794,558,135.25
Margin	5,336,000.00	336,000.00
Reserve fund	55,000.00	265,000.00
Deposit	551,000.00	595,150.00
Others	354,756.52	258,085.46
Total	5,061,996,708.25	1,796,012,370.71

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Other Receivables (Continued)

(3) Impairment of other receivables

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

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

RMB

Name	Relationship with the Company	Amount	Percentage of the total closing balance of other receivables (%)	Closing balance of credit loss provision
Anhui Flat Solar Material Co., Ltd.* (安徽福萊特光伏材料有限公司)	Subsidiary	2,781,552,874.88	54.95	—
Flat (Hong Kong) Limited* (福萊特(香港)有限公司)	Subsidiary	1,164,551,652.26	23.01	—
Fengyang Flat New Energy Technology Co., Ltd.* (鳳陽福萊特新能源科技有限公司)	Subsidiary	636,392,459.25	12.57	—
Zhejiang Fulitai New Energy Co., Ltd.* (浙江福萊泰新能源有限公司)	Subsidiary	325,000,000.00	6.42	—
Anhui Sanli Mining Company Limited* (安徽三力礦業有限責任公司)	Subsidiary	90,000,000.00	1.78	—
Total		4,997,496,986.39	98.73	—

(5) Other receivables had been actually written-off during the period

The Group had not written-off other receivables during the year.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

8. Inventories

(1) Inventories category

RMB

Items	Closing balance		Book value
	Book balance	Impairment provision	
Raw materials	161,682,018.11	–	161,682,018.11
Low-valued consumables	48,280,775.64	9,720,207.85	38,560,567.79
Work in progress	15,289,279.67	–	15,289,279.67
Finished goods	179,198,609.26	9,004,412.10	170,194,197.16
Total	404,450,682.68	18,724,619.95	385,726,062.73

Items	Opening balance		Book value
	Book balance	Impairment provision	
Raw materials	185,295,480.32	–	185,295,480.32
Low-valued consumables	72,448,565.86	3,346,733.88	69,101,831.98
Work in progress	15,111,094.90	–	15,111,094.90
Finished goods	285,743,781.37	4,521,184.57	281,222,596.80
Total	558,598,922.45	7,867,918.45	550,731,004.00

(2) Inventory impairment provision

RMB

Items	Opening balance	Amount increased in the year	Amount decreased in the year		Closing balance
			Transferred	Resold	
Finished goods	4,521,184.57	7,652,755.25	3,169,527.72	–	9,004,412.10
Low-valued consumables	3,346,733.88	8,917,989.68	–	2,544,515.71	9,720,207.85
Total	7,867,918.45	16,570,744.93	3,169,527.72	2,544,515.71	18,724,619.95

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Other Current Assets

RMB

Items	Closing balance	Opening balance
Prepaid income tax	–	28,862,936.84
Others	–	2,052,555.56
Total	–	30,915,492.40

10. Long-term Equity Investments

Details of long-term equity investments are as follows:

RMB

Invested unit	Accounting method	Opening balance	Changes during the year			Closing balance	Dividend of long-term equity investment accounted for by cost method declared this year
			Investments/ additional investments	Investment gains recognised under equity method	Other (Note)		
Subsidiaries:							
Zhejiang Flat	Cost method	10,000,000.00	–	–	–	10,000,000.00	–
Zhejiang Jiafu	Cost method	150,000,000.00	–	–	–	150,000,000.00	–
Shanghai Flat	Cost method	70,000,000.00	–	–	–	70,000,000.00	–
Anhui Flat Glass	Cost method	1,030,000,000.00	–	–	–	1,030,000,000.00	–
Flat (Hong Kong)	Cost method	66,137,343.00	–	–	–	66,137,343.00	–
Flat New Energy	Cost method	10,000,000.00	–	–	–	10,000,000.00	–
Flat Import & Export	Cost method	7,000,000.00	–	–	–	7,000,000.00	–
Nantong Flat	Cost method	–	59,130,000.00	–	–	59,130,000.00	–
Dahua Mining	Cost method	740,000,000.00	–	–	(740,000,000.00)	–	–
Sanli Mining	Cost method	2,065,000,000.00	–	–	(2,065,000,000.00)	–	–
Flat Port	Cost method	100,000.00	–	–	–	100,000.00	–
Flat Intelligent Equipment	Cost method	10,000,000.00	–	–	–	10,000,000.00	–
Guangxi Flat	Cost method	–	1,000,000.00	–	–	1,000,000.00	–
Fulaitai	Cost method	–	328,000,000.00	–	–	328,000,000.00	–
Flat Photoenergy	Cost method	–	86,030,000.00	–	–	86,030,000.00	–
Associates:							
Kaihong Flat	Equity method	13,199,229.86	–	6,763,400.00	–	19,962,629.86	–
Jiaxing Energy	Equity method	4,500,000.00	–	–	–	4,500,000.00	–
Total		4,175,936,572.86	474,160,000.00	6,763,400.00	(2,805,000,000.00)	1,851,859,972.86	–

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Long-term Equity Investments (Continued)

Note: On 21 September 2022, the Company held the 30th meeting of the sixth session of the Board of Directors to consider and approve the Proposal on Equity Transfer of the Wholly-owned Subsidiary of the Company. Pursuant to which, on the base date of 30 June 2022, 100% equity interests of Anhui Flat Material, a wholly owned subsidiary of the Company, shall be transferred to Anhui Flat Glass, a wholly owned subsidiary; 100% equity interests of Dahua Mining and Sanli Mining, wholly owned subsidiaries of the Company, shall be transferred to Anhui Flat Material at net book value, respectively. The Company completed the equity transfer of Anhui Flat Material in 2022, and the equity transfer of Dahua Mining and Sanli Mining in 2023.

11. Investment Properties

(1) Investment properties with cost measurement model

<u>Items</u>	<u>RMB</u>
I. Book value	
1. Opening balance	—
2. Amount increased in the current year	511,823,829.42
(1) Purchase	499,100,342.42
(2) Transfer from original value of fixed assets	12,723,487.00
3. Closing balance	511,823,829.42
II. Accumulated amortisation	
1. Opening balance	—
2. Amount increased in the current year	15,446,809.61
(1) Provided or amortised	11,889,917.56
(2) Transfer from accumulated depreciation of fixed assets	3,556,892.05
3. Closing balance	15,446,809.61
III. Book value	
1. Closing book value	496,377,019.81
2. Opening book value	—

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Investment Properties (Continued)

(1) *Investment properties with cost measurement model (Continued)*

The investment properties held by the Group is listed in the balance sheet at the amount of the book value less accumulated amortization and impairment provision. At the end of the current year, according to the evaluation of qualified independent professional valuers, the fair value of the Group's investment properties amounted to RMB712,096,610.51 (at the end of last year: Nil).

Fair value is recognized according to market method. Under the same market conditions, the market method compares the real estate to be evaluated with similar real estate transaction examples that have been traded in the recent period according to the principle of substitution, and adjusts the evaluation value of the real estate to be evaluated according to the known price of the latter and referring to the differences of the real estate transaction situation, transaction date, regional factors and individual factors. When estimating the fair value of investment properties, the best use of investment properties is its current use. The valuation method adopted has not changed.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

12. Fixed assets

(1) Fixed assets

RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	1,178,975,731.33	2,736,195,640.62	40,384,918.37	40,788,679.79	3,996,344,970.11
2. Amount increased in the year	210,725,232.98	228,867,199.60	5,186,539.98	5,641,447.68	450,420,420.24
(1) Purchase	190,509,844.41	9,057,603.55	5,186,539.98	4,773,222.14	209,527,210.08
(2) Transferred from construction in progress	20,215,388.57	219,809,596.05	–	868,225.54	240,893,210.16
3. Amount decreased in the year	(13,133,919.00)	(37,757,075.26)	(2,145,053.27)	(1,619,459.35)	(54,655,506.88)
(1) Disposal or scrap	(410,432.00)	(37,722,847.42)	(2,145,053.27)	(1,619,459.35)	(41,897,792.04)
(2) Transferred to construction in progress	–	(34,227.84)	–	–	(34,227.84)
(3) Transferred to investment properties	(12,723,487.00)	–	–	–	(12,723,487.00)
4. Closing balance	1,376,567,045.31	2,927,305,764.96	43,426,405.08	44,810,668.12	4,392,109,883.47
II. Accumulated depreciation					
1. Opening balance	297,515,066.70	824,413,462.17	24,736,889.17	29,604,407.89	1,176,269,825.93
2. Amount increased in the year	56,324,544.72	231,742,932.29	5,755,200.10	3,032,050.04	296,854,727.15
(1) Provision	56,324,544.72	231,742,932.29	5,755,200.10	3,032,050.04	296,854,727.15
3. Amount decreased in the year	(3,694,985.40)	(22,729,986.82)	(1,721,315.74)	(1,151,498.03)	(29,297,785.99)
(1) Disposal or scrap	(138,093.35)	(22,729,986.82)	(1,721,315.74)	(1,151,498.03)	(25,740,893.94)
(2) Transferred to investment properties	(3,556,892.05)	–	–	–	(3,556,892.05)
4. Closing balance	350,144,626.02	1,033,426,407.64	28,770,773.53	31,484,959.90	1,443,826,767.09
III. Impairment provision					
1. Opening balance	–	13,530,781.71	275,923.26	74,387.87	13,881,092.84
2. Amount increased in the year	–	10,318,986.43	–	42,981.16	10,361,967.59
(1) Provision	–	10,318,986.43	–	42,981.16	10,361,967.59
3. Amount decreased in the year	–	(327,239.01)	–	–	(327,239.01)
(1) Disposal or scrap	–	(327,239.01)	–	–	(327,239.01)
4. Closing balance	–	23,522,529.13	275,923.26	117,369.03	23,915,821.42
IV. Book value					
1. Closing balance of book value	1,026,422,419.29	1,870,356,828.19	14,379,708.29	13,208,339.19	2,924,367,294.96
2. Opening balance of book value	881,460,664.63	1,898,251,396.74	15,372,105.94	11,109,884.03	2,806,194,051.34

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

12. Fixed assets (Continued)

(1) Fixed assets (Continued)

At the end of the year, the fixed assets with a book value of RMB162,961,583.83 (at the end of last year: RMB1,177,954,933.01) were used as collateral for borrowings.

See Note (XIV) 18 and 27 for short-term and long-term borrowings.

(2) At the end of year, the Company's temporarily idle fixed assets:

Items	Book value	Accumulated depreciation	Impairment provision	Book value
Machinery and equipment	35,470,798.62	22,127,074.81	12,781,144.04	562,579.77
Other equipment	27,104,095.51	16,269,529.29	10,834,504.58	61.64
Total	62,574,894.13	38,396,604.10	23,615,648.62	562,641.41

(3) At the end of year, the fixed assets of the Company without property right certificate

RMB

Item	Book value	Reasons for failing to complete the title certificate
Buildings of Phase II PV project of the Group	506,228,709.86	The title certificate is still in process

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

13. Construction in Progress

(1) Listed by category

RMB

Items	Closing balance	Opening balance
Construction in progress	138,915,973.12	164,248,308.91
Engineering materials	11,048,728.72	147,467,381.81
Total	149,964,701.84	311,715,690.72

The carry amount of RMB79,196,956.04 (at the end of last year: RMB18,602,073.80) of construction in progress was used as collateral for borrowings.

(2) Construction in progress

RMB

Items	Book balance	Closing balance Impairment provision	Net book amount
PV modules project supporting factories	79,196,956.04	–	79,196,956.04
Equipment to be installed and others	59,719,017.08	–	59,719,017.08
Total	138,915,973.12	–	138,915,973.12

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

13. Construction in Progress (Continued)

(2) Construction in progress (Continued)

RMB

Items	Book balance	Opening balance Impairment provision	Net book amount
The project of Low-E coating third line and supporting facilities	92,870,989.95	–	92,870,989.95
Annual production of 750,000 tons of solar equipment ultra-thin and ultra-high-transparent panel manufacturing project	17,341,295.01	–	17,341,295.01
Equipment to be installed and others	54,036,023.95	–	54,036,023.95
Total	164,248,308.91	–	164,248,308.91

(3) *The Company did not note any indicators of impairment; therefore there is no provision for impairment losses for construction in progress.*

14. Intangible Assets

RMB

Items	Land use rights	Emission rights	Energy use rights	Software	Total
I. Original book value					
1. Opening balance	266,519,817.32	51,555,653.89	144,731,091.46	7,595,886.72	470,402,449.39
2. Amount increased in the year	–	–	–	–	–
(1) Purchase	–	–	–	–	–
3. Closing balance	266,519,817.32	51,555,653.89	144,731,091.46	7,595,886.72	470,402,449.39
II. Accumulated amortisation					
1. Opening balance	47,880,913.82	27,669,616.57	–	4,265,271.15	79,815,801.54
2. Amount increased in the year	5,345,891.23	6,769,723.75	–	640,018.02	12,755,633.00
(1) Provision	5,345,891.23	6,769,723.75	–	640,018.02	12,755,633.00
3. Closing balance	53,226,805.05	34,439,340.32	–	4,905,289.17	92,571,434.54
III. Book value					
1. Closing balance of book value	213,293,012.27	17,116,313.57	144,731,091.46	2,690,597.55	377,831,014.85
2. Opening balance of book value	218,638,903.50	23,886,037.32	144,731,091.46	3,330,615.57	390,586,647.85

At the end of the year, the land use rights with the net value of RMB205,065,790.77 (at the end of last year: RMB210,153,509.35) were used for mortgages to obtain borrowings.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

15. Long-term deferred expenses

Items	Opening balance	Amount increased in the year	Amount amortisation in the year	Closing balance
Pallet	–	19,159,973.74	2,444,072.38	16,715,901.36
Decoration and maintenance	7,149,939.45	21,481,299.56	2,666,380.09	25,964,858.92
Total	7,149,939.45	40,641,273.30	5,110,452.47	42,680,760.28

16. Deferred income tax assets or deferred income tax liabilities

(1) Deferred income tax assets before offsetting

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	42,640,441.37	6,396,066.20	21,749,011.29	3,262,351.70
Provision for Credit losses	47,671,794.37	7,150,769.16	43,309,262.13	6,496,389.32
Deferred revenue	14,894,289.70	2,234,143.46	8,833,570.90	1,325,035.64
Depreciation difference for fixed assets	40,568,327.36	6,085,249.10	36,780,257.43	5,517,038.61
Share-based payments	5,892,794.35	883,919.15	11,606,023.50	1,740,903.53
Deductible losses	–	–	81,175,599.25	12,176,339.89
Gains or losses from change in fair value of derivative financial liabilities	1,487,532.00	223,129.80	–	–
Subtotal	153,155,179.15	22,973,276.87	203,453,724.50	30,518,058.69

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

16. Deferred income tax assets or deferred income tax liabilities (Continued)

(2) Deferred tax liabilities before offsetting

RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Property revaluation arising from conversion to a joint stock company	10,121,075.86	1,518,161.38	11,319,781.23	1,697,967.18
Accelerated depreciation of fixed assets	564,574,882.40	84,686,232.36	501,219,107.11	75,182,866.07
Gains or losses from change in fair value of derivative financial assets	617,987.00	92,698.05	—	—
Subtotal	575,313,945.26	86,297,091.79	512,538,888.34	76,880,833.25

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

RMB

Items	Closing balance		Opening balance	
	Offset amount of deferred income tax assets and liabilities at the end of the year	Closing balance of deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities at the end of the year	Closing balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	22,973,276.87	—	30,518,058.69	—
Deferred income tax liabilities	22,973,276.87	63,323,814.92	30,518,058.69	46,362,774.56

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

17. Other Non-current Assets

	<i>RMB</i>	
	Closing balance	Opening balance
Current accounts of subsidiaries (Note)	9,405,500,730.85	6,598,167,528.88
Construction prepayment	59,833,429.87	417,603,497.43
Land prepayment	3,000,000.00	–
Total	9,468,334,160.72	7,015,771,026.31

Note: The current accounts of subsidiaries were lent by the Company to its subsidiaries Anhui Flat Glass, Zhejiang Jiafu, Flat Import and Export and Nantong Flat.

18. Short-term Borrowings

	<i>RMB</i>	
Classification	Closing balance	Opening balance
Mortgaged borrowings (Note 1)	354,000,000.00	750,000,000.00
Guaranteed loan	15,000,000.00	–
Guaranteed and mortgaged borrowings (Note 1 and Note 2)	150,000,000.00	530,000,000.00
Bill discounting borrowings	38,220,929.29	192,350,831.00
Pledged borrowings (Note 1)	35,413,500.00	100,000,000.00
Credit borrowings	250,000,000.00	10,000,000.00
Total	842,634,429.29	1,582,350,831.00

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

18. Short-term Borrowings (Continued)

Note 1: For details of classification and amount of the asset of the secured borrowings and the classification and amount of pledged borrowings, please refer to the Note (XIV) 48.

Note 2: At the end of the year, bank loans of RMB165,000,000.00 (at the end of last year: RMB530,000,000.00) were guaranteed by Anhui Flat Glass and Zhejiang Jiafu.

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

The annual interest rate of the above borrowings in the year is from 2.15% to 5.60% (in last year: 0.79% to 4.00%).

19. Derivative financial liabilities

RMB

Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	1,487,532.00	—
Including: Interest rate swap contracts (Note)	1,467,183.00	—
Foreign exchange option contracts (Note)	20,349.00	—
Total	1,487,532.00	—

Note: The unexpired interest rate swap contracts and foreign exchange option contracts 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.

20. Bills Payables

RMB

Classification	Closing balance	Opening balance
Bank acceptance bills	29,047,323.68	706,215,273.27
Commercial acceptance bills	—	50,000,000.00
Total	29,047,323.68	756,215,273.27

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

21. Trade Payables

(1) Listing of trade payables:

RMB

Classification	Closing balance	Opening balance
Trade payables	467,011,862.25	987,380,903.63
Construction costs payable	234,532,858.85	236,785,151.92
Total	701,544,721.10	1,224,166,055.55

(2) Ageing analysis of trade payable based on the posting date:

RMB

Items	Closing balance	Opening balance
Within 1 year	613,522,817.20	1,159,365,027.36
1-2 years	40,080,848.76	48,755,480.24
2-3 years	36,746,973.59	10,898,219.51
Over 3 years	11,194,081.55	5,147,328.44
Total	701,544,721.10	1,224,166,055.55

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

21. Trade Payables (Continued)

(2) Ageing analysis of trade payable based on the posting date: (Continued)

Significant trade payables with ageing over 1 year:

RMB

	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	70,238,995.04	Project warranty has not yet expired and been repaid
Trade payables	17,782,908.86	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	88,021,903.90	

22. Contract Liabilities

(1) Listing of contract liabilities:

RMB

Classification	Closing balance	Opening balance
Loan	120,714,229.28	10,618,004.63
Total	120,714,229.28	10,618,004.63

The Group recognised the receipts in advance collected on a basis of commodity sales contract as contract liabilities, and relevant contract liabilities were recognised as sales income when the control over the goods were transferred to the customers. The advance goods payment received at the beginning of the year have all been recognised as revenue in current year, and the contract liabilities at the end of the year are expected to be recognised as revenue in 2023.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Payroll Payable

(1) Listing of payroll payable

RMB

Items	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
1. Short-term remuneration	38,663,004.32	292,293,999.72	292,081,566.58	38,875,437.46
2. Post-employment welfare				
– Defined contribution plan	1,962,735.18	23,374,540.07	22,177,913.68	3,159,361.57
Total	40,625,739.50	315,668,539.79	314,259,480.26	42,034,799.03

(2) Listing of short-term remuneration

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	36,834,260.72	255,915,491.56	255,991,932.18	36,757,820.10
II. Staff welfare	–	13,676,984.75	13,676,984.75	–
III. Social insurance	1,122,628.61	7,986,640.35	7,896,074.28	1,213,194.68
Including: Medical insurance	898,854.94	7,049,099.35	6,879,214.73	1,068,739.56
Work-related injury insurance	170,899.85	441,221.47	467,666.20	144,455.12
Maternity insurance	52,873.82	496,319.53	549,193.35	–
IV. Housing funds	706,114.99	8,912,596.68	8,761,770.69	856,940.98
V. Education funds & Labor union	–	5,802,286.38	5,754,804.68	47,481.70
Total	38,663,004.32	292,293,999.72	292,081,566.58	38,875,437.46

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Payroll Payable (Continued)

(3) Listing of defined contribution plan

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
1. Basic pension insurance	1,895,044.62	22,911,768.10	21,756,408.30	3,050,404.42
2. Unemployment insurance	67,690.56	462,771.97	421,505.38	108,957.15
Total	1,962,735.18	23,374,540.07	22,177,913.68	3,159,361.57

The Company participates in pension insurance and unemployment insurance schemes established by government agencies as required. According to these schemes, the Company pays monthly fees to these plans at 14.0% and 0.5% of the employees' basic wages. Except for the above monthly paid fees, the Group does not undertake further payment obligations. The corresponding expenses are recognised in profit or loss in the period in which they are incurred.

The Company should pay a total of RMB22,911,768.10 and RMB462,771.97 to the pension insurance and unemployment insurance schemes (2022: RMB17,094,966.52 and RMB589,151.69) respectively. At the end of the year, the Company still had RMB3,050,404.42 and RMB108,957.15 payables that had been accrued at the end of the year and not paid for the pension insurance and unemployment insurance schemes. The relevant payables have been paid after the reporting period.

24. Taxes Payable

RMB

Classification	Closing balance	Opening balance
VAT	12,977,131.38	24,062,047.29
Property tax	6,851,215.72	3,824,727.67
Individual income tax	719,471.20	761,646.22
City maintenance and construction tax	1,668.64	1,760.39
Educational surtax and local educational surtax	1,191.89	1,257.42
Enterprise income tax	12,311,079.83	–
Land use tax	6,932.17	–
Others	3,858,334.40	1,554,947.79
Total	36,727,025.23	30,206,386.78

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

25. Other Payables

Listed by category:

	<i>RMB</i>	
Items	Closing balance	Opening balance
Interest payables	15,362,664.29	13,081,277.67
Dividend payables	1,371,320.00	2,737,023.00
Other payables	1,069,789,420.42	1,395,441,797.86
Total	1,086,523,404.71	1,411,260,098.53

(1) Interest payables

	<i>RMB</i>	
Items	Closing balance	Opening balance
Interest payable on convertible bonds	12,582,259.61	7,430,077.54
Interest payable for long-term borrowings with interest paid in installment and principal paid due to maturity	1,464,880.83	4,175,391.12
Interest payable for short-term borrowings	1,315,523.85	1,475,809.01
Total	15,362,664.29	13,081,277.67

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

25. Other Payables (Continued)

(2) Interest payables

RMB

Items	Closing balance	Opening balance
Dividend for ordinary shares	1,371,320.00	2,737,023.00
Total	1,371,320.00	2,737,023.00

(3) Other payables

RMB

Classification	Closing balance	Opening balance
Payable to subsidiaries	1,034,616,412.65	831,467,216.24
Equity acquisition funds (Note (VI) 27)	–	520,947,600.00
Restricted share incentive scheme (Note (VI) 27)	16,068,482.50	23,806,600.00
Collateral	11,417,206.34	11,042,106.34
Transportation premium	4,161,609.41	4,830,346.66
Others	3,525,709.52	3,347,928.62
Total	1,069,789,420.42	1,395,441,797.86

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

26. Non-current liabilities due within one year

RMB

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year (Note (XIV) 27)	292,800,000.00	500,330,000.00

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

27. Long-Term Borrowings

(1) Categories of long-term borrowings

	<i>RMB</i>	
	Closing balance	Opening balance
Pledged borrowings	130,000,000.00	1,389,600,000.00
Guaranteed loan	249,500,000.00	–
Secured and mortgaged borrowings	1,657,500,000.00	1,187,800,000.00
Pledged borrowings (Note)	1,095,000,000.00	499,000,000.00
Credit borrowings	298,000,000.00	199,000,000.00
Less: Guaranteed loan due within one year	1,000,000.00	–
Less: Secured and mortgaged borrowings due within one year	237,800,000.00	500,330,000.00
Less: Pledged borrowings due within one year	52,000,000.00	–
Less: Credit borrowings due within one year	2,000,000.00	–
Total	3,137,200,000.00	2,775,070,000.00

Note: For the types and amounts of secured assets of secured loans, please refer to the Note (XIV) 48.

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

	<i>RMB</i>	
Items	Closing balance	Opening balance
1 to 2 years	–	1,030,907,500.00
2 to 5 years	2,787,200,000.00	1,744,162,500.00
Over 5 years	350,000,000.00	–
Total	3,137,200,000.00	2,775,070,000.00

(3) Other descriptions

The interest rate of the above borrowings was between 3.00% and 3.70%.

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

28. Deferred Revenue

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	Closing balance
Government grants related to assets	8,833,570.90	10,000,000.00	3,939,281.20	14,894,289.70

29. Other Comprehensive Income

RMB

Items	Opening balance	Amount incurred in the current year			Amount attributable to minority shareholders after income tax	Closing balance
		Amount before income tax incurred in the current year	Less: Income tax expense	Amount attributable to the Company 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	(1,086,203.62)	(3,881,882.80)	-	(3,881,882.80)	-	(4,968,086.42)
- Changes in fair value of financing receivables	(1,086,203.62)	(3,881,882.80)	-	(3,881,882.80)	-	(4,968,086.42)
Total	(1,086,203.62)	(3,881,882.80)	-	(3,881,882.80)	-	(4,968,086.42)

30. Undistributed Profit

RMB

Items	Amount for the year	Amount for last year
Undistributed profit at the beginning of the year	2,740,753,929.56	2,894,223,275.67
Add: Net profit	244,486,277.45	340,316,191.44
Less: Accrual of statutory surplus reserves (Note (VI) 41)	25,553,783.50	89.13
Dividend payable on ordinary shares	559,615,055.36	493,785,448.42
Undistributed profit at the end of the year	2,400,071,368.15	2,740,753,929.56

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

31. Operating Revenue and Operating Cost

(1) Operating revenue and operating cost

RMB

Items	Amount for the year		Amount for last year	
	Revenue	Cost	Revenue	Cost
Main business	5,098,394,466.16	4,186,778,464.89	4,696,198,489.80	3,911,349,394.51
Other business	307,651,732.91	227,448,326.93	467,593,814.63	396,438,844.13
Total	5,406,046,199.07	4,414,226,791.82	5,163,792,304.43	4,307,788,238.64

The Company's operating revenue is recognised at a certain point in time.

(2) Disaggregation of operating revenue

RMB

Items	Amount for the year	
	Operating revenue	Operating cost
Category of goods		
PV glass	3,950,622,442.18	3,118,949,887.96
Household glass	177,586,730.21	156,817,298.71
Architectural glass	592,249,271.58	529,423,620.80
Float glass	377,936,022.19	381,587,657.42
Other business	307,651,732.91	227,448,326.93
Total	5,406,046,199.07	4,414,226,791.82
Classification by operating area		
China	5,388,744,936.80	4,400,149,424.36
Asia (excluding China)	14,217,881.50	11,623,811.67
Others	3,083,380.77	2,453,555.79
Total	5,406,046,199.07	4,414,226,791.82
Classified by sales channel		
Direct sales	5,290,714,690.00	4,300,534,044.91
Dealers	115,331,509.07	113,692,746.91
Total	5,406,046,199.07	4,414,226,791.82

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

31. Operating Revenue and Operating Cost (Continued)

(2) Disaggregation of operating revenue (Continued)

RMB

Items	Amount for the last year	
	Operating revenue	Operating cost
Category of goods		
PV glass	3,549,095,595.70	2,816,464,355.98
Household glass	184,124,238.13	176,419,507.57
Architectural glass	598,650,635.67	514,853,234.43
Float glass	364,328,020.30	403,612,296.53
Other business	467,593,814.63	396,438,844.13
Total	5,163,792,304.43	4,307,788,238.64
Classification by operating area		
China	5,152,031,359.35	4,296,973,765.02
Asia (excluding China)	10,752,721.08	9,942,144.20
Others	1,008,224.00	872,329.42
Total	5,163,792,304.43	4,307,788,238.64
Classified by sales channel		
Direct sales	5,072,144,944.00	4,209,330,797.08
Dealers	91,647,360.43	98,457,441.56
Total	5,163,792,304.43	4,307,788,238.64

(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. The Group requires dealer customers to fully prepay the purchase payment before the delivery of the goods, and the normal credit period for direct sales customers is 30 to 120 days after the acceptance of the goods.

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

32. Taxes and Surcharges

Items	RMB	
	Amount for the year	Amount for last year
Property tax	9,644,709.41	4,896,716.45
Stamp duty	4,717,507.07	3,758,616.34
Environmental protection tax	851,427.07	1,808,456.40
Urban construction tax	7,073,711.45	21,124.68
Educational surtax and local educational surtax	5,052,651.02	15,089.04
Land use tax	9,296.04	(4,908,985.16)
Others	260,208.77	552,576.54
Total	27,609,510.83	6,143,594.29

33. Selling Expenses

Items	RMB	
	Amount for the year	Amount for last year
Assembling frame charges	4,084,074.49	39,444,623.71
Employee compensation and welfare	15,044,130.11	11,944,255.99
Depreciation and amortisation	417,248.19	108,401.85
Others	9,984,964.11	4,511,596.91
Total	29,530,416.90	56,008,878.46

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

34. Administrative Expenses

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Employee remuneration and benefits	55,163,092.72	66,886,281.67
Equity settled share-based payment	19,038,370.84	31,948,589.20
Intermediary agency service fee	5,727,421.90	10,720,713.88
Depreciation and amortisation	11,660,364.56	9,798,936.85
Greening and environmental protection costs	15,085,912.60	8,162,394.31
Labor costs	4,078,797.73	6,875,773.43
Office expenses	7,770,646.49	4,411,205.92
Rent expenses	2,630,159.04	2,630,159.04
Transportation expenses	2,758,549.09	1,972,728.12
Entertainment expenses	9,115,294.75	1,693,280.34
Audit expense	1,350,000.00	1,300,000.00
Decoration cost	14,393,261.68	831,347.72
Traveling expenses	2,246,354.75	782,972.96
Property insurance fee	373,802.01	374,535.87
Repair and maintenance fee	146,884.73	220,957.49
Others	4,880,725.91	4,063,189.45
Total	156,419,638.80	152,673,066.25

35. Research and Development Expenses

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Direct material costs	101,891,679.90	102,166,302.68
Employee remuneration and benefits	71,948,556.49	61,798,816.08
Depreciation and amortisation	8,795,696.62	8,479,732.97
Others	9,710,952.51	9,626,469.45
Total	192,346,885.52	182,071,321.18

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

36. Finance Expenses

Items	RMB	
	Amount for the year	Amount for last year
Interest expenses	374,504,064.64	243,702,867.66
Less: Interest income	38,260,748.16	39,915,635.70
Handling fee	1,869,205.88	3,214,088.24
Exchange gains and losses	(25,738,498.52)	(93,108,601.87)
Total	312,374,023.84	113,892,718.33

37. Other Revenues

Sources of other revenues	RMB	
	Amount for the year	Amount for last year
Government grants related to assets	3,939,281.20	4,590,107.26
Government grants related to revenues	11,377,430.62	29,240,449.35
Additional VAT credit	28,663,160.74	—
Total	43,979,872.56	33,830,556.61

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

38. Investment (Loss) Income

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Investment income on disposal of derivative financial instruments	11,209,220.00	–
Long term equity investment income measured at equity method	6,763,400.00	6,277,401.74
Investment income of trading financial assets during the holding period	43,957.37	4,606,113.99
Investment loss on disposal of long-term equity investment	(23,447,125.12)	–
Total	(5,430,547.75)	10,883,515.73

39. Losses on changes in fair value

Source of losses from changes in fair value	<i>RMB</i>	
	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship	(869,545.00)	–
– Losses on changes in the fair value of interest rate swap contracts	(1,467,183.00)	–
– Losses or gains on changes in the fair value of foreign exchange option contracts	597,638.00	–
Total	(869,545.00)	–

40. Credit Impairment Losses

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Credit impairment gains (losses) on bills receivable	1,312,035.12	(685,492.76)
Credit impairment losses on trade receivables	(6,454,052.77)	(16,055,816.15)
Total	(5,142,017.65)	(16,741,308.91)

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

41. Asset Impairment Losses

	<i>RMB</i>	
Items	Amount for the year	Amount for last year
Inventory impairment losses	(13,401,217.21)	(824,680.43)
Fixed assets impairment losses	(10,361,967.59)	—
Total	(23,763,184.80)	(824,680.43)

42. Gains (losses) on Disposal of Asset

	<i>RMB</i>	
Item	Amount for the year	Amount for last year
Gains (losses) on disposal of asset	(7,035,011.30)	515,053.81

43. Non-operating Income

	<i>RMB</i>	
Item	Amount for the year	Amount for last year
Others	122,580.58	685,390.38

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

44. Non-operating Expenses

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Charitable donation expenses	1,956,747.10	2,125,838.80
Others	–	8,051.18
Total	1,956,747.10	2,133,889.98

45. Income Tax Expense

Items	<i>RMB</i>	
	Amount for the year	Amount for last year
Income tax expenses for the period	12,324,461.45	–
Refund income tax for the last year	(327,448.36)	(6,691,984.00)
Deferred income tax expenses	16,961,040.36	37,804,917.05
Total	28,958,053.45	31,112,933.05

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

	<i>RMB</i>	
	Amount for the year	Amount for last year
Total profits	273,444,330.90	371,429,124.49
Income tax expense calculated at tax rate of 15% (2022: 15%)	41,016,649.64	55,714,368.67
Effect of non-deductible costs, expenses and losses	25,483,641.11	15,599,715.91
Tax effect of tax-exempt income	–	–
Refund of the income tax for last period	(327,448.36)	(6,691,984.00)
Effect of tax incentives	(14,594,960.11)	(11,960,766.40)
Effect of research and development costs plus deduction	(22,619,828.83)	(21,548,401.13)
Income tax expenses	28,958,053.45	31,112,933.05

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

46. Notes to Items of Cash Flow Statement

(1) Cash received relating to other operating activities

RMB

Items	Amount for the year	Amount for last year
Interest income	38,260,748.16	39,915,635.70
Government grants	18,747,080.62	29,240,449.35
Operating margin	3,920,100.00	10,070,000.00
Others	376,730.58	2,059,454.67
Total	61,304,659.36	81,285,539.72

(2) Cash paid and relating to other operating activities

RMB

Items	Amount for the year	Amount for last year
Paid fees	198,313,275.78	199,541,293.97
Handling charge	1,869,205.88	3,214,088.24
External donation expenditure	1,956,747.10	2,125,838.80
Others	2,046,671.06	820,294.84
Total	204,185,899.82	205,701,515.85

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

46. Notes to Items of Cash Flow Statement (Continued)

(3) Cash received relating to other investment activities

Items	RMB	
	Amount for the year	Amount for last year
Recovery of restricted monetary funds	70,740,652.19	39,597,589.45
Project margin	800,000.00	3,500.00
Recovery of funds borrowed to subsidiary	3,671,424,095.93	5,241,068,233.49
Total	3,742,964,748.12	5,280,669,322.94

(4) Cash paid relating to other investment activities

Items	RMB	
	Amount for the year	Amount for last year
Funds borrowed to subsidiary	6,958,346,239.50	8,278,808,835.03
Payment of restricted monetary funds	85,300,402.31	30,618,224.96
Project margin	2,395,000.00	5,326,400.00
Total	7,046,041,641.81	8,314,753,459.99

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

46. Notes to Items of Cash Flow Statement (Continued)

(5) Cash received relating to other financing activities

Items	RMB	
	Amount for the year	Amount for last year
Recovery of restricted monetary funds	1,097,891,625.20	481,009,918.05
Funds borrowed from subsidiaries	426,731,556.50	358,226,212.97
Total	1,524,623,181.70	839,236,131.02

(6) Cash paid relating to other financing activities

Items	RMB	
	Amount for the year	Amount for last year
Repayment of funds borrowed from subsidiaries	223,582,360.09	39,000,000.00
Payment of restricted monetary funds	884,679,786.16	767,951,764.34
Total	1,108,262,146.25	806,951,764.34

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Supplementary Information for Cash Flow Statement

(1) Supplementary information for cash flow statement

RMB

Supplementary information	Amount for the year	Amount for last year
(1) Adjust net profit to cash flow from operating activities		
Net profit	244,486,277.45	340,316,191.44
Add: Provision for asset impairment	23,763,184.80	824,680.43
Credit impairment provision	5,142,017.65	16,741,308.91
Depreciation of fixed assets	296,854,727.15	244,268,126.62
Amortisation of intangible assets	12,755,633.00	10,928,626.98
Depreciation and amortization of investment properties	11,889,917.56	–
Amortisation of long-term deferred expenses	5,110,452.47	866,710.47
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	7,035,011.30	(515,053.81)
Losses on changes in fair value	869,545.00	–
Finance expenses	371,457,390.52	160,169,742.93
Investment gains	5,430,547.75	(10,883,515.73)
Decrease in deferred income tax assets (less: increase)	–	–
Increase in deferred income tax liabilities (less: decrease)	16,961,040.36	37,804,917.05
Decrease in inventory (less: increase)	151,603,724.06	(231,957,195.34)
Decrease in operating receivables (less: increase)	(685,849,036.05)	(1,655,418,681.08)
Increase in operating payables (less: decrease)	(739,210,659.48)	355,627,739.16
Deferred income amortisation	(3,939,281.20)	(4,590,107.26)
Equity settled share-based payment	19,038,370.84	31,948,589.20
Net cash flow from operating activities	(256,601,136.82)	(703,867,920.03)
(2) Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	1,257,804,350.98	918,983,312.20
Less: opening balance of cash and cash equivalents	918,983,312.20	445,104,022.54
Net increase in cash and cash equivalents	338,821,038.78	473,879,289.66

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

47. Supplementary Information for Cash Flow Statement (Continued)

(2) Component of cash and cash equivalents

RMB

Items	Closing balance	Opening balance
I. Cash	1,257,804,350.98	918,983,312.20
Including: Cash on hand	17,656.37	12,539.79
Bank deposit available for payment	1,257,786,694.61	918,970,772.41
Other monetary funds available for payment	–	–
II. Cash equivalents	–	–
Cash and cash equivalents at the end of the year	1,257,804,350.98	918,983,312.20

48. Assets with Restricted Ownership or Use Rights

RMB

Items	Closing balance of book value	Reasons for restriction
Monetary funds	227,301,475.05	Bills deposits, deposit certificate pledge, etc.
Fixed assets	162,961,583.83	Pledged to bank to obtain credit facilities
Construction in progress	79,196,956.04	Pledged to bank to obtain credit facilities
Intangible assets	205,065,790.77	Pledged to bank to obtain credit facilities
Total	674,525,805.69	

49. Related Parties and Related Party Transaction

(1) The Company's other related parties

Except for the subsidiaries mentioned in Note (V), please refer to Note (IX) for details of other related parties of the Company.

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(2) Related party transactions

1) Sale of goods

RMB

Related parties	Content of the related party transaction	Amount for the year	Amount for last year
Anhui Flat Glass	Sale	129,252,981.38	356,758,205.34
Flat (Hong Kong)	Sale	219,212,324.77	314,822,978.26
Zhejiang Flat	Sale	128,587,695.39	149,768,376.38
Zhejiang Jiafu	Sale	66,506,269.38	100,785,869.35
Flat (Vietnam)	Sale	1,822,007.47	9,489,982.93
Flat Import and Export	Sale	1,357,757.70	37,798,855.04
Kaihong Flat	Sale	–	8,559.20
Flat intelligent Equipment	Sale	77,173,014.53	–
Shanghai Flat	Sale	894,983.99	–
Flat New Energy	Sale	666,646.95	–
Total		625,473,681.56	969,432,826.50

2) Purchase of goods

RMB

Related parties	Content of the related party transaction	Amount for the year	Amount for last year
Zhejiang Jiafu	Purchase of raw materials	134,298,657.98	334,857,087.24
Anhui Flat Glass	Purchase of raw materials	124,579,345.95	223,509,979.98
Sanli Mining	Purchase of raw materials	167,752,440.41	243,553,462.29
JiaXing Gas	Purchase of raw materials	257,913,608.88	212,685,098.53
Kaihong Flat	Accepting labor service	67,626,971.51	80,722,117.84
Flat Import and Export	Purchase of raw materials	–	30,876,621.31
Flat New Energy	Purchase of raw materials	5,625,275.23	3,975,261.86
Zhejiang Flat	Purchase of raw materials	1,700,335.37	1,377,726.85
Total		759,496,635.33	1,131,557,355.90

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(3) Related leases

The Company as the lessor:

		<i>RMB</i>	
Lessee name	Type of leased asset	Amount for the year Recognised rental incomes	Amount for last year Recognised rental incomes
Zhejiang Flat	Houses	6,035,622.84	6,035,622.84
Kaihong Flat	Houses	322,924.48	-
Total		6,358,547.32	6,035,622.84

The Company as the lessee:

		<i>RMB</i>	
Lessor name	Type of leased asset	Amount for the year Recognised rental expenses	Amount for last year Recognised rental expenses
Jiaxing Yihe Investment Co., Ltd.	Houses	8,499,629.28	8,499,629.28

(4) Sale of fixed assets

		<i>RMB</i>	
Related parties	Related Party transaction	Amount for the year	Amount for last year
Zhejiang Jiafu	Sale of fixed assets	99,309.73	277,663.56
Zhejiang Flat	Sale of fixed assets	-	410.88
Anhui Flat Glass	Sale of fixed assets	2,279,014.50	-
Flat New Energy	Sale of fixed assets	58,773.81	-
Flat intelligent Equipment	Sale of fixed assets	5,183,651.57	-
Total		7,620,749.61	278,074.44

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(5) Procurement of fixed assets and engineering materials

RMB

Related parties	Content of the related party transaction	Amount for the year	Amount for last year
Anhui Flat Glass	Procurement of fixed assets and engineering materials	2,062,373.51	2,046,626.56
Zhejiang Jiafu	Procurement of fixed assets and engineering materials	217,777.77	–
Flat intelligent Equipment	Procurement of fixed assets and engineering materials	3,333,471.93	–
Total		5,613,623.21	2,046,626.56

(6) Amounts due to/from related parties

RMB

Items	Related parties	Closing balance	Opening balance
Trade receivables	Flat intelligent Equipment	82,885,203.30	–
Trade receivables	Anhui Flat Glass	20,157,948.96	40,298,080.95
Trade receivables	Zhejiang Flat	12,774,278.55	19,884,494.79
Trade receivables	Flat Import and Export	6,339,915.09	1,713,049.36
Trade receivables	Flat (Vietnam)	4,458,775.09	4,113,021.66
Trade receivables	Flat (Hong Kong)	1,705,034.50	96,165,624.98
Trade receivables	Zhejiang Jiafu	1,049,982.60	21,199,233.46
Trade receivables	Nantong Flat	803,380.89	–
Trade receivables	Flat New Energy	751,618.45	–
Total		130,926,137.43	183,373,505.20
Advance payments	Sanli Mining	115,626,849.59	–
Advance payments	JiaXing Gas	3,630,715.71	2,128,096.24
Advance payments	Flat (Hong Kong)	2,126,567.34	2,126,567.34
Advance payments	Zhejiang Jiafu	50,373.93	–
Total		121,434,506.57	4,254,663.58

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(6) Amounts due to/from related parties (Continued)

		RMB	
Items	Related parties	Closing balance	Opening balance
Other receivables	Anhui Flat Material	2,781,552,874.88	–
Other receivables	Flat (Hong Kong)	1,164,551,652.26	1,144,467,141.56
Other receivables	Fengyang Flat New Energy	636,392,459.25	406,000,000.00
Other receivables	Fulaitai	325,000,000.00	–
Other receivables	Sanli Mining	90,000,000.00	–
Other receivables	Flat Intelligent Equipment	25,438,744.37	1,138,993.69
Other receivables	Nantong Flat	4,780,000.00	2,900,000.00
Other receivables	JiaXing Gas	500,000.00	500,000.00
Other receivables	Guangxi Flat	500,000.00	500,000.00
Other receivables	Nantong Natural Gas	10,000.00	–
Other receivables	Dahua Mining	–	239,552,000.00
Total		5,028,725,730.76	1,795,058,135.25
Other non-current assets	Anhui Flat Glass	9,242,432,904.53	6,137,472,218.16
Other non-current assets	Zhejiang Jiafu	83,443,303.46	457,100,000.00
Other non-current assets	Flat Import and Export	78,124,522.86	3,595,310.72
Other non-current assets	Nantong Flat	1,500,000.00	–
Total		9,405,500,730.85	6,598,167,528.88
Contract liabilities	Kaihong Flat	25,604.55	25,604.55
Other payables	Flat (Hong Kong)	416,703,442.65	509,285,802.74
Other payables	Anhui Flat Material	335,464,970.00	203,464,970.00
Other payables	Zhejiang Flat	164,000,000.00	72,297,600.00
Other payables	Fengyang Flat New Energy	100,000,000.00	–
Other payables	Shanghai Flat	10,000,000.00	10,000,000.00
Other payables	Dahua Mining	8,448,000.00	–
Other payables	Kaihong Flat	400,000.00	300,000.00
Other payables	Flat Import and Export	–	25,418,843.50
Other payables	Flat New Energy	–	11,000,000.00
Total		1,035,016,412.65	831,767,216.24

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(6) Amounts due to/from related parties (Continued)

RMB

Items	Related parties	Closing balance	Opening balance
Trade payables	Anhui Flat Glass	28,208,580.24	91,188,647.33
Trade payables	Flat Import & Export	12,206,790.44	6,283,744.31
Trade payables	Kaihong Flat	8,299,495.23	16,146,812.79
Trade payables	Flat Intelligent Equipment	6,081,004.43	509,950.00
Trade payables	Flat New Energy	4,394,740.93	1,908,266.72
Trade payables	Nantong Flat	1,650,000.00	200,000.00
Trade payables	Zhejiang Jiafu	300,202.42	21,839,444.08
Trade payables	Zhejiang Flat	290,882.81	2,143,921.86
Trade payables	Jiaxing Yihe Investment Co., Ltd	270,616.47	27,600.57
Trade payables	Sanli Mining	–	149,743,753.24
Total		61,702,312.97	289,992,140.90

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(7) Borrowings to related parties

RMB

Related parties	Increased in the year	Decreased in the year	Commencement date	Expiry date	Year end amount	Particulars
During the year						
Anhui Flat Material	2,781,552,874.88	-	Nil	Nil	2,781,552,874.88	Interest free with no fixed term of repayment
Anhui Flat Glass	-	-	2020-01-02	2023-12-31	100,000,000.00	Interest free with no fixed term of repayment
Anhui Flat Glass	-	-	2018-07-01	2023-12-31	500,000,000.00	Interest free with no fixed term of repayment
Anhui Flat Glass	-	-	2020-12-31	2023-12-31	1,444,025,000.00	Interest free with no fixed term of repayment
Anhui Flat Glass	5,302,834,143.30	2,197,873,456.93	Nil	Nil	7,198,407,904.53	Interest free with no fixed term of repayment
Zhejiang Jiafu	335,430,824.36	709,087,520.90	Nil	Nil	83,443,303.46	Interest free with no fixed term of repayment
Flat Import & Export	189,440,330.24	114,911,118.10	Nil	Nil	78,124,522.86	Interest free with no fixed term of repayment
Flat (Hong Kong)	1,389,710.70	-	Nil	Nil	17,154,252.26	Interest free with no fixed term of repayment
Flat (Hong Kong)	1,384,800.00	-	2021-03-10	2024-03-09	84,992,400.00	Fixed rate at 2.5%
Flat (Hong Kong)	2,885,000.00	-	2021-03-10	2024-04-13	177,067,500.00	Fixed rate at 2.5%
Flat (Hong Kong)	1,154,000.00	-	2021-02-26	2024-02-25	70,827,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	1,154,000.00	-	2021-07-19	2024-07-18	70,827,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	2,308,000.00	-	2021-09-01	2024-08-31	141,654,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	2,308,000.00	-	2021-10-27	2024-10-21	141,654,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	2,885,000.00	-	2021-11-30	2024-10-21	177,067,500.00	Fixed rate at 2.5%
Flat (Hong Kong)	2,308,000.00	-	2022-03-14	2024-03-13	141,654,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	2,308,000.00	-	2022-04-13	2024-04-12	141,654,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	27,474,220.97	-	2021-03-10	2024-04-12	27,474,220.97	Fixed rate at 2.5%
Sanli Mining	500,000,000.00	410,000,000.00	Nil	Nil	90,000,000.00	Interest free with no fixed term of repayment
Nantong Flat	3,380,000.00	-	Nil	Nil	6,280,000.00	Interest free with no fixed term of repayment
Fengyang Flat New Energy	230,392,459.25	-	Nil	Nil	636,392,459.25	Interest free with no fixed term of repayment
Dahua Mining	-	239,552,000.00	Nil	Nil	-	Interest free with no fixed term of repayment
Flat Intelligent Equipment	24,299,750.68	-	Nil	Nil	25,438,744.37	Interest free with no fixed term of repayment
Guangxi Flat	-	-	Nil	Nil	500,000.00	Interest free with no fixed term of repayment
Jiaying Gas	-	-	Nil	Nil	500,000.00	Interest free with no fixed term of repayment
Nantong Natural Gas	10,000.00	-	Nil	Nil	10,000.00	Interest free with no fixed term of repayment
Fulaitai	325,000,000.00	-	Nil	Nil	325,000,000.00	Interest free with no fixed term of repayment

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(7) Borrowings to related parties (Continued)

RMB

Related parties	Increased in the year	Decreased in the year	Commencement date	Expiry date	Year end amount	Particulars
During last year						
Anhui Flat Material	-	236,535,030.00	Nil	Nil	-	Interest free with no fixed term of repayment
Anhui Flat Glass	-	-	2021-01-01	2023-12-31	100,000,000.00	Fixed rate at 4.75%
Anhui Flat Glass	-	-	2021-01-01	2023-12-31	500,000,000.00	Fixed rate at 4.75%
Anhui Flat Glass	-	-	2021-01-01	2023-12-31	1,444,025,000.00	Fixed rate at 4.75%
Anhui Flat Glass	5,649,506,841.34	2,656,059,623.18	Nil	Nil	4,093,447,218.16	Interest free with no fixed term of repayment
Zhejiang Jiafu	976,000,000.00	1,281,371,699.07	Nil	Nil	457,100,000.00	Interest free with no fixed term of repayment
Flat Import & Export	167,661,000.00	508,619,881.24	Nil	Nil	3,595,310.72	Interest free with no fixed term of repayment
Flat (Hong Kong)	443,524.03	-	Nil	Nil	16,201,941.56	Interest free with no fixed term of repayment
Flat (Hong Kong)	7,066,800.00	-	2021-03-10	2023-03-09	83,575,200.00	Fixed rate at 2.5%
Flat (Hong Kong)	14,722,500.00	-	2021-03-10	2023-04-13	174,115,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	5,889,000.00	-	2021-02-26	2023-02-28	69,646,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	5,889,000.00	-	2021-07-19	2023-07-18	69,646,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	11,778,000.00	-	2021-09-01	2023-08-31	139,292,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	11,778,000.00	-	2021-10-27	2023-10-26	139,292,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	14,722,500.00	-	2021-11-30	2023-11-29	174,115,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	139,292,000.00	-	2022-03-14	2023-03-13	139,292,000.00	Fixed rate at 2.5%
Flat (Hong Kong)	139,292,000.00	-	2022-04-13	2023-03-14	139,292,000.00	Fixed rate at 2.5%
Nantong Flat	1,400,000.00	-	Nil	Nil	2,900,000.00	Interest free with no fixed term of repayment
Shanghai Flat	-	16,000.00	Nil	Nil	-	Interest free with no fixed term of repayment
Fengyang Flat New Energy	636,000,000.00	230,000,000.00	Nil	Nil	406,000,000.00	Interest free with no fixed term of repayment
Dahua Mining	568,018,000.00	328,466,000.00	Nil	Nil	239,552,000.00	Interest free with no fixed term of repayment
Flat Intelligent Equipment	1,138,993.69	-	Nil	Nil	1,138,993.69	Interest free with no fixed term of repayment
Guangxi Flat	500,000.00	-	Nil	Nil	500,000.00	Interest free with no fixed term of repayment

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(8) Borrowings from related parties

RMB

Related parties	Increased in the year	Decreased in the year	Commencement date	Expiry date	Year end amount	Particulars
During the year						
Flat (Hong Kong)	-	92,582,360.09	Nil	Nil	416,703,442.65	Interest free with no fixed term of repayment
Flat New Energy	-	11,000,000.00	Nil	Nil	-	Interest free with no fixed term of repayment
Zhejiang Flat	91,702,400.00	-	Nil	Nil	164,000,000.00	Interest free with no fixed term of repayment
Shanghai Flat	-	-	Nil	Nil	10,000,000.00	Interest free with no fixed term of repayment
Flat Import & Export	24,581,156.50	50,000,000.00	Nil	Nil	-	Interest free with no fixed term of repayment
Anhui Flat Material	150,000,000.00	18,000,000.00	Nil	Nil	335,464,970.00	Interest free with no fixed term of repayment
Dahua Mining	60,448,000.00	52,000,000.00	Nil	Nil	8,448,000.00	Interest free with no fixed term of repayment
Fengyang Flat New Energy	100,000,000.00	-	Nil	Nil	100,000,000.00	Interest free with no fixed term of repayment
During last year						
Flat (Hong Kong)	-	-	Nil	Nil	509,285,802.74	Interest free with no fixed term of repayment
Flat New Energy	8,044,799.47	-	Nil	Nil	11,000,000.00	Interest free with no fixed term of repayment
Zhejiang Flat	111,297,600.00	39,000,000.00	Nil	Nil	72,297,600.00	Interest free with no fixed term of repayment
Flat Import & Export	25,418,843.50	-	Nil	Nil	25,418,843.50	Interest free with no fixed term of repayment
Anhui Flat Material	203,464,970.00	-	Nil	Nil	203,464,970.00	Interest free with no fixed term of repayment
Shanghai Flat	10,000,000.00	-	Nil	Nil	10,000,000.00	Interest free with no fixed term of repayment

(9) Interest income

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
Flat (Hong Kong)	borrowing funds	27,474,220.97	27,590,844.58

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(10) Receiving guarantees from related parties

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2023
During the year					
Anhui Flat Glass	The Company	20,000,000.00	2022-07-28	2023-07-28	Yes
Anhui Flat Glass	The Company	200,000,000.00	2022-07-29	2023-07-27	Yes
Anhui Flat Glass	The Company	98,000,000.00	2023-04-30	2023-10-29	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2023-06-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2023-12-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2024-06-20	No
Anhui Flat Glass	The Company	197,500,000.00	2021-11-17	2024-11-16	No
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2023-06-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2023-12-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2024-06-20	No
Anhui Flat Glass	The Company	197,500,000.00	2021-11-19	2024-11-16	No
Anhui Flat Glass	The Company	10,000,000.00	2022-11-30	2023-06-15	Yes
Anhui Flat Glass	The Company	10,000,000.00	2022-11-30	2023-12-15	Yes
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2024-06-15	No
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2024-12-15	No
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2025-06-15	No
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2025-11-29	No
Anhui Flat Glass	The Company	100,000,000.00	2023-01-01	2023-06-08	Yes
Anhui Flat Glass	The Company	100,000,000.00	2023-01-01	2023-06-08	Yes
Anhui Flat Glass	The Company	111,000,000.00	2023-01-11	2023-02-15	Yes
Anhui Flat Glass	The Company	199,000,000.00	2023-02-08	2023-08-07	Yes

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(10) Receiving guarantees from related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2023
Anhui Flat Glass	The Company	200,000,000.00	2023-04-18	2026-04-20	No
Anhui Flat Glass	The Company	200,000,000.00	2023-06-07	2026-06-07	No
Anhui Flat Glass	The Company	199,000,000.00	2023-06-12	2026-06-15	No
Anhui Flat Glass	The Company	199,000,000.00	2023-06-13	2026-06-13	No
Anhui Flat Glass	The Company	200,000,000.00	2023-06-20	2026-06-16	No
Anhui Flat Glass	The Company	175,000,000.00	2023-11-30	2030-10-29	No
Anhui Flat Glass	The Company	175,000,000.00	2023-11-30	2030-10-29	No
Zhejiang Jiafu	The Company	100,000,000.00	2022-04-18	2023-01-27	Yes
Zhejiang Jiafu	The Company	9,000,000.00	2022-07-19	2023-01-16	Yes
Zhejiang Jiafu	The Company	12,000,000.00	2022-07-29	2023-01-30	Yes
Zhejiang Jiafu	The Company	9,000,000.00	2022-08-09	2023-02-06	Yes
Zhejiang Jiafu	The Company	9,000,000.00	2022-08-19	2023-02-14	Yes
Zhejiang Jiafu	The Company	11,000,000.00	2022-08-29	2023-02-21	Yes
Zhejiang Jiafu	The Company	10,000,000.00	2022-10-28	2023-04-24	Yes
Zhejiang Jiafu	The Company	150,000,000.00	2022-11-08	2023-07-01	Yes
Zhejiang Jiafu	The Company	30,000,000.00	2023-01-18	2023-08-22	Yes
Zhejiang Jiafu	The Company	100,000,000.00	2023-01-28	2023-08-22	Yes
Zhejiang Jiafu	The Company	100,000,000.00	2023-02-01	2023-07-04	Yes
Zhejiang Jiafu	The Company	15,000,000.00	2023-02-24	2023-08-23	Yes
Zhejiang Jiafu	The Company	5,000,000.00	2023-03-03	2023-08-29	Yes
Zhejiang Jiafu	The Company	10,000,000.00	2023-03-09	2023-09-04	Yes
Zhejiang Jiafu	The Company	10,000,000.00	2023-03-24	2023-09-19	Yes
Zhejiang Jiafu	The Company	10,000,000.00	2023-04-04	2023-10-07	Yes
Zhejiang Jiafu	The Company	100,000,000.00	2023-04-11	2023-04-30	Yes

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(10) Receiving guarantees from related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2023
Zhejiang Jiafu	The Company	5,220,000.00	2023-06-27	2023-12-22	Yes
Zhejiang Jiafu	The Company	150,000,000.00	2023-8-22	2024-8-21	No
Zhejiang Jiafu	The Company	80,000,000.00	2020-12-28	2023-12-22	Yes
Zhejiang Jiafu	The Company	150,000,000.00	2022-10-08	2025-10-07	No
Zhejiang Jiafu	The Company	90,000,000.00	2020-11-16	2023-11-15	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2023-06-03	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2023-12-03	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2024-06-03	No
Zhejiang Jiafu	The Company	119,500,000.00	2021-12-07	2024-12-03	No
Zhejiang Jiafu	The Company	500,000.00	2023-01-19	2023-07-18	Yes
Zhejiang Jiafu	The Company	500,000.00	2023-01-19	2024-01-18	No
Zhejiang Jiafu	The Company	500,000.00	2023-01-19	2024-07-18	No
Zhejiang Jiafu	The Company	500,000.00	2023-01-19	2025-01-18	No
Zhejiang Jiafu	The Company	500,000.00	2023-01-19	2025-07-18	No
Zhejiang Jiafu	The Company	97,500,000.00	2023-01-19	2026-01-18	No
Zhejiang Jiafu	The Company	100,000.00	2023-02-28	2023-08-26	Yes
Zhejiang Jiafu	The Company	100,000.00	2023-02-28	2024-02-26	No
Zhejiang Jiafu	The Company	100,000.00	2023-02-28	2024-08-26	No
Zhejiang Jiafu	The Company	100,000.00	2023-02-28	2025-02-26	No
Zhejiang Jiafu	The Company	100,000.00	2023-02-28	2025-08-26	No
Zhejiang Jiafu	The Company	139,500,000.00	2023-02-28	2026-02-26	No
Zhejiang Jiafu	The Company	50,000,000.00	2023-03-10	2026-03-09	No

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(10) Receiving guarantees from related parties (Continued)

RMB

<u>Guarantor(s)</u>	<u>Guaranteed parties</u>	<u>Amount guaranteed</u>	<u>Commencement date</u>	<u>Expiry date</u>	<u>Fulfilment of the guarantee as at 31 December 2023</u>
During last year					
Anhui Flat Glass	The Company	50,000,000.00	2021-10-29	2022-10-28	Yes
Anhui Flat Glass	The Company	100,000,000.00	2022-07-28	2022-12-13	Yes
Anhui Flat Glass	The Company	180,000,000.00	2022-07-28	2022-12-30	Yes
Anhui Flat Glass	The Company	20,000,000.00	2022-07-28	2023-07-28	Yes
Anhui Flat Glass	The Company	200,000,000.00	2022-07-29	2023-07-27	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2022-06-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2022-12-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2023-06-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2023-12-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-17	2024-06-20	No
Anhui Flat Glass	The Company	197,500,000.00	2021-11-17	2024-11-16	No
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2022-06-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2022-12-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2023-06-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2023-12-20	Yes
Anhui Flat Glass	The Company	500,000.00	2021-11-19	2024-06-20	No
Anhui Flat Glass	The Company	197,500,000.00	2021-11-19	2024-11-16	No
Anhui Flat Glass	The Company	10,000,000.00	2022-11-30	2023-06-15	Yes
Anhui Flat Glass	The Company	10,000,000.00	2022-11-30	2023-12-15	Yes
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2024-06-15	No
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2024-12-15	No
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2025-06-15	No
Anhui Flat Glass	The Company	20,000,000.00	2022-11-30	2025-11-29	No
Zhejiang Jiafu	The Company	31,878,500.00	2021-11-26	2022-07-18	Yes

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(10) Receiving guarantees from related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2023
Zhejiang Jiafu	The Company	127,514,000.00	2021-11-26	2022-11-01	Yes
Zhejiang Jiafu	The Company	99,000,000.00	2021-06-17	2022-04-27	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-07-20	2022-01-17	Yes
Zhejiang Jiafu	The Company	2,000,000.00	2021-07-30	2022-01-26	Yes
Zhejiang Jiafu	The Company	2,000,000.00	2021-08-09	2022-02-07	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-08-19	2022-02-09	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-09-09	2022-03-07	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-09-18	2022-03-16	Yes
Zhejiang Jiafu	The Company	4,000,000.00	2021-09-29	2022-03-28	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-10-19	2022-04-18	Yes
Zhejiang Jiafu	The Company	4,000,000.00	2021-10-29	2022-04-26	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-11-19	2022-05-09	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-12-09	2022-06-06	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2021-12-16	2022-06-13	Yes
Zhejiang Jiafu	The Company	4,000,000.00	2022-01-07	2022-06-27	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2022-01-18	2022-07-18	Yes
Zhejiang Jiafu	The Company	4,000,000.00	2022-01-27	2022-07-25	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2022-02-08	2022-08-08	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2022-02-18	2022-08-16	Yes
Zhejiang Jiafu	The Company	4,000,000.00	2022-02-25	2022-08-23	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2022-03-09	2022-09-05	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2022-03-18	2022-09-13	Yes
Zhejiang Jiafu	The Company	4,000,000.00	2022-03-30	2022-09-26	Yes
Zhejiang Jiafu	The Company	3,000,000.00	2022-04-08	2022-10-08	Yes

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(10) Receiving guarantees from related parties (Continued)

RMB

<u>Guarantor(s)</u>	<u>Guaranteed parties</u>	<u>Amount guaranteed</u>	<u>Commencement date</u>	<u>Expiry date</u>	<u>Fulfilment of the guarantee as at 31 December 2023</u>
Zhejiang Jiafu	The Company	3,000,000.00	2022-04-18	2022-10-12	Yes
Zhejiang Jiafu	The Company	7,000,000.00	2022-04-29	2022-10-25	Yes
Zhejiang Jiafu	The Company	100,000,000.00	2022-04-18	2023-01-27	Yes
Zhejiang Jiafu	The Company	20,000,000.00	2022-05-30	2022-11-23	Yes
Zhejiang Jiafu	The Company	9,000,000.00	2022-07-19	2023-01-16	Yes
Zhejiang Jiafu	The Company	12,000,000.00	2022-07-29	2023-01-30	Yes
Zhejiang Jiafu	The Company	9,000,000.00	2022-08-09	2023-02-06	Yes
Zhejiang Jiafu	The Company	9,000,000.00	2022-08-19	2023-02-14	Yes
Zhejiang Jiafu	The Company	11,000,000.00	2022-08-29	2023-02-21	Yes
Zhejiang Jiafu	The Company	10,000,000.00	2022-10-28	2023-04-24	Yes
Zhejiang Jiafu	The Company	150,000,000.00	2022-11-08	2023-07-01	Yes
Zhejiang Jiafu	The Company	80,000,000.00	2020-12-28	2023-12-27	Yes
Zhejiang Jiafu	The Company	150,000,000.00	2022-10-08	2025-10-07	No
Zhejiang Jiafu	The Company	90,000,000.00	2020-11-16	2023-11-15	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2022-06-06	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2022-12-05	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2023-06-03	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2023-12-03	Yes
Zhejiang Jiafu	The Company	100,000.00	2021-12-07	2024-06-03	No
Zhejiang Jiafu	The Company	119,500,000.00	2021-12-07	2024-12-03	No

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(11) Providing guarantees to related parties

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2022
During the year					
The Company	Zhejiang Flat	11,000,000.00	2023-05-31	2024-05-31	No
The Company	Zhejiang Jiafu	200,000,000.00	2022-07-29	2023-07-28	Yes
The Company	Zhejiang Jiafu	50,000,000.00	2022-11-01	2023-10-28	Yes
The Company	Zhejiang Jiafu	90,000,000.00	2022-12-29	2023-12-28	Yes
The Company	Zhejiang Jiafu	50,000,000.00	2023-10-31	2024-04-30	No
The Company	Zhejiang Jiafu	100,000.00	2021-03-04	2023-03-03	Yes
The Company	Zhejiang Jiafu	100,000.00	2021-03-04	2023-09-03	Yes
The Company	Zhejiang Jiafu	49,500,000.00	2021-03-04	2024-03-03	No
The Company	Zhejiang Jiafu	100,000.00	2023-03-21	2024-03-19	No
The Company	Zhejiang Jiafu	100,000.00	2023-03-21	2024-09-19	No
The Company	Zhejiang Jiafu	100,000.00	2023-03-21	2025-03-19	No
The Company	Zhejiang Jiafu	100,000.00	2023-03-21	2025-09-19	No
The Company	Zhejiang Jiafu	179,500,000.00	2023-03-21	2026-03-19	No
The Company	Anhui Flat Glass	75,000,000.00	2022-01-07	2023-01-07	Yes
The Company	Anhui Flat Glass	100,000,000.00	2022-12-06	2023-12-05	Yes
The Company	Anhui Flat Glass	75,000,000.00	2023-01-10	2024-01-10	No
The Company	Anhui Flat Glass	60,000,000.00	2022-11-16	2023-04-27	Yes
The Company	Anhui Flat Glass	60,000,000.00	2022-11-16	2023-10-27	Yes
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2024-04-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2024-10-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2025-04-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2025-10-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2026-04-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2026-10-27	No

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(11) Providing guarantees to related parties (Continued)

RMB

<u>Guarantor(s)</u>	<u>Guaranteed parties</u>	<u>Amount guaranteed</u>	<u>Commencement date</u>	<u>Expiry date</u>	<u>Fulfilment of the guarantee as at 31 December 2022</u>
The Company	Anhui Flat Glass	100,000,000.00	2022-11-16	2027-04-27	No
The Company	Anhui Flat Glass	100,000,000.00	2022-11-16	2027-10-27	No
The Company	Anhui Flat Glass	1,000,000.00	2021-06-28	2023-06-20	Yes
The Company	Anhui Flat Glass	1,000,000.00	2021-06-28	2023-12-20	Yes
The Company	Anhui Flat Glass	155,000,000.00	2021-06-28	2024-06-24	No
The Company	Anhui Flat Glass	100,000.00	2021-06-15	2023-06-15	Yes
The Company	Anhui Flat Glass	100,000.00	2021-06-15	2023-12-15	Yes
The Company	Anhui Flat Glass	229,500,000.00	2021-06-15	2024-12-15	No
The Company	Anhui Flat Glass	2,000,000.00	2023-03-16	2024-02-15	No
The Company	Anhui Flat Glass	46,000,000.00	2023-03-16	2024-09-11	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2024-06-20	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2024-12-20	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2025-06-20	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2025-12-20	No
The Company	Anhui Flat Glass	44,000,000.00	2023-03-22	2026-03-16	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2024-06-20	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2024-12-20	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2025-06-20	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-22	2025-12-20	No
The Company	Anhui Flat Glass	39,000,000.00	2023-03-22	2026-03-16	No
The Company	Anhui Flat Glass	1,000,000.00	2023-03-28	2024-06-20	No
The Company	Anhui Flat Glass	47,000,000.00	2023-03-28	2024-09-19	No
The Company	Anhui Flat Glass	140,000,000.00	2023-06-29	2025-12-15	No
The Company	Anhui Flat Glass	60,000,000.00	2023-06-29	2026-06-15	No
The Company	Anhui Flat Glass	155,000,000.00	2023-06-29	2026-12-15	No

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(11) Providing guarantees to related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2022
The Company	Flat (Hong Kong)	114,915,900.00	2022-01-28	2023-01-27	Yes
The Company	Flat (Hong Kong)	69,400,000.00	2023-03-20	2024-03-20	No
The Company	Flat (Hong Kong)	143,556,000.00	2023-11-21	2024-11-21	No
The Company	Flat (Hong Kong)	138,800,000.00	2023-03-10	2024-03-10	No
The Company	Flat (Hong Kong)	169,644,384.00	2023-06-05	2026-06-05	No
The Company	Flat (Hong Kong)	42,496,200.00	2023-06-05	2026-06-05	No
The Company	Flat Import & Export	6,000,000.00	2022-12-30	2023-12-29	Yes
The Company	Sanli Mining	10,000,000.00	2023-09-27	2024-05-24	No
The Company	Dahua Mining	50,000,000.00	2023-12-19	2024-12-18	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2024-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2025-05-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2025-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2026-05-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2026-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2027-05-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2027-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2028-05-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2028-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2029-05-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2029-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2030-05-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2030-11-25	No
The Company	Anhui Flat Material	44,500,000.00	2023-05-25	2031-05-25	No
The Company	Anhui Flat Material	47,500,000.00	2023-05-25	2031-11-25	No
The Company	Anhui Flat Material	47,500,000.00	2023-05-25	2032-05-25	No
The Company	Anhui Flat Material	41,000,000.00	2023-05-25	2032-11-25	No
The Company	Anhui Flat Material	41,000,000.00	2023-05-25	2033-05-25	No
The Company	Fulaitai	920,894,228.00	2023-12-14	2033-12-20	No

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(11) Providing guarantees to related parties (Continued)

RMB

<u>Guarantor(s)</u>	<u>Guaranteed parties</u>	<u>Amount guaranteed</u>	<u>Commencement date</u>	<u>Expiry date</u>	<u>Fulfilment of the guarantee as at 31 December 2022</u>
During last year					
The Company	Zhejiang Flat	10,000,000.00	2022-03-18	2023-03-17	No
The Company	Zhejiang Jiafu	50,000,000.00	2021-10-29	2022-10-28	Yes
The Company	Zhejiang Jiafu	110,000,000.00	2021-12-09	2022-06-02	Yes
The Company	Zhejiang Jiafu	200,000,000.00	2022-07-29	2023-07-28	No
The Company	Zhejiang Jiafu	50,000,000.00	2022-11-01	2023-10-28	No
The Company	Zhejiang Jiafu	90,000,000.00	2022-12-29	2023-12-28	No
The Company	Zhejiang Jiafu	100,000.00	2021-03-04	2022-03-03	Yes
The Company	Zhejiang Jiafu	50,000,000.00	2021-03-04	2022-06-02	Yes
The Company	Zhejiang Jiafu	100,000.00	2021-03-04	2022-09-05	Yes
The Company	Zhejiang Jiafu	100,000.00	2021-03-04	2023-03-03	No
The Company	Zhejiang Jiafu	100,000.00	2021-03-04	2023-09-03	No
The Company	Zhejiang Jiafu	49,500,000.00	2021-03-04	2024-03-03	No
The Company	Anhui Flat Glass	75,000,000.00	2021-02-03	2022-02-03	Yes
The Company	Anhui Flat Glass	100,000,000.00	2021-11-23	2022-11-22	Yes
The Company	Anhui Flat Glass	10,000,000.00	2021-08-31	2022-08-24	Yes
The Company	Anhui Flat Glass	75,000,000.00	2022-01-07	2023-01-07	No
The Company	Anhui Flat Glass	100,000,000.00	2022-02-17	2022-08-16	Yes
The Company	Anhui Flat Glass	200,000,000.00	2022-02-23	2022-08-22	Yes
The Company	Anhui Flat Glass	109,000,000.00	2022-04-19	2023-04-18	No
The Company	Anhui Flat Glass	100,000,000.00	2022-12-06	2023-12-05	No
The Company	Anhui Flat Glass	60,000,000.00	2022-11-16	2023-04-27	No
The Company	Anhui Flat Glass	60,000,000.00	2022-11-16	2023-10-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2024-04-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2024-10-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2025-04-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2025-10-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2026-04-27	No
The Company	Anhui Flat Glass	80,000,000.00	2022-11-16	2026-10-27	No

Notes to the Financial Statements

For the year ended 31 December 2023

(XIV) NOTES TO THE MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

49. Related Parties and Related Party Transactions (Continued)

(11) Providing guarantees to related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2022
The Company	Anhui Flat Glass	100,000,000.00	2022-11-16	2027-04-27	No
The Company	Anhui Flat Glass	100,000,000.00	2022-11-16	2027-10-27	No
The Company	Anhui Flat Glass	1,000,000.00	2021-06-28	2022-06-20	Yes
The Company	Anhui Flat Glass	1,000,000.00	2021-06-28	2022-12-20	Yes
The Company	Anhui Flat Glass	1,000,000.00	2021-06-28	2023-06-20	No
The Company	Anhui Flat Glass	1,000,000.00	2021-06-28	2023-12-20	No
The Company	Anhui Flat Glass	155,000,000.00	2021-06-28	2024-06-24	No
The Company	Anhui Flat Glass	100,000.00	2021-06-15	2022-06-15	Yes
The Company	Anhui Flat Glass	100,000.00	2021-06-15	2022-12-15	Yes
The Company	Anhui Flat Glass	100,000.00	2021-06-15	2023-06-15	No
The Company	Anhui Flat Glass	100,000.00	2021-06-15	2023-12-15	No
The Company	Anhui Flat Glass	229,500,000.00	2021-06-15	2024-12-15	No
The Company	Flat (Hong Kong)	104,356,650.00	2022-01-28	2023-01-27	No
The Company	Flat (Hong Kong)	3,373,350.00	2022-01-28	2022-08-25	Yes
The Company	Flat (Hong Kong)	7,099,200.00	2022-01-28	2022-10-24	Yes
The Company	Flat Import & Export	6,000,000.00	2022-12-30	2023-12-29	No

Supplementary Information

1. DETAILS OF EXTRA-ORDINARY PROFIT OR LOSS

The calculation form of the details of extra-ordinary profit or loss is prepared in accordance with the relevant provisions of Public Issuance of Securities Companies Information Disclosure and Compilation Rules Interpretative Announcement No. 1 – Extra-ordinary Profit or Loss (CSRC Announcement [2008] No. 43) issued by the China Securities Regulatory Commission.

RMB

Items	During the year
Losses on disposal of non-current assets	(7,086,732.47)
Government grants recorded in current profit or loss (except for government grants closely associated with the business of the Company in fixed amount or fixed quantity according to national policies) (Note)	74,278,994.61
Apart from hedging instruments relating to the normal operations of the Company, gain/loss from changes in fair value of held-for trading financial assets, derivative financial assets and derivative financial liabilities, and investment income from disposal of the above financial assets/liabilities and financing receivables	10,195,820.57
Other non-operating income and expenses other than the above	453,053.80
Subtotal	77,841,136.51
Effects of income tax	(12,330,271.75)
Effects of minority interests	83,190.28
Total	65,427,674.48

Note: For details of the government grants included in the current profit and loss for the year, please refer to Note (VI)63. The above subsidy amount does not include the subsidy of distributed PV power generation project of RMB1,517,161.80 and the refund income from handling fee for additional input tax credit of RMB91,145,149.64, which are closely related to the Group's business and are fixed or quantified in accordance with national unified standards.

Supplementary Information

2. RETURN ON NET ASSETS AND EARNINGS 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 net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
During the year			
Net profit attributable to ordinary shareholders of the Company	15	1.24	1.24
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	15	1.21	1.21
During last year			
Net profit attributable to ordinary shareholders of the Company	16	0.99	0.99
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	16	0.97	0.97

3. THE GROUP'S SUMMARY OF PERFORMANCE, ASSETS AND LIABILITIES IN THE PAST FIVE ACCOUNTING YEARS

RMB

Items	2023	2022	2021	2020	2019
I. Total operating income	21,523,708,522.42	15,460,843,227.36	8,713,228,065.59	6,260,417,792.26	4,806,804,020.96
Less: Operating costs	16,830,721,240.54	12,048,190,879.61	5,620,391,966.94	3,600,864,085.34	3,517,642,435.22
Taxes and surcharges	198,145,169.13	134,772,326.23	48,466,185.37	61,083,688.80	35,026,838.85
Selling expenses	119,751,307.45	118,877,978.75	85,724,646.32	47,632,079.18	27,205,988.86
General and administrative expenses	302,200,735.53	277,541,944.49	221,778,736.93	172,349,032.43	121,498,560.29
Research and development expenses	596,750,492.70	523,230,185.51	408,417,461.35	284,717,812.81	204,151,559.30
Financial expenses	482,892,747.57	240,434,620.48	52,518,443.24	141,528,692.18	53,129,460.34
Including: Interest expense	590,660,016.42	338,235,144.15	90,252,414.76	80,273,151.69	65,388,264.94
Interest income	102,641,259.91	59,295,478.89	37,314,406.92	16,412,291.81	17,902,429.34
Add: Other revenues	166,941,306.05	77,452,388.08	58,331,820.26	25,471,233.82	30,189,426.63
Investment income	27,722,636.72	12,864,496.08	31,886,225.40	5,675,836.26	6,908,081.15
Including: Gains on investment in associates	18,159,670.48	7,566,505.74	5,558,487.56	2,614,841.66	-
Gains (losses) from changes in fair values	632,854.33	(1,828,707.98)	(1,382,927.57)	1,245,626.59	(5,234,350.32)
Gains (losses) on credit impairment	(77,813,105.53)	(39,074,459.18)	23,554,616.85	(29,914,991.88)	(12,816,559.04)
Asset impairment losses	(52,288,682.63)	(3,094,217.86)	(10,202,178.73)	(71,783,469.77)	(14,697,934.51)
Gains (losses) on disposal of assets	(7,086,732.47)	(8,899,606.56)	3,599,005.34	(18,018,346.26)	(6,541,402.98)
II. Operating profit	3,051,355,105.97	2,155,215,184.87	2,381,717,186.99	1,864,918,290.28	845,956,439.03
Add: Non-operating income	4,101,236.71	1,435,472.21	2,674,782.95	12,889,216.85	16,897,963.68
Less: Non-operating expense	3,648,182.91	3,774,893.58	4,176,927.50	3,899,465.44	184,158.59
III. Total profit	3,051,808,159.77	2,152,875,763.50	2,380,215,042.44	1,873,908,041.69	862,670,244.12
Less: Income tax expenses	288,781,280.25	30,095,335.07	260,295,716.01	245,124,254.06	145,426,535.45
IV. Net profit	2,763,026,879.52	2,122,780,428.43	2,119,919,326.43	1,628,783,787.63	717,243,708.67
Net profit attributable to shareholders of the parent company	2,759,690,819.78	2,122,780,428.43	2,119,919,326.43	1,628,783,787.63	717,243,708.67
Profit or loss attributable to minority interests	3,336,059.74	-	-	-	-
V. Other comprehensive income, net of tax	(31,001,033.29)	49,963,457.84	13,594,620.59	(32,274,518.98)	10,620,833.40
Other comprehensive income, net of tax attributable to the owners of the parent company	(31,001,033.29)	49,963,457.84	13,594,620.59	(32,274,518.98)	10,620,833.40
(I) Other comprehensive income that cannot be reclassified to profit or loss	-	-	(1,913,160.00)	(3,217,914.84)	-
- Changes in fair value of other equity instrument investments	-	-	(1,913,160.00)	(3,217,914.84)	-
(II) Other comprehensive income that will be reclassified to profit or loss	(31,001,033.29)	49,963,457.84	15,507,780.59	(29,056,604.14)	10,620,833.40
- Translation differences in foreign currency financial statements	(20,208,141.20)	50,150,986.60	12,470,952.05	(23,092,036.70)	10,620,833.40
- Changes in fair value of accounts receivable financing	(10,792,892.09)	(187,528.76)	3,036,828.54	(5,964,567.44)	-
Other comprehensive income, net of tax attributable to minority interests	-	-	-	-	-
VI. Total comprehensive income	2,732,025,846.23	2,172,743,886.27	2,133,513,947.02	1,596,509,268.65	727,864,542.07
Total comprehensive income attributable to shareholders of the parent company	2,728,689,786.49	2,172,743,886.27	2,133,513,947.02	1,596,509,268.65	727,864,542.07
Other comprehensive income attributable to minority interests	3,336,059.74	-	-	-	-
VII. Earnings per share:					
(I) Basic earnings per share	1.24	0.99	0.99	0.83	0.37
(II) Diluted earnings per share	1.24	0.99	0.99	0.81	N/A

Supplementary Information

3. THE GROUP'S SUMMARY OF PERFORMANCE, ASSETS AND LIABILITIES IN THE PAST FIVE ACCOUNTING YEARS (Continued)

RMB

Items	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Total Assets	42,981,997,983.52	32,381,722,606.05	20,082,917,100.50	12,265,800,375.02	9,392,280,569.91
Total Liabilities	20,691,087,532.36	18,349,275,392.88	8,272,748,027.71	5,031,057,735.17	4,879,392,181.91
Minority interests	75,836,059.74	-	-	-	-
Total equity attributable to shareholders of the parent company	22,215,074,391.42	14,032,447,213.17	11,810,169,072.79	7,234,742,639.85	4,512,888,388.00