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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)

2019 ANNUAL RESULTS ANNOUNCEMENT

Reference is made to the announcement of unaudited annual results for the year ended 31 December 2019 published by Flat Glass Group Co., Ltd. (the "**Company**") dated 26 March 2020. The audit of the Company's annual results for the year ended 31 December 2019 has been completed, and the board (the "**Board**") of directors (the "**Directors**") of 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 2019. The Audit Committee of the Board has reviewed the audited annual results. This announcement containing the full text of the 2019 Annual Report of the Company, which complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. The printed version of the Company's 2019 Annual Report will be delivered to the holders of the H Shares of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited and of the Company in April 2020.

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

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

Stock Code: 6865

Annual Report 2019

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Corporate Information

DIRECTORS

Executive directors

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

Independent non-executive directors

Mr. Cui Xiaozhong
Ms. Hua Fulan
Mr. Ng Ki Hung

SUPERVISORS

Mr. Zheng Wenrong *(Chairman of the Board of Supervisors)*
Mr. Shen Fuquan
Mr. Zhu Quanming
Ms. Zhang Hongming
(resignation effective on 23 September 2019)
Mr. Meng Lizhong
(resignation effective on 23 September 2019)
Ms. Niu Liping (appointed on 23 September 2019)
Ms. Zhang Huizhen (appointed on 23 September 2019)

AUDIT COMMITTEE

Mr. Cui Xiaozhong *(Chairman)*
Ms. Hua Fulan
Mr. Ng Ki Hung

REMUNERATION COMMITTEE

Mr. Cui Xiaozhong *(Chairman)*
Mr. Ruan Hongliang
Ms. Hua Fulan

NOMINATION COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Cui Xiaozhong
Mr. Ng Ki Hung

STRATEGIC DEVELOPMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Mr. Wei Yezhong
Mr. Cui Xiaozhong

RISK MANAGEMENT COMMITTEE

Mr. Ruan Hongliang *(Chairman)*
Ms. Jiang Jinhua
Mr. Cui Xiaozhong

COMPANY SECRETARY

Ms. Ruan Zeyun
Ms. Leung Wing Han Sharon (resignation effective on 1 March 2019)

AUTHORISED REPRESENTATIVES

Mr. Ruan Hongliang
Ms. Ruan Zeyun

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room C, 2/F
Capital Trade Centre
62 Tsun Yip Street
Kwun Tong
Kowloon
Hong Kong
(effective from 15 August 2019)

CORPORATE WEBSITE

www.flatgroup.com.cn

LEGAL ADVISERS AS TO HONG KONG LAW

Luk & Partners
In Association with
Morgan, Lewis & Bockius

AUDITORS

Delotte Touche Tohmatsu
Certified Public Accountants LLP

PRINCIPAL BANKERS

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

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
(effective from 11 July 2019)

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 statements of the Group for the year ended 31 December 2019 ("FY2019") (the "Reporting Period").

In FY2019, the Group benefited from the impact of capacity expansion and demand recovery of photovoltaic industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2019 was approximately RMB4,806.80 million, representing an increase of 56.89% as compared to RMB3,063.80 million for FY2018. The net profit attributable to shareholders of the parent company (the "Shareholders") for FY2019 was RMB717.24 million, representing an increase of 76.09% as compared to RMB407.31 million for the year ended 31 December 2018 ("FY2018").

STEADY TRANSFORMATION OF THE DOMESTIC PV INDUSTRY

In 2019, China's photovoltaic ("PV") industry has shifted and adjusted from subsidy-driven to parity-driven, from large-scale management to market-oriented mechanism. Under the policy adjustment, the overall domestic PV market has declined, but the Group has benefited from the growth of overseas markets. Overall, the scale of China's PV industry is still steadily expanding, technological innovation is continuing to advance, and export growth has continued to increase despite contraction of the domestic PV market.

According to the statistics from the China PV Industry Association (CPIA), in 2019, China's new PV grid-connected installed capacity reached 30.1 gigawatts ("GW"), representing a year-on-year decrease of 32.0%, and the cumulative PV grid-connected installed capacity reached 204.3GW, representing a year-on-year increase of 17.1%. Although the new installed capacity of PVs in China continued to decrease in 2019, the new and cumulative installed capacity of PVs continued to remain the first in the world. In addition, in 2019, the export performance of China's PV industry was prominent, and the export amount and volume have increased simultaneously.

DIVERSIFIED DEVELOPMENT OF PV MARKET

Due to increasing awareness of low-carbon environmental protection and clean emissions, and the cost of PV power generation continues to decline, the number of markets with new installed capacity exceeding the GW level (being countries where the PV installed capacity reached GW) continues to increase, which is evident that the overseas PV market is booming.

According to preliminary statistics from Europe PV Industry Association (SolarPower Europe), new installations of PVs in the 28 EU member states in 2019 was 16.7GW, representing a year-on-year increase of 104%. Meanwhile, it is expected that the new installed capacity of PVs in the European Union will reach 21GW in 2020. Europe is the second-largest installed capacity market in the world, and its growth is mainly driven by the demand in Spain, Germany, the Netherlands, France and Poland. These five major solar markets accounted for more than three-quarters of Europe's installed capacity. Among them, Spain added 4.7GW of installed capacity in FY2019, which is also the highest installed capacity in European continent once again after last Spain took the first place 11 years ago; the installed capacity in Poland quadrupled to 784 megawatts ("MW") in FY2019 and Germany, the Netherlands and France also increased significantly year-on-year.

According to the statistics of Energy Information Administration of the United States ("USEIA"), the cumulative installed capacity of PVs in the United States is 63GW in 2019, and the new installed capacity will reach 13GW in 2019. USEIA expected that the new installed capacity of PVs will reach 18.5GW in 2020.

On the other side of the world, according to the statistics of the Australian PV Agency, in 2019, Australia's nationwide new renewable energy installed capacity was 6.3GW, representing an increase of 24% from the previous record set in 2018. Among them, home and commercial rooftop solar PV power generation increased from 1.7 million kilowatts ("kW") in 2018 to 2.4 million kW in 2019, representing an increase of 40%; the scale of public utilities increased by 18% from 3.3 million kW to 3.9 million kW, breaking new record for PV market installed capacity in Australia.

EXPANDING PV GLASS PRODUCTION CAPACITY

PV glass products, being the principal products of the Group, is expected to remain the main driver of the Group's growth in FY2020. With the rapid development of the global PV industry, the demand for PV glass continues to increase. In order to meet the strong market demand and further increase the market share of the Company's PV glass, the Group will accelerate the construction progress of the Vietnam Production Base and the Second Anhui Production Base, which are expected to be ignited and put into operation in 2020 and 2021, respectively.

COST REDUCTION AND EFFICIENCY IMPROVEMENT

The new PV glass production bases are all large-scale kiln and applied new production technology, which will further enhance the product scale and efficiency effects of the Group. At the same time, the Anhui production bases can cover the central domestic market, while the Vietnam Production Base can cover the Southeast Asian and even the European markets. The production bases can provide more customers with high-quality products and services while strengthing the Group's sale coverage in these areas.

IMPROVING RESEARCH AND DEVELOPMENT CAPABILITIES

With the rapid development of the entire PV industry, the PV glass industry has also achieved rapid growth, and the market competition has become increasingly fierce. The Group will continue to strengthen the research and development of PV glass production technology and functionality, including but not limited to further improve the production automation level to lower the production costs, upgrade the light transmittance rate of the PV glass to improve the power generation efficiency of PV modules, and build an intelligent manufacturing enterprise to ensure the sustainable development ability and competitiveness of the Group in the global photovoltaic glass market.

IMPACT OF COVID-19 ON THE GROUP

During the period of the novel coronavirus (COVID-19) outbreak in the People's Republic of China (the "PRC") around the Chinese New Year, the Group's furnaces did not shut down nor stopped production, and the glass production and operations remained normal. To combat the outbreak, the government closed traffic and some areas, resulting in certain employees being unable to return to work in time. However, most administrative staff could work remotely at home, therefore, the overall impact of the epidemic on the Group was limited.

Ruan Hongliang
Chairman

Jiaxing, Zhejiang, the PRC
17 April 2020

Five-Year Financial Summary

	For the year ended 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**4,806,804**	3,039,802	2,974,511	2,951,265	2,914,049
Net profit	**717,244**	410,926	429,511	606,044	433,790
Earnings per share					
-Basic (RMB)	**0.37**	0.23	0.24	0.34	0.31
-Diluted (RMB)	**N/A**	N/A	N/A	N/A	N/A

	For the year ended 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**4,939,536**	3,896,692	3,055,430	2,229,959	2,208,527
Current assets	**4,452,745**	3,056,857	2,950,113	2,236,666	2,479,008
Total assets	**9,392,281**	6,953,549	5,955,543	4,466,625	4,687,535
– Current liabilities	**4,454,089**	2,250,047	1,968,537	1,390,010	1,800,454
– Non-current liabilities	**425,303**	1,034,848	736,633	118,966	314,306
Total liabilities	**4,879,392**	3,284,895	2,705,170	1,508,976	2,114,760
Net assets	**4,512,888**	3,668,654	3,250,373	2,957,649	2,572,775
Share capital	**487,500**	450,000	450,000	450,000	450,000
Total equity	**4,512,888**	3,668,654	3,250,373	2,957,649	2,572,775
Equity attributable to owners of the Company	**4,512,888**	3,668,654	3,250,373	2,957,649	2,572,775

The financial summary for the year 2019 was extracted from the Consolidated Financial Statements prepared in accordance with the CASBE, while the financial summary for the years 2015, 2016, 2017 and 2018 were extracted from the consolidated financial statements of the Group for the corresponding reporting period prepared in accordance with the IFRSs.

BUSINESS OVERVIEW

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

Overview of the Group's business

1. Domestic expansion in Anhui Province, the PRC

For the Group's expansion in Anhui Province, the PRC for the establishment of PV glass production base with an annual processing capacity of 900,000 tons of PV glass, relevant works are progressing well. The first phase of the expansion in Anhui Province has been completed in 2019, and that all three of the PV glass furnace with a daily melting capacity of 1,000 tons were ignited and in full operation (the "First Anhui Production Base").

For FY2019, all the new PV glass produced from the First Anhui Production Base were sold normally. As the downstream customers' demand for the Group's products still exceeded the Group's existing capacity even after the First Anhui Production Base has begun full operations, the Company intended to build a new PV glass production base in Fengning Modern Industrial Park, Fengyang County, Chuzhou City, Anhui Province, the PRC as its second production base in Anhui Province, the PRC (the "Second Anhui Production Base"). The Second Anhui Production Base is expected to bring new annual production capacity of 750,000 tons of PV glass to the Company, which will be used for PV modules covers. The Second Anhui Production Base is expected to include two PV raw glass production lines with a daily melting capacity of 1,200 tons, which is expected to be put into commercial production in 2021.

As disclosed in the circular of the Company dated 9 May 2019, the expected total investment amount of the Second Anhui Production Base will be RMB1,751.7 million, of which, the Company intended to issue convertible bonds for a total maximum proceeds of RMB1,450.0 million to fund this expansion. Please refer to "5. Update on A Share Convertible Bonds issaunce" below for further details.

2. Overseas expansion in Haiphong, Vietnam

As for the construction of the PV glass production base in Haiphong, Vietnam (the "Vietnam Production Base"), as at 31 December 2019, the Group has (i) completed the factory building infrastructure work, and (ii) been carrying out the equipment installation and commissioning work. It is expected that the two PV glass furnaces of the Vietnam Production Base with a daily melting capacity of 1,000 tons will be ignited and put into operation in 2020. As the technicians responsible for installation and commissioning are mainly from PRC, due to the novel coronavirus epidemic, Vietnam has stopped issuing visas to China citizens and the technicians are unable to attend Vietnam site. It has certain impact on the construction progress of the Vietnam Production Base, and the specific impact can be only assessed in detail after Vietnam re-issues visa to Chinese citizens.

3. Cold repair of existing PV glass furnace

In order to further increase the production efficiency, the Group has cold repaired two of the older PV glass furnaces with a daily melting capacity of 300 tons each at the production base in Jiaxing, Zhejiang Province, the PRC. The cold repair and ignition were completed in December 2019, which would increase the production capacity and efficiency going forward.

4. Reconstruction of the first float glass furnace completed and cold repair of the second float glass furnace

In respect of the transformation of the Group's existing daily melting capacity of 600-ton float glass furnace into a 100,000-ton online Low-E glass production line, the transformation was completed and the production line was put into operation in the first half of 2019.

In order to improve the production efficiency, in November 2019, the cold repair of another daily melting capacity of 600-ton float glass furnace has commenced. The cold repair and ignition are expected to be completed in the second half of 2020.

5. Update on A Share Convertible Bonds issaunce

On 19 April 2019, the Company has announced the plan to issue A share convertible bonds in the PRC for a total amount of not more than RMB1,450.0 million ("A Share Convertible Bonds") which are convertible into new A shares of the Company ("A Shares"). The proposal in relation to the public issuance of A Share Convertible Bonds was considered and approved at the 2018 annual general meeting, the 2019 first A shareholders class meeting, and the 2019 first H shareholders class meeting of the Company held on 24 June 2019. On 25 February 2020, the Company has announced that it has obtained the Approval of the Public Issuance of Convertible Corporate Bonds of Flat Glass Group Co., Ltd. (CSRC Approval [2020] No.294) issued by China Securities Regulatory Commission in relation to, among other matters, the approval of the Company's public issuance of A Share Convertible Bonds in an aggregate par value of RMB1,450.0 million with a term of six years. As at the date of this annual report, the issuance of A Share Convertible Bonds is yet to be offered or completed.

INDUSTRY OVERVIEW

Steady transformation of the domestic PV industry

In 2019, China's PV industry has shifted and adjusted from subsidy-driven to parity-driven, from large-scale management to market-oriented mechanism. Under the policy adjustment, the overall domestic PV market has declined, but the Group has benefited from the growth of overseas markets. Overall, the scale of China's PV industry is still steadily expanding, technological innovation is continuing to advance, and export growth has continued to increase despite contraction of the domestic PV market.

According to the statistics from the CPIA, in 2019, China's new PV grid-connected installed capacity reached 30.1GW, representing a year-on-year decrease of 32.0%, and the cumulative PV grid-connected installed capacity reached 204.3GW, representing a year-on-year increase of 17.1%. Although the new installed capacity of PVs in China continued to decrease in 2019, the new and cumulative installed capacity of PVs continued to remain the first in the world. In addition, in 2019, the export performance of China's PV industry was prominent, and the export amount and volume have increased simultaneously.

Diversified development of PV market

Due to increasing awareness of low-carbon environmental protection and clean emissions, and the cost of PV power generation continues to decline, the number of markets with new installed capacity exceeding the GW level (being countries where the PV installed capacity reached GW) continues to increase, which is evident that the overseas PV market is booming.

According to preliminary statistics from Europe PV Industry Association (SolarPower Europe), new installations of PVs in the 28 EU member states in 2019 was 16.7 GW, representing a year-on-year increase of 104%. Meanwhile, it is expected that the new installed capacity of PVs in the European Union will reach 21GW in 2020. Europe is the second-largest installed capacity market in the world, and its growth is mainly driven by the demand in Spain, Germany, the Netherlands, France and Poland. These five major solar markets accounted for more than three-quarters of Europe's installed capacity. Among them, Spain added 4.7GW of installed capacity in FY2019, which is also the highest installed capacity in European continent once again after last Spain took the first place 11 years ago; the installed capacity in Poland quadrupled to 784MW in FY2019 and Germany, the Netherlands and France also increased significantly year-on-year.

According to the statistics of USEIA, the cumulative installed capacity of PVs in the United States is 63GW in 2019, and the new installed capacity will reach 13GW in 2019. USEIA expected that the new installed capacity of PVs will reach 18.5GW in 2020.

On the other side of the world, according to the statistics of the Australian PV Agency, in 2019, Australia's nationwide new renewable energy installed capacity was 6.3 GW, representing an increase of 24% from the previous record set in 2018. Among them, home and commercial rooftop solar PV power generation increased from 1.7 million kW in 2018 to 2.4 million kW in 2019, representing an increase of 40%; the scale of public utilities increased by 18% from 3.3 million kW to 3.9 million kW, breaking new record for PV market installed capacity in Australia.

Management Discussion and Analysis

BUSINESS OUTLOOK AND PROSPECTS

Expanding PV glass production capacity

PV glass products, being the principal products of the Group, is expected to remain the main driver of the Group's growth in FY2020. With the rapid development of the global PV industry, the demand for PV glass continues to increase. In order to meet the strong market demand and further increase the market share of the Company's PV glass, the Group will accelerate the construction progress of the Vietnam Production Base and the Second Anhui Production Base, which are expected to be ignited and put into operation in 2020 and 2021, respectively.

Cost reduction and efficiency improvement

The new PV glass production bases are all large-scale kiln and applied new production technology, which will further enhance the product scale and efficiency effects of the Group. At the same time, the Anhui production bases can cover the central domestic market, while the Vietnam Production Base can cover the Southeast Asian and even the European markets. The production bases can provide more customers with high-quality products and services while strengthing the Group's sale coverage in these areas.

Improving research and development capabilities

With the rapid development of the entire PV industry, the PV glass industry has also achieved rapid growth, and the market competition has become increasingly fierce. The Group will continue to strengthen the research and development of PV glass production technology and functionality, including but not limited to further improve the production automation level to lower the production costs, upgrade the light transmittance rate of the PV glass to improve the power generation efficiency of PV modules, and build an intelligent manufacturing enterprise to ensure the sustainable development ability and competitiveness of the Group in the global photovoltaic glass market.

Impact of COVID-19 on the Group

During the period of the COVID-19 outbreak in the PRC around the Chinese New Year, the Group's furnaces did not shut down nor stopped production, and the glass production and operations remained normal. To combat the outbreak, the government closed traffic and some areas, resulting in certain employees being unable to return to work in time. However, most administrative staff could work remotely at home, therefore, the overall impact of the epidemic on the Group was limited.

FINANCIAL PERFORMANCE

In FY2019, the Group benefited from the impact of capacity expansion and demand recovery of photovoltaic industry, and its operating revenue reached a new high. The operating revenue of the Group for FY2019 was approximately RMB4,806.80 million, representing an increase of 56.89% as compared to RMB3,063.80 million for FY2018. The net profit attributable to Shareholders of the parent company for FY2019 was RMB717.24 million, representing an increase of 76.09% as compared to RMB407.31 million for FY2018.

Revenue

The operating revenue of the Group for FY2019 was approximately RMB4,806.80 million, representing an increase of 56.89% as compared to RMB3,063.80 million for FY2018. The increase was mainly because the Group's main products, PV glass products, benefited from the expansion of production capacity primarily from the full operation of the Anhui First Production Base and the recovery of demand in the PV industry, resulting in the growth of sales volume and sales price.

The following table set forth our revenue details for the year indicated:

	For the year ended 31 December	
	2019	2018
	Audited	Audited
	(RMB)	(RMB)
Categories of goods		
PV glass	**3,747,703,681.06**	2,096,223,105.07
Float glass	**171,052,809.62**	156,825,321.35
Household glass	**336,346,106.51**	333,110,425.02
Architectural glass	**451,154,497.71**	395,542,288.39
Mining business[(1)]	**49,629,587.50**	58,100,575.34
Other business[(2)]	**50,917,338.56**	24,000,994.27
By geographical		
PRC	**3,320,177,089.51**	2,121,080,460.10
Asia (excluding China)	**959,545,036.27**	605,811,366.17
Europe	**208,606,597.97**	227,871,747.96
North America	**292,487,649.64**	82,913,477.01
Others	**25,987,647.57**	26,125,658.20

Notes:

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

(2) "Other business" mainly include rental income and disposal income of waste material.

Management Discussion and Analysis

Operating cost

The cost of operating of the Group increased by RMB1,056.98 million, or 47.34%, from RMB2,232.76 million for FY2018 to RMB3,289.74 million for FY2019. The increase was in general proportionate to the increase in sales during the period.

Gross profit and gross profit margin

The gross profit of the Group increased by 82.55% from RMB831.04 million in FY2018 to RMB1,517.06 million for FY2019, and the gross profit margin increased to 31.56% in FY2019 (FY2018: 27.12%). The growth of gross profit margin was mainly due to the improvement of gross profit margin of the PV glass products, which increased in the average selling price, coupled with the improvement of production technology and the optimization of production capacity structure, which decreased the product costs.

	For the year ended 31 December			
	2019		2018	
	Audited		Audited	
	Gross profit RMB'000	**Gross profit margin (%)**	Gross profit RMB'000	Gross profit margin (%)
PV glass	**1,231,723.27**	**32.87%**	580,300.17	27.68%
Float glass	**21,258.85**	**12.43%**	23,931.88	15.26%
Household glass	**94,550.71**	**28.11%**	90,605.69	27.20%
Architectural glass	**99,412.18**	**22.04%**	97,474.12	24.64%
Mineral products	**28,964.01**	**58.36%**	26,728.25	46.00%
Other business	**41,159.49**	**80.84%**	12,000.42	50.00%
Total	**1,517,068.51**	**31.56%**	831,040.53	27.12%

Sales expenses

The sales expenses of the Group increased by 98.80%, from RMB128.33 million in FY2018 to RMB255.11 million for FY2019. The reasons for the increase were mainly due to the increase in sales volume of the PV glass products, being the principal products of the Group and increases of shipping unit price, resulting in the increase in shipment expenses.

Administrative expenses

The administrative expenses of the Group increased by 3.15%, from RMB117.79 million in FY2018 to RMB121.50 million for FY2019. The reason for the increase was mainly due to the increase in management costs while the Group expanded its operations.

Research and development costs

The research and development costs of the Group increased by 80.26%, from RMB113.25 million in FY2018 to RMB204.15 million for FY2019. The reason for the increase was mainly due to the increase of research and development projects, including the improvement of technology of the light transmission rate so to remain competitive in the market.

Finance costs

For FY2019, financial costs of the Group amounted to RMB53.13 million, representing an increase of 3,200% from RMB1.61 million in 2018. The increase was mainly due to the increase of interest expenses caused by the increase of short-term borrowings and the exchange loss caused by the changes in foreign exchange rates. The primary economic environment in which the principal subsidiary of our Company operates is the PRC and its functional currency is RMB. However, certain sales and purchases of the Group are denominated in United States dollars, Euros and Japanese yen, which expose the Group to foreign currency risk.

The interest rate of bank loans was between 2.75% and 5.10% in FY2019, as compared to 3.08% and 5.37% in FY2018.

Income tax

For FY2019, the income tax of the Group amounted to RMB145.43 million, representing an increase of 147.20% from RMB58.83 million in FY2018. In addition, the actual tax rate increased from 12.62% in FY2018 to 16.86% in FY2019. Details of tax expenses of the Company and certain subsidiaries are set out in the Note IV to the financial information set out in this annual report.

Capital Expenditures

During the Reporting Period, total capital expenditures of the Group amounted to approximately RMB1,301.73 million (FY2018: RMB1,257.13 million), involving the purchase of fixed assets, construction in progress and intangible assets, which mainly included the project of annual production capacity of 900,000 tons PV modules covers of First Anhui Production Base and the Vietnam Production Base.

Assets and equity

Total assets of the Group increased from RMB6,953.55 million as at 31 December 2018 to RMB9,392.28 million as at 31 December 2019. Shareholders' equity increased from RMB3,668.65 million as at 31 December 2018 to RMB4,512.89 million as at 31 December 2019.

Financial resources and liquidity

For the year ended 31 December 2019, the Group's financial liquidity and financial performance remained in a satisfactory condition. For the year ended 31 December 2019, the Group's main sources of funding were cash from operating activities and credit financing provided by banks.

EBITDA and net profit

For the year ended 31 December 2019, EBITDA of the Group (earnings before interests, taxes, depreciation and amortization) was increased by RMB499.19 million from RMB740.11 million for the year ended 31 December 2018 to RMB 1,239.30 million. For the year ended 31 December 2019, the interest rate of EBITDA of the group was 25.78% and the profit rate was 16.29% for the same period in 2018.

As a result of the foregoing, the net profit for the year increased by RMB309.93 million, or 76.09%, from RMB407.31 million for the year ended 31 December 2018 to RMB717.24 million for the year ended 31 December 2019.

GEARING RATIO

As at 31 December 2019, 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 51.95%, increased by 9.91% as compared to 47.24% as at 31 December 2018, mainly due to the increase of long-term borrowings for the construction of PV glass production bases of the Group in Anhui Province, PRC and PV glass production bases of Vietnam.

Bank loans

As at 31 December 2019, bank loans of the Group amounted to RMB2,310.16 million, which increased by RMB681.58 million, or 41.85%, from approximately RMB1,628.58 million as at 31 December 2018, mainly due to increase of sales, resulting in the increase of demands of short-term liquid fund. As at 31 December 2019, 34.06% of the Company's bank loans were fixed-rate borrowings and 65.94% were variable-rate borrowings, and the interest rates ranged from 2.75% to 5.10% per annum.

Anhui Flat Solar Glass Co., Ltd.*(安徽福萊特光伏玻璃有限公司), a subsidiary of the Company, has signed a loan agreement of RMB500.0 million with Bank of China, Jiaxing. Also, Flat (Hong Kong) Co., Ltd., a subsidiary of the Company, has signed a loan agreement (the "Syndicated Loan") of US$150.0 million led by Citibank in September 2017.

With the construction of PV glass production bases in Anhui and Vietnam, the borrowings of the Company are expected to increase, the scale of which will be determined by the construction progress of production bases.

For FY2019, the Group was able to perform all borrowing contracts, and no default had ever occurred.

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, US dollars, Euros and Hong Kong dollars, while bank loans of the Group were in RMB and United States dollars.

During the Reporting Period, the Group has incurred a net exchange loss of RMB3.53 million mainly due to the adverse exchange rate fluctuation of RMB against US dollars or Euros.

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.

Furthermore, the Group is exposed to interest rate risk, in particular from the Syndicated Loan with variable-rate borrowings of US$150 million. The Group closely monitors interest rate risk exposures and purchase appropriate interest rate swap contracts to mitigate risk exposures. During the year under review, the Group entered into interest rate swap contracts to swap variable interest rates to fixed interest rates in order to reduce its exposure to interest rate fluctuation arising from borrowings.

Employee and remuneration policy

As at 31 December 2019, the Group employed a total of 3,154 employees and most of them were based in the PRC, with a total employee remuneration amounted to RMB293.38 million, representing 6.10% 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.

CAPITAL STRUCTURE

As at 31 December 2019, the total equity of the Group was 1,950,000,000 shares, of which 1,500,000,000 were A shares and 450,000,000 were H shares.

DIVIDEND

For the year ended 31 December 2019, considering the funding requirements of the Company, the Board does not recommend the declaration and payment of any final dividend.

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、國家税務總局、中國證監會關於上市公司股息紅利差別化個人所得税政策有關問題的通知》(財税[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) (《國家税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税有關問題的通知》(國税函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 Nonresident Enterprises (Guo Shui Fa [2009] No. 3) (《非居民企業所得税源泉扣繳管理暫行辦法》(國 税發[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) (《國家税務總局關於非居民企業取得B股等股票股息 徵收企業所得税問題的批覆》(國税函[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、國家税務總局、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税收政策的通知》(財税[2014]81號)), listed companies shall withhold an income tax at the rate of 10% on dividends from the A shares of the company invested by Hong Kong investors (including enterprises and individuals) through the SSE, and apply for withholding via the competent tax authorities (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented). For investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《財政部、國家税務總局、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税收政策的通知》(財税[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) (《關於個人所得税若干政策問題的通知》(財税字[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 Nonresident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《國家税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 所得税有關問題的通知》(國税函[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 nonresident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

According to the requirements of the Notice on the Tax Policies Concerning the Pilot Program of the ShanghaiHong 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、國家税務總局、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税收政策的通知》(財税[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、國家税務總局、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税收政策的通知》(財税[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), aged 58, is a founder of the Group and a controlling shareholder of the Company. He is currently an executive Director and the chairman of Board and the general manager of the Company, mainly responsible for the overall corporate strategies formulation, management of business and operation of the Group. Mr. Ruan is currently a member of the remuneration committee and the chairman of each of the nomination committee, strategic development committee and risk management committee of the Company. Mr. Ruan graduated from Jiaxing First High School (嘉興市第一中學) in July 1978.

Mr. Ruan has over 34 years' experience in glass industry. Mr. Ruan served in the Company's predecessor as a director from June 1998 to December 2005, the deputy chairman of the Board from June 1998 to February 1999 and as the chairman of the Board from March 1999 to May 2000 and from September 2003 to December 2005, respectively. Mr. Ruan also served as the deputy general manager of the Company's predecessor from May 2000 to September 2003. Mr. Ruan has served in the Company as the chairman of the Board and the general manager since December 2005. Mr. Ruan also serves in the Company's subsidiaries. He has been a director and general manager of Shanghai Flat Glass Co., Ltd.* (上海福萊特玻璃有限公司) ("Shanghai Flat") since June 2006, of Zhejiang Jiafu Glass Co., Ltd.* (浙江嘉福玻璃有限公司) ("Zhejiang Jiafu") since August 2007, of Anhui Flat Solar Materials Co., Ltd.* (安徽福萊特光伏材料有限公司) ("Anhui Flat Materials") since January 2011, of Anhui Flat Solar Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司) ("Anhui Flat Glass") since January 2011, of Zhejiang Flat Glass Co., Ltd.* (浙江福萊特玻璃有限公司) ("Zhejiang Flat") since February 2011 and of Jiaxing Flat New Energy Technology Co., Ltd.* (嘉興福萊特新能源科技有限公司) ("Flat New Energy") since March 2014. He has also been a director of Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) ("Flat HK") since January 2013, of Flat (Hong Kong) Investment Co., Limited (福萊特(香港)投資有限公司) ("Flat HK INVEST") since July 2017.

Outside of the Group, Mr. Ruan worked as plant manager of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from September 1984 to May 2000. Mr. Ruan has also 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.

Mr. Ruan also serves in various industry and business associations. He has served as a standing vice-chairman of Zhejiang Provincial Glass Industry Association* (浙江省玻璃行業協會) since April 2009, a vice-chairman of Jiaxing City Entrepreneur Association* (嘉興市企業家協會) and Jiaxing City Chamber of Commerce* (嘉興市工商業聯合會) since October 2010 and December 2011, respectively. Mr. Ruan has received several awards during the past years, including but not limited to, "the Advanced Participants in Association Activities in the Year 2012* (2012年度協會活動先進工作者)" granted by China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會) in March 2013, "Excellent Entrepreneur of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業優秀企業家)" granted by Association of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業協會) and Selection Committee of Excellent Entrepreneur of Small and Medium Enterprises in Zhejiang Province* (浙江省中小企業優秀企業家評選委員會) in December 2012, and "Jiaxing Charity Award in the Year 2011* (2011年度嘉興慈善獎)" granted by Jiaxing Municipal People's Government in December 2011. In addition, Mr. Ruan was also awarded as "The Innovative Pioneer People of Small and Medium Enterprises in the PRC* (中國中小企業創新先鋒人物)" granted by Association of Small and Medium Enterprises in the PRC* (中國中小企業協會) and Selection Committee of Innovative Products among the PRC Enterprises* (中國企業創新成果案例審定委員會) in October 2011, and one of Mr. Ruan's research results was awarded as "Top 100 Innovative & Excellent Research Results of Small and Medium Enterprises in the PRC* (2011年中國中小企業創新100強/優秀創新成果)" by same institutions in October 2011. In April 2013, Ruan Hongliang was awarded the title of model worker by the Jia Xing Municipal Government. In May of the same year, Mr. Ruan Hongliang was awarded a Private Entrepreneur of Outstanding Contribution in the 30th Anniversary of Establishment of Jiaxing City with Revocation of District. In 2016, Mr. Ruan Hongliang was ranked among the "Ten Top Distinguished Figures with Great Contributions to the Industrial Transformation", which was a part of the 5th session of "Ten Top Distinguished Figures" elections jointly organized by Jiaxing Economic and Information Committee, Jiaxing Science and Technology Bureau and Jiaxing Commerce Bureau.

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

Ms. Jiang Jinhua (姜瑾華女士), formerly known as Ms. Jiang Jin'e (姜瑾娥), aged 58, joined the Group in June 2000 and is currently an executive Director, the deputy chairman of Board and a deputy general manager of the Company, mainly responsible for assisting Mr. Ruan Hongliang to discharge his duties as the general manager of the Company. Ms. Jiang is a controlling shareholder of the Company and also currently a member of the remuneration 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 (long distance learning).

Ms. Jiang has over 26 years' experience in glass industry. She chaired the Board from June 2000 to September 2003 and served as the deputy general manager of our predecessor from September 2003 to December 2005. Ms. Jiang has also served as our deputy chairman of Board since December 2005. She has been a deputy general manager of the Company since June 2009. She served as a director of Zhejiang Jiafu and Anhui Flat Materials, our subsidiaries, from August 2007 to March 2014 and from January 2011 to March 2014, respectively. She also served as the executive deputy general manager of Zhejiang Jiafu from February 2012 to November 2012.

Outside of the Group, Ms. Jiang has been the general manager of Jiaxing Xiucheng District Construction Project Co., Ltd.* (嘉興市秀城區建設建築工程公司) from June 1993 to June 2000 and was a supervisor of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to August 2009. Ms. Jiang served as a supervisor of Jiaxing City Fute Safety Glass Co., Ltd.* (嘉興市福特安全玻璃有限公司) from December 2003 to August 2008. Ms. Jiang was awarded as "Excellent Female Entrepreneur in Jiaxing* (嘉興市優秀女企業家)" by Female Association of Jiaxing* (嘉興市婦女聯合會) and Association of Female Entrepreneur in Jiaxing* (嘉興市女企業家協會) in December 2012. Ms. Jiang was awarded as "Outstanding Contribution to Women in Global Business by Women Entreprenuers" by the United Nations Commission on Women's Status in March 2008. Ms. Jiang is also the vice-chairman of Association for Female Entrepreneur of Xiuzhou District of Jiaxing* (嘉興市秀洲區女企業家協會).

Ms. Jiang Jinhua is the spouse of Mr. Ruan Hongliang, an executive Director, mother of Ms. Ruan Zeyun and mother-in-law of Mr. Zhao Xiaofei, a deputy general manager of the Company.

Mr. Wei Yezhong (魏葉忠先生), aged 48, a co-founder of the Group and is currently an executive Director and a deputy general manager of the Company, mainly responsible for management of our architectural glass business department. Mr. Wei is currently a member of the strategic development committee of the Company. Mr. Wei graduated from Jiaxing Advanced Vocational College* (嘉興市高等專科學校) in Jiaxing City, Zhejiang Province, the PRC, in July 1992. Mr. Wei has been an assistant engineer recognized by Jiaxing Municipal Bureau of Personnel, Zhejiang Province* (浙江省嘉興市人事局), now known as Jiaxing Municipal Bureau of Human Resources and Social Security* (嘉興市人力資源與社會保障局), since August 2000, and an engineer recognized by Jiaxing Municipal Bureau of Human Resources and Social Security since February 2013. Mr. Wei has also been an expert member of the building curtain wall risk-based detection committee of detection technology branch of the Chinese Ceramic Society* (中國矽酸鹽學會測試技術分會建築幕牆風險檢測技術委員會) since March 2015.

Mr. Wei has over 24 years' experience in glass industry. He served in our predecessor as a sales manager from March 2003 to September 2010. He has been serving as a deputy general manager of the Company since July 2009 and a Director since August 2009. He also served as the chairman of the board of Supervisors of the Company from December 2005 to June 2009 and served as the executive deputy general manager of Zhejiang Flat from February 2012 to January 2013.

Outside of the Group, Mr. Wei worked at production position in Jiaxing Bakenaier Glassware Co., Ltd.* (嘉興巴克耐爾玻璃製品有限公司) from September 1994 to September 2001.

Mr. Shen Qifu (沈其甫先生), aged 53, joined the Group in September 1999 and is currently an executive Director of the Company, mainly responsible for management of the business and operation of Zhejiang Flat. Mr. 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.

Mr. Shen has over 19 years' experience in glass industry. Mr. Shen served successively as workshop manager and deputy manager of production department in our predecessor from September 1999 to December 2001. He also served in our predecessor as a brand management manager from December 2001 to August 2010. He served as a Supervisor of the Company from December 2005 to June 2009 and as the chairman of the board of Supervisors of the Company from June 2009 to January 2015. Mr. Shen also served or serves in our subsidiaries. He successively served as a manager of processing production department, an assistant general manager and a deputy general manager of Zhejiang Jiafu from August 2010 to May 2012. He also served as a deputy general manager of Zhejiang Flat from May 2012 to January 2014. He has served as the executive deputy general manager of Zhejiang Flat since January 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cui Xiaozhong (崔曉鐘先生), aged 49, joined the Group in November 2016 and is currently an independent nonexecutive Director of the Company. Mr. Cui is currently the chairman of each of the audit committee and remuneration committee, and a member of each of the nomination committee, strategic development committee and risk management committee of the Company. Mr. Cui graduated from Dongbei University of Finance and Economics* (東北財經大學) in Dalian City, Liaoning Province, the PRC, in April 2007 with a master degree in Accounting and graduated from Dongbei University of Finance and Economics with a doctor degree in management in June 2010.

Mr. Cui has served as an independent non-executive Director of the Company since November 2016. Mr. Cui has been long dedicated to education of accounting and has over 13 years' experience of accounting and finance. He has served as a teacher of accounting in Jiaxing College* (嘉興學院) since June 2010.

Mr. Cui served as an independent non-executive Director of Zhejiang Chenguang Cable Co., Ltd.* (浙江晨光電纜股份有限公司) (listed on the National Equities Exchange and Quotations, stock code: 834639) since March 2016. Mr. Cui also has appointed as an independent non-executive director of Wutong Holding Group Co., Ltd.* (吳通控股集團股份有限公司)(listed on the Shenzhen Stock Exchange, stock code: 300292) in January 2017, and appointed as an independent non-executive director of Zhejiang Lante Optical Co.,Ltd.* (浙江藍特光學股份有限公司) (listed on the National Equities Exchange and Quotations, stock code: 836383) in May 2017.

Ms. Hua Fulan (華富蘭), aged 57, joined the Group in November 2018 and is currently an independent non-executive Director the Company, and a member of the audit committee and remuneration committee. Ms Hua graduated from Zhejiang Sci-Tech University with a master degree in engineering in July 2011.

Ms. Hua served as a technical engineer in Silk Weaving General Mill of Hangzhou (杭州絲織總廠) from July 1987 to March 1994, a department manager in Zhejiang Torch Industry Development Center (浙江省火炬產業發展中心) from April 1994 to December 2002, and as a director in Zhejiang Torch Spark Technology Development Co., Ltd. (浙江火炬星火科技發展有限公司) since December 2002.

Mr. Ng Ki Hung (吳其鴻先生), aged 66, joined the Group in January 2015 and is currently an independent non-executive Director of the Company. Mr. Ng is currently a member of each of the audit committee and nomination committee of the Company.

Mr. Ng has served as an executive director of Jinhui Holdings Company Limited (金輝集團有限公司) (listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 137) and Jinhui Shipping and Transportation Limited (listed on Oslo Stock Exchange, stock code: JIN) since August 1991 and May 1994, respectively.

SUPERVISORS

Mr. Zheng Wenrong (鄭文榮先生), aged 56, a co-founder of the Group, is currently the chairman of the board of supervisors of the Company. Mr. Zheng graduated from Jiaxing First High School* (嘉興市第一中學) in June 1979.

Mr. Zheng has over 20 years' experience in glass industry. He served as the chairman of the Board, the deputy chairman of the Board and the manager of domestic sales of our predecessor from May 2000 to June 2000, from June 2000 to December 2005 and from June 1998 to February 2008, respectively. He served as a Director and the deputy general manager of PV glass business department of the Company from December 2005 to January 2015 and from August 2011 to March 2012, respectively. He served as the deputy head of the president's office of the Company from March 2012 to December 2015, and he has served as the manager of the engineering department since January 2016. Mr. Zheng also served in our subsidiaries. He served as a deputy general manager of Zhejiang Jiafu and a director of Anhui Flat Materials from February 2008 to September 2010 and from January 2011 to March 2014, respectively.

Outside of the Group, Mr. Zheng worked as a director and the chairman of the board of directors of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to May 2000 and from May 2000 to August 2009, respectively.

Mr. Shen Fuquan (沈福泉先生), aged 60, a co-founder of the Group, is currently a supervisor of the Company.

Mr. Shen has over 19 years' experience in glass industry. He served as a Director, the deputy chairman of the Board and a manager of sales department I in our predecessor from May 2000 to June 2000, from May 2000 to June 2000 and from December 2001 to December 2005, respectively. Mr. Shen served as a Director of the Company from December 2005 to January 2015. He served as a manager of procurement department and a manager of marketing department from November 2011 to December 2015 and from January 2016 to December 2016. Mr. Shen also served in our subsidiaries. He served as a manager of procurement department of Shanghai Flat from January 2006 to November 2008 and a director of Anhui Flat Glass from January 2011 to March 2014.

Outside of the Group, Mr. Shen served as a supervisor of Jiaxing Glassware Plant* (嘉興市玻璃製品廠) from August 1998 to August 2009. He also served as a director of Jiaxing Flat Glass Mirror Co., Ltd.* (嘉興福萊特鏡業有限公司) from July 2000 to December 2008.

Mr. Zhu Quanming (祝全明先生), aged 66, a co-founder of the Group, is currently a supervisor of the Company.

Mr. Zhu has over 20 years' experience in glass industry. He served as a supervisor and manager of retail department of our predecessor from June 1998 to December 2005 and a manager of production department of the Company from December 2005 to September 2010, respectively. He served in the Company as a Director from December 2005 to January 2015, as a deputy general manager from June 2009 to May 2011 and as a deputy general manager of processed glass business department from September 2010 to February 2012. Mr. Zhu also served or serves in our subsidiaries. He served as the executive deputy general manager of Shanghai Flat from February 2012 to November 2012 and served as a supervisor of Anhui Flat Materials from January 2011 to March 2014. He also served as a deputy general manager of Zhejiang Jiafu from November 2012 to January 2015.

Outside of the Group, Mr. Zhu served as a director of Jiaxing Flat Mirror Co., Ltd.* (嘉興福萊特鏡業有限公司) from July 2000 to December 2008.

Ms. Niu Liping (鈕麗萍女士), aged 34, joined the Group in October 2003. Ms. Niu was appointed as a staff representative supervisor of the Company on 23 September 2019. She was initially a statistician in the Company, and then moved to become a warehouse administrator in August 2004. She then moved into her current position in January 2006 as a cashier in the finance department of the Company, primarily responsible for dealing with bank payments of the Company. She is also 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) in the People's Republic of China with a bachelor's degree major in accounting, which she attended through online courses.

Ms. Zhang Huizhen (張惠珍女士), aged 45, joined the Group in February 2006. Ms. Zhang was appointed as the staff representative supervisor of the Company on 23 September 2019. She was initially the supervisor of the lamination production line and cutting production line of the Company. Between January 2013 and December 2014, she was the product line supervisor of the production base of the processed glass business. In January 2015, she was promoted to the production line supervisor of the headquarter energy-saving production base of the architectural glass business segment. In January 2016, Ms. Zhang was further promoted to the production line supervisor of the headquarter production base for the energy-saving glass business. She was promoted to deputy manager of the same production line between January 2017 and December 2018. Since January 2019, she has been the production manager of the energy-saving glass business and the float glass business of the Company.

Ms. Zhang completed her junior college studies at Northwestern Polytechnical University (西北工業大學) in the People's Republic of China majoring in business administration, which she attended through online courses.

SENIOR MANAGEMENT

Mr. Wei Zhiming (韋志明先生), aged 51, joined the Group in August 2006 and is currently a deputy general manager of the Company, mainly responsible for management of the strategic department and technology research and development of the Group. Mr. Wei graduated from Hangzhou University* (杭州大學) in Hangzhou City, Zhejiang Province, the PRC, in July 1991 with a bachelor degree in chemistry.

Mr. Wei has over 27 years' experience in glass industry. He severed as a deputy general manager of the Company and the general manager of the strategic department of the Company since May 2011 and January 2016, respectively. He served as a general manager of the PV glass business department of the Company from February 2012 to December 2015. He served successively as assistant to president and deputy manager of technology research and development center of the Company from May 2011 to June 2011. He also served as the deputy general manager of Shanghai Flat and the executive deputy general manager of Zhejiang Jiafu from August 2006 to February 2008 and from February 2008 to February 2012, respectively. Mr. Wei is also a member of PV Specialized Committee of China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會光伏玻璃專業委員會). In October 2011, one of the research results Mr. Wei participated in was awarded as "Top 100 Innovative & Excellent Research Results of Small and Medium Enterprises in the PRC* (2011年中國中小企業創新100強/優秀創新成果)" by Association of Small and Medium Enterprises in the PRC* (中國中小企業協會) and Selection Committee of Innovative Products among the PRC Enterprises* (中國企業創新成果案例審定委員會).

Prior to joining the Group, he started his career working as the deputy plant manager of Huzhou Glass Plant* (湖州玻璃廠) from August 1991 to June 2001.

Biographies of Directors, Supervisors and Senior Management

Mr. Zhao Xiaofei (趙曉非先生), aged 34, joined the Group in May 2011 and is currently a deputy general manager of the Company, mainly responsible for the management of the business and operation of the Group's PV glass business department. Mr. Zhao is also a controlling shareholder of the Company. Mr. Zhao graduated from the University of Northern Virginia in the United States in December 2007 with a bachelor degree in science in business administration (long distance learning).

Mr. Zhao served as assistant to manager of the PV glass sales department of sales center of the Company and assistant to general manager of sales center of the Company from May 2011 to July 2011 and from July 2011 to February 2012, respectively, a deputy general manager of float glass business department of the Company from November 2012 to February 2013, as well as deputy general manager of sales center of the Company from February 2013 to July 2013. He also served as assistant to general manager of Zhejiang Jiafu from February 2012 to August 2012. He served as a deputy general manager of Zhejiang Jiafu from August 2012 to November 2012. He served as the executive deputy general manager of Zhejiang Jiafu from July 2013 to December 2015. He served as a deputy general manager of the Company and the general manager of the PV glass business department of the Company since January 2015 and January 2016, respectively.

Prior to joining the Group, Mr. Zhao worked as a sales manager for Zhejiang Newfine Industry Co., Ltd.* (浙江新正方實業股份有限公司) from May 2008 to April 2011.

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

Mr. Jiang Weijie (蔣緯界先生), aged 33, graduated from the University of Nottingham with a master degree in Supply Chain and Operations Management.

Mr. Jiang served as the business manager of trade and finance department of the Jiaxing Branch of Bank of China from July 2011 to April 2014. He was the business manager of business department of the Jiaxing Branch of Bank of China from April 2014 to March 2017, and he served as general manager assistant of Financial Center of Flat Glass Group from April 2017 to January 2018. He served as deputy general manager of Financial Center of Flat Glass Group since January 2018 with Certificate of Accounting Professional.

Ms. Ruan Zeyun (阮澤雲女士), formerly known as Ms. Ruan Xiao (阮曉), aged 33, joined the Group in October 2009 and was appointed as a joint company secretary of the Company on 1 April 2015 and become a sole company secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Ms. Ruan to also a controlling shareholder of the Company. Ms. Ruan graduated from Sheffield University in England in September 2009 with a master degree in management.

Ms. Ruan served as the Board secretary of the Company from April 2010 until now. She also served or serves in our subsidiaries. She served as an assistant to general manager of Shanghai Flat from October 2009 to January 2011 and has served as the executive deputy general manager of Shanghai Flat from January 2010 to December 2011. Ms. Ruan has served as the chief financial officer of the Company between 2013 and 2017. She served as a director of Anhui Flat Glass from January 2011 to March 2014. Ms. Ruan also serves in several industry and business associations. She is a member of PV Specialized Committee of China Architectural and Glass Association* (中國建築玻璃與工業玻璃協會光伏玻璃專業委員會) and a member of Youth Association in Jiaxing* (嘉興市青年聯合會).

Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, a deputy general manager of the Company, and the daughter of Mr. Ruan Hongliang, an executive Director, and Ms. Jiang Jinhua, an executive Director.

COMPANY SECRETARY

Ms. Ruan Zeyun (阮澤雲女士), formerly known as Ms. Ruan Xiao (阮曉), aged 33, joined the Group in October 2009. Ms Ruan was appointed as a joint company secretary on 1 April 2015 and become a sole company secretary since 1 March 2019, mainly responsible for the daily affairs of the Board. Please refer to the "Senior Management" above of the biography of Ms. Ruan.

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 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange since 1 January 2019 up to and including 31 December 2019 except for code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ruan Hongliang currently holds both positions. Throughout the Group's business history of over 21 years, Mr. Ruan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Board considers that Mr. Ruan is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Company and the shareholders as a whole.

BOARD OF DIRECTORS

The Board currently comprises four executive Directors and three independent non-executive Directors. Biographical details of the Directors are set forth on pages 18 to 21 of this annual report.

The Directors during the year ended 31 December 2019 were:

Executive Directors

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

Independent Non-executive Directors

Mr. Cui Xiaozhong
Ms. Hua Fulan
Mr. Ng Ki Hung

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

Ms. Ruan Zeyun, the Board secretary and the company secretary of the Company is the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Mr. Zhao Xiaofei, a deputy general manager 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.

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 2019, 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 2019 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	10/10	N/A	1/1	1/1	1/1	1/1	2/2
Ms. Jiang Jinhua	10/10	N/A	N/A	N/A	N/A	1/1	2/2
Mr. Wei Yezhong	10/10	N/A	N/A	N/A	1/1	N/A	2/2
Mr. ShenQifu	10/10	N/A	N/A	N/A	N/A	N/A	2/2
Independent Non-executive Directors							
Mr. Cui Xiaozhong	10/10	5/5	1/1	1/1	1/1	1/1	2/2
Ms. Hua Fulan	10/10	5/5	1/1	N/A	N/A	N/A	2/2
Mr. Ng Ki Hung	10/10	5/5	N/A	1/1	N/A	N/A	2/2

Corporate Governance Report

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 2019, 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 2019, the following existing Directors have participated in continuous professional development by attending briefings and updates, seminars, training, or reading materials on the following topics to develop and refresh their knowledge and skills:

	Corporate governance	Regulatory updates	Finance and accounting	Industry updates
Executive Directors				
Mr. Ruan Hongliang	✓	✓	✓	✓
Ms. Jiang Jinhua	✓	✓	✓	✓
Mr. Wei Yezhong		✓		✓
Mr. Shen Fuquan		✓		✓
Independent Non-Executive Directors				
Mr. Cui Xiaozhong	✓	✓	✓	
Ms. Hua Fulan		✓		✓
Mr. Ng Ki Hung		✓		✓

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.

All of the current independent non-executive Directors have submitted their confirmation on independence in accordance with Rule 3.13 of the Listing Rules. Based on the content of such confirmations, the Company considers that all the existing independent non-executive Directors are independent in accordance with the Listing Rules.

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, to be convened by the chairman of the Board, and a notice of at least 14 days shall be given for a regular Board meeting. Since 1 January 2019 up to and including 31 December 2019, 10 Board meetings were held with a notice of at least 14 days having been given to the Directors in compliance with the relevant code provision.

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

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 annual general meeting, and are eligible for re-election by the shareholders.

During the year, there was no appointment of new Directors. The current term of the Directors is for a term of three years ending on the expiration of the term of the 5th session of the Board and renewable upon re-election when it expires according to article 107 of the Article of Association.

Corporate Governance Report

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 5th session of the supervisory committee of the Company effective from 23 September 2019 to replace Ms. Zhang Hongming and Mr. Meng Lizhong, whose resignation were effective from 23 September 2019. The other supervisors were elected by the shareholders of the Company. 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 10 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 2019 and up to the date of this annual report.

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 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 2019 to 31 December 2019, members of the Audit Committee comprised of Mr. Cui Xiaozhong, Ms. Hua Fulan and Mr. Ng Ki Hung, all of whom are independent non-executive Directors. Mr. Cui Xiaozhong, 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 FY2019, the Audit Committee held five meetings to review annual financial results and reports for the year ended 31 December 2018 and interim financial results and reports for the six months ended 30 June 2019. 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 27.

The Audit Committee is of the view that the preparation of the financial results of the Group for the year ended 31 December 2019 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.

Remuneration Committee

The Remuneration Committee was established on 16 October 2015. From 1 January 2019 to 31 December 2019, members of the Remuneration Committee comprised of Mr. Cui Xiaozhong and Ms. Hua Fulan, independent non-executive Directors, and Mr. Ruan Hongliang, an executive Director, and Mr. Cui Xiaozhong 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 FY2019, the Remuneration Committee met once to review, determine and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management, assessing performance of executive Directors and other related matters. The attendance records are set out under "Meetings and Directors Attendance Record" on page 27.

Corporate Governance 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 2019 is set forth below:

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

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

Nomination Committee

The Nomination Committee was established on 16 October 2015. Since 1 January 2019, members of the Nomination Committee comprised of Mr. Ruan Hongliang, an executive Director, Mr. Cui Xiaozhong and Mr. Ng Ki Hung, independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ruan Hongliang, an 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's 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 measureable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The review of the Board Diversity Policy and the measureable objectives shall be carried out at least annually to ensure the continued effectiveness of 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 FY2019, the Nomination Committee held one meeting. For the details of members' attendance of the Nomination Committee meeting, please refer to page 27. 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.

Strategic Development Committee

The Strategic Development Committee was established on 16 October 2015. Since 1 January 2019, members of the Strategic Development Committee comprised of Mr. Ruan Hongliang and Mr. Wei Yezhong, executive Directors, and Mr. Cui Xiaozhong, an independent non-executive Director. 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 FY2019, the Strategic Development Committee met once to discuss the business strategies of the Group and the attendance records are set out under "Meetings and Directors Attendance Record" on page 27.

Risk Management Committee

The Risk Management Committee was established on 16 October 2015. Since 1 January 2019, members of the Risk Management Committee comprised of Mr. Ruan Hongliang and Ms. Jiang Jianhua, executive Directors, and Mr. Cui Xiaozhong, 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 FY2019, the Risk Management Committee met once 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 27.

Corporate Governance Report

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 Stock Exchange and the Company. The Company has amended its Articles of Association on 24 June 2019 and 26 November 2019 respectively.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company had prepared the consolidated financial statements for the year ended 31 December 2019, which were reviewed by the Audit Committee and external auditor, Delotte 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. The Directors acknowledge that it is their responsibilities in (i) preparing of 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, Delotte Touche Tohmatsu Certified Public Accountants LLP(德勤華永會計師事務所(特殊普通合夥)), regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 55 and 252 of this annual report.

COMPANY SECRETARY

Ms. Ruan Zeyun is the company secretary of the Company during the year under review. During FY2019, 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 25 in this annual report.

EXTERNAL AUDITORS

The Company appointed Delotte 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 2019. The Audit Committee reviewed the external auditors' statutory audit scope and non-audit services and approved its fees.

For the year ended 31 December 2019, the total auditor's remuneration was approximately RMB2,700,000, which Delotte 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 RMB300,000.

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

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 dissimilation of inside information). In particular, regarding the controls for handling and dissemination of inside information, the employees, senior management and the Directors of the Company who possesses or handles inside information are reminded of 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 dissimilation of inside information to be public as and when necessary to ensure the Company will comply with the requirements under Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the requirements under other relevant laws and regulations.

The Board, being responsible for the reviewing the effectiveness of the Systems, together with the Audit Committee and internal audit team, regularly assess the effectiveness of the Systems, and ensures that the management has 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 FY2019, 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 FY2019, and the Group's Systems are generally appropriate, effective and adequate.

Corporate Governance Report

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 20 business days before the annual general meeting and 15 business 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 business 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 understood the performance and business operations of the Group;

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

(iv) Shareholders may raise any enquiries and proposals to the Board by either directly raising questions at 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report for the Reporting Period has been published individually on 17 April 2020.

Report of the Board of Directors

The Directors are pleased to present this annual report and audited consolidated financial statements of the Group for FY2019.

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 Room C, 2/F, Capital Trade Centre, 62 Tsun 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 34 to the financial statements.

LIST OF SUBSIDIARIES

Please refer to note V to the financial statements in this annual report for details of the subsidiaries as at 31 December 2019.

FINANCIAL STATEMENTS

The profit of the Group for FY2019 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 59 to 248 of this annual report.

The Group's business review during FY2019 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 FY2019.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2019 are set out in note VI 10 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.

For FY2019, considering the funding requirements of the Company, the Board does not recommend the declaration and payment of any final dividend.

CHARITABLE DONATIONS

Charitable donations made by the Group during FY2019 amounted to RMB45,000 (FY2018: RMB60,000).

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 FY2019, the revenue generated from the sales of PV glass amount to RMB3,747.70 million, representing 77.97% of the total revenue of the Group. In recent years, the global PV industry has experienced fluctuations in terms of production output and prices of PV modules. In addition, some PV module manufacturers faced severe financial difficulties which impacted the business of PV component makers, including PV glass manufacturers. Some PV module manufacturers were not able to satisfy their payment obligations towards their suppliers, which in turn resulted in the suspension of the business operations of a number of PV glass manufacturers in China. In the past, the Group also had experienced customer defaults. Furthermore, 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.

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 Prevention and Control of Water Pollution of the PRC (《中華人民共和國污染防治法》), 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》).

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 2019, 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.

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 fuel, silica sand and soda ash. Except for natural gas, the Group does not rely on any one single raw material supplier. The Group procures natural gas from one single supplier as the natural gas is supplied through exclusive pipelines connected from such supplier to the Group's production facilities. The Group generally enters into legally binding long-term agreements with its fuel and silica sand suppliers in order to ensure smooth production operation.

Aggregate purchases from the Group's largest and five largest suppliers accounted for 8.91% and 36.24%, respectively, of the Group's total purchases for FY2019.

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.

During FY2019, aggregate sales to the Group's largest and five largest customers accounted for 13% and 45%, respectively, of the Group's total revenue for the year.

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 Stock Exchange, and subsequent to the year ended 31 December 2019. A shares are listed on the Shanghai Stock Exchange. During FY2019 and up to the date of this annual report, the Company had materially complied with the relevant laws and regulations in the PRC and Hong Kong including relating to its establishment and operations, and the rules of the relevant Stock Exchange.

BANK BORROWINGS

Details of bank borrowings of the Company and its subsidiaries as at 31 December 2019 are set out in note VI 16/24/25 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2019 are set out in note VI 28 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 as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules from 1 January 2019 to 31 December 2019 and at all times up to the date of this annual report.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during FY2019.

USE OF PROCEEDS

The total net proceeds from the listing of A shares of the Company on the Main Board of the Shanghai Stock Exchange amounted to approximately RMB254.4 million (the "IPO proceeds"). As at 31 December 2019, the IPO proceeds of approximately RMB254.4 million had been used as follows:

Use for	Percentage of net proceeds	Amount of net proceeds RMB million	Amount utilized RMB million	Amount remain RMB million
The annual production capacity of 900,000 tons of glass as covers for PV modules project *(Note)*	100%	254.4	254.4	0

Note: The annual production capacity of 900,000 tons of glass as covers for PV modules project will be implemented by stages. The production capacity of 600,000 tons of PV glass will be funded by the proceeds from the Proposed A Share Offering.

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

The A Shares of the Company has been listed and commence trading on the Shanghai Stock Exchange on 15 February 2019. Subsequent to the completion of the A share offering on 15 February 2019, the total number of shares issued by the Company was 1,950,000,000 shares (including 450,000,000 H shares, 150,000,000 A shares under the A share offering and 1,350,000,000 A shares converted from existing domestic shares). For more details, please refer to announcement of the Company dated 14 February 2019.

The CSRC Main Board Issuance Approval Committee (中國證監會主板發行審核委員會) reviewed the application of the Company for the Proposed A Share Convertible Bonds on 9 January 2020. According to the result of the review published on the website of CSRC, the Company's application for the Proposed A Share Convertible Bonds has been approved and in February 2020, the Company was notified officially in writing that Proposed A Share Convertible Bonds has been approved.

Except as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since 1 January 2019 up to and including 31 December 2019.

Report of the Board of Directors

DIRECTORS

For the year ended 31 December 2019 and up to the date of this annual report, the Directors and Supervisors of the Company in office are shown as below:

Executive directors

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

Independent non-executive directors

Mr. Cui Xiaozhong
Ms. Hua Fulan
Mr. Ng Ki Hung

Supervisors

Mr. Zheng Wenrong *(Chairman of the Board of Supervisors)*
Mr. Shen Fuquan
Mr. Zhu Quanming
Ms. Zhang Hongming (resignation effective on 23 September 2019)
Mr. Meng Lizhong (resignation effective on 23 September 2019)
Ms. Niu Liping (appointed on 23 September 2019)
Ms. Zhang Huizhen (appointed on 23 September 2019)

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management of the Company are set out on pages 18 to 25 of this annual report.

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

No transactions, arrangements and contracts of significance between the Company or any of its subsidiaries and its controlling shareholders or any of its subsidiaries, was a party, or in which a Director or supervisors of the Company and an entity connected to any of the Directors or supervisors of the Company had a material interest, whether directly or indirectly, 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. The term of the Directors has expired in 2018. All Directors had retired and been re-elected at 2018 First Extraordinary General Meeting ("2018 First EGM") for a term of three years ending on the expiration of the term of the 5th session of the Board subject to his or her retirement and re-election at annual general meeting in accordance with the Articles of Association.

Each of the supervisors of the Company has entered into a service contract with the Company. All Supervisors had retired and been re-electd at 2018 First EGM for a term of three years ending on the expiration of the term of the 5th session of the Board subject to his or her retirement and re-election at annual general meeting in accordance with the Articles of Association. Due to other work commitments, each of Ms. Zhang Hongming and Mr. Meng Lizhong has tender her/his resignation as the staff representative supervisor of the 5th session of the supervisory committee of the Company. Their resignations as the Staff Representative Supervisors are effective on 23 September 2019. Ms. Niu Liping and Ms. Zhang Huizhen were elected as the Staff Representative Supervisors at the staff representative meeting of the Company held on 23 September 2019. Their term of appointment is effective from 23 September 2019, being the date of approval by staff representative meeting, and up to the expiry of the 5th session of the Supervisory Committee.

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 2019 up to and including 31 December 2019, the Company had taken out appropriate corporate liability insurance for the its Directors, supervisors and senior management. As of the date of this annual report, such corporate liability insurance remained effective.

REMUNERATION OF DIRECTORS AND SUPERVISORS

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	–	816	28	122	966
Ms. Jiang Jinhua	–	640	–	102	742
Mr. Wei Yezhong	–	553	28	52	633
Mr. Shen Qifu	–	547	28	47	622
Independent non-executive directors:					
Ms. Hua Fulan	80	–	–	–	80
Mr. Ng Ki Hung	80	–	–	–	80
Mr. Cui Xiaozhong	80	–	–	–	80
Supervisors:					
Mr. Zheng Wenrong	–	232	24	32	288
Mr. Shen Fuquan	–	208	–	22	230
Mr. Zhu Quanming	–	186	–	22	208
Ms. Zhang Hongming*	–	116	9	13	138
Mr. Meng Lizhong*	–	242	19	23	284
Ms. Niu Liping*	–	29	2	2	33
Ms. Zhang Huizhen*	–	47	4	3	54
Total	240	3,616	142	440	4,438

Note: Ms. Zhang Hongming and Mr. Meng Lizhong resigned the staff representative supervisor of the 5th session of the supervisory committee of the Company on 23 September 2019. Meanwhile, Ms. Niu Liping and Ms. Zhang Huizhen was elected as the staff representative supervisor at the staff representative meeting of the Company held on 23 September 2019.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2019, the interests and short positions of the Directors, supervisors and the chief executive of the Company in the shares (the "Shares"), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange 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]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	74.58%	57.37%
	419,000	H Shares	Beneficial owner and parties acting in concert	0.09%	0.02%
Ms. Jiang Jinhua[3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	74.58%	57.37%
	419,000	H Shares	Spousal interest and parties acting in concert	0.09%	0.02%
Mr. Wei Yezhong	19,260,000	A Shares	Beneficial owner	1.28%	0.99%
Mr. Shen Qifu	12,840,000	A Shares	Beneficial owner	0.86%	0.66%
Supervisors					
Mr. Zheng Wenrong	57,780,000	A Shares	Beneficial owner	3.85%	2.96%
Mr. Shen Fuquan	38,520,000	A Shares	Beneficial owner	2.57%	1.98%
Mr. Zhu Quanming	38,520,000	A Shares	Beneficial owner	2.57%	1.98%

Notes:

(1) The calculation is based on the total number of 1,500,000,000 A Shares or 450,000,000 H Shares of the Company in issue as at 31 December 2019.

(2) The calculation is based on the total number of 1,500,000,000 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 1,950,000,000 Shares) in issue as at 31 December 2019.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. Mr. Ruan Hongliang owns 439,358,400 A Shares and 419,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, and the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. In addition, pursuant to a concert party agreement dated 19 September 2016 entered into between Mr. Ruan Hongliang, 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 1,118,772,000 A Shares and 419,000 H Shares under the SFO.

Save as disclosed above, as at 31 December 2019, to the knowledge of the Company, none of the Directors or supervisors and the chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the shares or the underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Board of Directors

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, the persons or corporations 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	Nature of Interest	Nature of Interest	Approximate percentage of shareholding in the relevant class of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Ms. Ruan Zeyun [3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	74.58%	57.37%
Mr. Zhao Xiaofei [3]	1,118,772,000	A Shares	Beneficial owner and parties acting in concert	74.58%	57.37%
Mr. Jiang Jinzhi[4]	44,961,000	H Shares	Beneficial Interest	9.99%	2.31%
Ms. Zhang Wenfang	35,852,000	H Shares	Beneficial Interest	7.97%	1.84%
Pacific Asset Management Co., Ltd.	31,525,000	H Shares	Investment manager	7.01%	1.61%
Shanghai Greenwoods Asset Management Company Limited [5]	27,042,000	H Shares	Investment manager	6.01%	1.39%
Xizang Jingning Corporate Management Company Limited [5]	27,042,000	H Shares	Interest of controlled corporation	6.01%	1.39%
CICC Pucheng Investment Co., Ltd. [6]	23,870,000	H Shares	Beneficial Interest	5.30%	1.22%
China International Capital Corporation Limited [6]	22,573,000	H Shares	Interest of controlled corporation	5.02%	1.16%

Notes:

(1) The calculation is based on the total number of 1,500,000,000 A Shares or 450,000,000 H Shares, as the case may be, in issue as at 31 December 2019.

(2) The calculation is based on the total number of 1,500,000,000 A Shares and the total number of 450,000,000 H Shares (i.e. a total of 1,950,000,000 Shares) in issue as at 31 December 2019.

(3) Mr. Ruan Hongliang is the spouse of Ms. Jiang Jinhua. Mr. Ruan Hongliang owns 439,358,400 A Shares and 419,000 H Shares. Ms. Jiang Jinhua owns 324,081,600 A Shares. Ms. Ruan Zeyun is the spouse of Mr. Zhao Xiaofei, the daughter of Mr. Ruan Hongliang and Ms. Jiang Jinhua. Ms. Ruan Zeyun owns 350,532,000 A Shares. Mr. Zhao Xiaofei owns 4,800,000 A Shares. In addition, pursuant to a concert party agreement dated 19 September 2016 entered into between Mr. Ruan Hongliang ("Mr. Ruan"), Ms. Jiang Jinhua ("Ms. Jiang"), Ms. Ruan Zeyun ("Ms. Ruan") and Mr. Zhao Xiaofei ("Mr Zhao"), each of Mr. Ruan, Ms. Jiang, Ms. Ruan and Mr. Zhao jointly owned 1,118,772,000 A Shares and 419,000 H Shares under the SFO.

(4) GREENWOODS CHINA ALPHA MASTER FUND is owned as to 100% by Greenwoods Asset Management Limited. Greenwoods Asset Management Limited is owned as 100% by Greenwoods Asset Management Holdings Limited. Greenwoods Asset Management Holdings Limited is owned as to 84.5% by Unique Element Corp. Unique Element Corp is owned as to 100% by Mr. Jiang Jinzhi. Shanghai Greenwoods Asset Management Company Limited is owned as to 100% by Xizang Jingning Corporate Management Company Limited, which is owned as to 84.5% by Mr. Jiang Jinzhi.

(5) Shanghai Greenwoods Asset Management Company Limited is owned as to 100% by Xizang Jingning Corporate Management Company Limited.

(6) CICC Pucheng Investment Co., Ltd. and China International Capital Corporation (Hong Kong) Limited are owned as to 100% by China International Capital Corporation Limited.

Save as disclosed above, as at 31 December 2019, so far as is known to the Directors, there is no other person (other than the Directors or supervisors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

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 2019.

MATERIAL CONTRACTS

Save as disclosed in note X to the financial statements, 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, subsisted at the end of the year or at any time during the year ended 31 December 2019.

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. Save for the continuing connected transactions as disclosed in "Continuing Connected Transactions" below, the related party transactions conducted during the year under review as disclosed in note IX to the financial statement of the Group were connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note IX to the financial statements also constituted continuing connected transactions under the Listing Rules and are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

Connected persons

Jiaxing Yihe Machine Co., Limited ("嘉興市義和機械有限公司") ("**Jiaxing Yihe**") is wholly-owned by Ms. Ruan Zeyun, one of the controlling shareholders of the Company and daughter of Mr. Ruan Hongliang (the chairman and executive Director of the Company) and Ms. Jiang Jinhua (an executive Director), thus an associate of Ms. Ruan Zeyun and a connected person of the Company under Rule 14A.07 of the Listing Rules.

Connected transactions

On 12 December 2018, a tenancy agreement was entered into between the Company, as tenant, and Jiaxing Yihe, as landlord, in relation to the lease of three connected 6-storey M-shaped buildings situated at 959 Yunhe Road, Xiuzhou District, Jiaxing City, Zhejiang Province, PRC (the "**Tenancy Agreement I**") pursuant to which Jiaxing Yihe agreed to lease the said premises to the Company as the dormitories for the Group's employees, for a term of one year commencing from 1 January 2019 and ending on 31 December 2019 at the rent of RMB200,120.80 per month (RMB2,401,449.60 per year).

On the same day, the tenancy agreement was entered into between the Company, as tenant, and Jiaxing Yihe, as landlord, in relation to the lease of, a 5-storey factory situated at 959 Yunhe Road, Xiuzhou District, Jiaxing City, Zhejiang Province, PRC (the "Tenancy Agreement II") pursuant to which Jiaxing Yihe agreed to lease the said premises to the Company for the Group's temporary maintenance, assembling and storage of equipment, for a term of one year commencing from 1 January 2019 and ending on 31 December 2019 at the rent of RMB176,546.76 per month (RMB2,118,561.12 per year).

The rent payable under the Tenancy Agreement I and Tenancy Agreement II was determined by the parties after arm's length negotiations with reference to, among other things, the market value of underlying premises, respectively.

Please refer to the announcement of the Company dated on 12 December 2018 for further details of the Tenancy Agreement I and Tenancy Agreement II.

Independent Non-executive Directors Confirmation

The independent non-executive Directors have reviewed these continuing connected transactions 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 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

COMPETING BUSINESS

None of the Directors and their associates had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2019.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Mr. Ruan Hongliang, Ms. Jiang Jinhua and Ms. Ruan Zeyun 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 2019 up to and including 31 December 2019.

ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2019 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 21 to the financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2019, 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.

EVENTS AFTER THE REPORTING PERIOD

Please refer to "Management Discussion and Analysis – update on A Share Convertible Bonds issuance" for details.

Report of the Board of Directors

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 2019.

EXTERNAL AUDITORS

The appointment of Messrs. Deloitte Touche Tohmatsu as the international auditors of the Company ceased on the 2019 AGM dated 24 June 2019. In light of the Proposed Change of Accounting Standard, the Board has proposed the 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))in the PRC as the Company's 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 2019 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.

ALIGNMENT IN THE DISCLOSURE OF FINANCIAL STATEMENTS IN ACCORDANCE WITH THE CASBE

Since the date on which the H Shares of the Company became listed on the Stock Exchange, the Company has been preparing its financial statements under both the China Accounting Standards for Business Enterprises ("CASBE") and the International Financial Reports Standards ("IFRS"). According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by the Stock Exchange in December 2010, PRC incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with the CASBE and PRC audit firms approved by the MOF and the CSRC are allowed to audit these financial statements in accordance with the CASBE.

In view of such arrangement and the completion of the A Share Offering, and in order to improve the efficiency and to reduce the cost of disclosure and audit expense, the Board proposed to change the accounting standards of the international financial statements of the Company from the IFRS to CASBE. The shareholders of the Company have approved the proposal on 24 June 2019. For details, please refer to the announcements of the Company dated 8 May 2019 and 24 June 2019, and the circular of the Company dated 9 May 2019. Starting from 2019, the financial statements of the Company have been prepared in accordance with CASBE and the relevant regulations. This annual report has been prepared in accordance with CASBE.

On behalf of the Board of Directors

Ruan Hongliang
Chairman

Jiaxing, Zhejiang, the PRC
17 April 2020

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 2019, 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 2019, the Board of Supervisors convened 6 meetings.

II. WORK OF THE BOARD OF SUPERVISORS

The work of the Supervisory Committee during the year ended 31 December 2019 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 2019 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 2019 consolidated financial statements truly and completely reflect the financial position and operating results of the Group.

Zheng Wenrong
Chairman of the Board of Supervisors

Jiaxing, Zhejiang, the PRC
17 April 2020

Independent Auditor's Report

(De Shi Bao (Shen) Zi (20) No. P01968

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

1. AUDIT OPINION

We have audited the attached 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 2019, 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 2019.

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 2019, and of its consolidated and parent company's operating results and consolidated and parent company's cash flow in 2019.

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 2019. 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 matters to be communicated in the audit report.

(1) Impairment of commercial acceptance bills receivables and trade receivables

Item description

As shown in point 3 (bills receivables) and point 4 (receivables) of note VI of the consolidated financial statements, for the year ended 31 December 2019, the carrying amount of commercial acceptance bills receivables and trade receivables of Flat Group was RMB72,633,145.40 and RMB1,157,602,741.29, respectively, and the expected credit loss was RMB2,033,728.07 and RMB50,357,104.89, respectively. The management of Flat Group needs to use significant accounting estimates in assessing the expected recoverable amount of commercial acceptance bills receivables and trade receivables, evaluate the expected credit loss and calculate the credit impairment amount in combination with historical default, current credit risk status and forecast of future economic status, so we regard the impairment of commercial acceptance bills receivables and trade receivables as the key audit matters.

How our audit addressed the key audit matter

Our main audit procedures for the impairment of the commercial acceptance bills receivables and receivables included:

(1) Obtaining an understanding of key internal controls to evaluate the impairment of commercial acceptance bills receivables and receivables by the management;

(2) Test the design and implementation effectiveness and operation effectiveness of key internal controls related to the impairment assessment of commercial acceptance bills receivables and trade receivables by the management;

(3) Assessing the reasonableness of the expected credit loss model; checking the accuracy of information used in assessing the internal credit ratings of debtors; reviewing the determination of expected credit loss rates of trade receivables and commercial bills receivables with reference to the historical default rates, credit risk and forward-looking information; checking the calculation of expected credit loss.

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.

(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.

Independent Auditor's Report

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 in 2019 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:

17 April 2020

Consolidated Balance Sheet

31 December 2019

RMB

Items	NOTE (6)	31 December 2019	31 December 2018
Current assets:			
Cash at bank and on hand	1	**613,000,364.84**	683,018,973.73
Derivative financial assets	2	**1,117,793.99**	6,172,390.30
Bills receivables	3	**1,976,383,235.76**	911,170,421.46
Trade receivables	4	**1,107,245,636.40**	821,319,289.09
Advance payment	5	**93,183,465.96**	65,474,835.88
Other receivables	6	**3,684,181.68**	1,296,794.21
Inventories	7	**483,619,647.17**	377,123,199.96
Other current assets	8	**174,510,375.27**	181,666,205.48
Total current assets		**4,452,744,701.07**	3,047,242,110.11
Non-current assets:			
Investment properties	9	**21,665,171.83**	23,096,642.23
Fixed assets	10	**3,070,665,219.42**	2,166,275,875.65
Construction in progress	11	**936,828,544.14**	962,570,065.48
Right-of-use asset	12	**188,930,554.53**	–
Intangible assets	13	**427,130,471.49**	536,809,851.25
Long-term prepaid expenses		**6,935,053.37**	2,777,526.55
Deferred tax assets	14	**18,458,589.23**	19,005,748.81
Other non-current assets	15	**268,922,264.83**	195,771,282.04
Total non-current assets		**4,939,535,868.84**	3,906,306,992.01
Total assets		**9,392,280,569.91**	6,953,549,102.12

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Balance Sheet

31 December 2019

RMB

Items	NOTE (6)	31 December 2019	31 December 2018
Current liabilities:			
Short-term borrowings	16	**1,316,277,482.79**	450,399,136.69
Derivative financial liabilities	17	**917,754.01**	738,000.00
Bills payables	18	**338,562,948.43**	219,832,038.07
Trade payables	19	**1,854,705,642.59**	1,216,541,204.11
Contract liabilities	20	**24,993,817.16**	14,042,379.21
Payroll payable	21	**31,758,290.80**	26,225,994.20
Tax payable	22	**129,352,280.77**	81,681,336.98
Other payables	23	**45,543,202.52**	38,681,381.51
Including: Interests payable		**4,831,749.01**	1,562,660.53
Non-current liabilities due within one year	24	**711,977,777.21**	188,738,000.00
Total current liabilities		**4,454,089,196.28**	2,236,879,470.77
Non-current liabilities:			
Long-term borrowings	25	**281,902,410.30**	989,439,412.61
Lease liabilities	26	**11,016,173.42**	–
Deferred income	27	**45,408,644.70**	58,576,554.71
Deferred tax liabilities	14	**86,975,757.21**	–
Total non-current liabilities		**425,302,985.63**	1,048,015,967.32
Total liabilities		**4,879,392,181.91**	3,284,895,438.09
Shareholders' equity			
Share capital	28	**487,500,000.00**	450,000,000.00
Capital reserve	29	**839,115,113.41**	622,230,162.41
Other comprehensive income	30	**5,935,642.83**	(4,685,190.57)
Special reserve	31	**11,810,858.31**	9,425,627.41
Surplus reserve	32	**193,555,355.70**	168,158,907.37
Undistributed profit	33	**2,974,971,417.75**	2,423,524,157.41
Total equity attributable to shareholders of the parent company		**4,512,888,388.00**	3,668,653,664.03
Minority interests		**–**	–
Total shareholders' equity		**4,512,888,388.00**	3,668,653,664.03
Total liabilities and shareholders' equity		**9,392,280,569.91**	6,953,549,102.12

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet of the Parent Company

31 December 2019

RMB

Items	NOTE (13)	31 December 2019	31 December 2018
Current assets:			
Cash at bank and on hand	1	**223,564,789.23**	248,453,770.98
Derivative financial assets	2	**379,492.22**	4,970,224.71
Bills receivables	3	**1,567,902,478.98**	774,398,067.88
Trade receivables	4	**778,907,971.16**	502,280,814.30
Advance payment	5	**45,197,178.86**	39,136,580.02
Other receivables	6	**356,091,353.75**	115,299,644.49
Inventories	7	**209,640,163.73**	162,383,851.02
Other current assets	8	**9,673,749.05**	24,941,889.24
Total current assets		**3,191,357,176.98**	1,871,864,842.64
Non-current assets:			
Long-term equity investments	9	**1,043,137,343.00**	786,137,343.00
Fixed assets	10	**994,488,315.18**	927,127,844.80
Construction in progress	11	**163,647,371.24**	243,785,148.44
Intangible assets	12	**170,704,769.30**	131,628,507.77
Long-term prepaid expenses		**150,172.37**	265,068.34
Deferred tax assets	13	**6,379,124.69**	10,881,999.81
Other non-current assets	14	**567,405,500.94**	788,994,654.72
Total non-current assets		**2,945,912,596.72**	2,888,820,566.88
Total assets		**6,137,269,773.70**	4,760,685,409.52

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet of the Parent Company

31 December 2019

RMB

Items	NOTE (13)	31 December 2019	31 December 2018
Current liabilities:			
Short-term borrowings	15	**736,237,118.11**	328,446,377.87
Derivative financial liabilities	16	**–**	738,000.00
Bills payables	17	**190,000,000.00**	88,051,988.88
Trade payables	18	**1,483,614,555.57**	745,246,372.34
Contract liabilities	19	**17,454,654.26**	4,662,060.73
Payroll payable	20	**18,089,920.60**	14,964,926.68
Tax payable	21	**53,925,402.29**	3,721,807.65
Other payables	22	**338,332,869.33**	632,131,765.44
Total current liabilities		**2,837,654,520.16**	1,817,963,299.59
Non-current liabilities:			
Deferred income	23	**34,543,339.29**	45,599,630.00
Total non-current liabilities		**34,543,339.29**	45,599,630.00
Total liabilities		**2,872,197,859.45**	1,863,562,929.59
Shareholders' equity			
Share capital		**487,500,000.00**	450,000,000.00
Capital reserve		**839,115,113.41**	622,230,162.41
Surplus reserve		**193,555,355.70**	168,158,907.37
Undistributed profit	24	**1,744,901,445.14**	1,656,733,410.15
Total shareholders' equity		**3,265,071,914.25**	2,897,122,479.93
Total liabilities and shareholders' equity		**6,137,269,773.70**	4,760,685,409.52

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Income Statement

For the year ended 31 December 2019

RMB

Items	NOTE (6)	Amount incurred in the current year	Amount incurred in the previous year
I. Operating revenue	34	**4,806,804,020.96**	3,063,802,709.44
Less: Operating costs	34	**3,289,735,511.36**	2,232,762,168.05
Taxes and surcharges	35	**35,026,838.85**	28,635,983.23
Selling expenses	36	**255,112,912.72**	128,327,434.68
General and administrative expenses	37	**121,498,560.29**	117,786,385.22
Research and development expenses	38	**204,151,559.30**	113,246,196.64
Financial expenses	39	**53,129,460.34**	1,611,581.32
Including: Interest expenses		**65,388,264.94**	25,791,618.68
Interest income		**17,902,429.34**	18,599,358.49
Add: Other income	40	**30,189,426.63**	24,929,136.86
Investment income (loss)	41	**6,908,081.15**	(16,191,214.96)
Profit (loss) arising from changes in fair value	42	**(5,234,350.32)**	13,259,290.30
Credit impairment loss	43	**(12,816,559.04)**	(7,363,612.81)
Asset impairment loss	44	**(14,697,934.51)**	(2,589,390.06)
Gains (losses) on disposal of assets	45	**(6,541,402.98)**	5,040,070.63
II. Operating profit		**845,956,439.03**	458,517,240.26
Add: Non-operating income	46	**16,897,963.68**	7,757,924.37
Less: Non-operating expenses	47	**184,158.59**	129,905.64
III. Total profit		**862,670,244.12**	466,145,258.99
Less: Income tax expense	48	**145,426,535.45**	58,830,542.68
IV. Net profit		**717,243,708.67**	407,314,716.31
Net profit attributable to equity owners of parent company		**717,243,708.67**	407,314,716.31
Profit or loss attributable to minority interests		**–**	–
V. Other comprehensive income, net of tax		**10,620,833.40**	11,271,623.87
Other comprehensive income, net of tax attributable to the owner of parent company		**10,620,833.40**	11,271,623.87
(1) Other comprehensive income that can not be reclassified to profit or loss		**–**	–
(2) Other comprehensive income that will be reclassified to profit or loss		**10,620,833.40**	11,271,623.87
– Exchange differences on foreign currency financial statements translation		**10,620,833.40**	11,271,623.87
Other comprehensive income, net of tax attributable to minority interests		**–**	–
VI. Total comprehensive income		**727,864,542.07**	418,586,340.18
Attributable to the shareholders of the parent company		**727,864,542.07**	418,586,340.18
Attributable to the minority interests		**–**	–
VII. Earnings per share			
(1) Basic earnings per share	50	**0.37**	0.23
(2) Diluted earnings per share		**N/A**	N/A

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Income Statements of the Parent Company

For the year ended 31 December 2019

RMB

Items	NOTE (13)	Amount incurred in the current year	Amount incurred in the previous year
I. Operating revenue	25	**3,591,539,008.03**	2,115,178,672.77
Less: Operating costs	25	**3,000,997,457.74**	1,677,974,994.68
Taxes and surcharges	26	**15,520,516.48**	13,295,177.08
Selling expenses	27	**68,929,956.72**	58,495,428.54
General and administrative expenses	28	**76,656,007.96**	75,396,615.14
Research and development expenses	29	**100,075,014.72**	79,974,931.66
Financial expenses	30	**27,911,159.88**	28,246,194.85
Including: Interest expenses		**31,980,999.88**	15,368,900.18
Interest income		**12,524,684.44**	13,377,822.49
Add: Other income	31	**16,361,949.96**	11,176,810.34
Investment income	32	**471,707.68**	87,550,157.14
Profit (loss) arising from changes in fair value	33	**(3,852,732.49)**	6,338,824.71
Credit impairment loss	34	**(15,465,340.85)**	(5,195,846.30)
Asset impairment loss	35	**(14,697,934.51)**	(2,335,927.27)
Losses on disposal of assets	36	**(7,017,163.75)**	(133,999.89)
II. Operating profit		**277,249,380.57**	279,195,349.55
Add: Non-operating income	37	**8,293,509.23**	6,009,680.09
Less: Non-operating expenses	38	**100,000.00**	60,000.00
III. Total profit		**285,442,889.80**	285,145,029.64
Less: Income tax expenses	39	**31,478,406.48**	16,267,541.81
IV. Net profit		**253,964,483.32**	268,877,487.83
V. Other comprehensive income, net of tax		**–**	–
VI. Total comprehensive income		**253,964,483.32**	268,877,487.83

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Cash Flow

For the year ended 31 December 2019

RMB

	NOTE (6)	Amount incurred in the current year	Amount incurred in the previous year
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		**4,515,888,387.61**	3,304,200,550.98
Cash received from refunds of taxes		**133,103,705.74**	55,198,126.62
Cash received relating to other operating activities	51 (1)	**89,326,909.64**	49,720,199.30
Subtotal of cash inflows		**4,738,319,002.99**	3,409,118,876.90
Cash paid for goods and services		**3,368,644,502.93**	2,325,631,527.20
Cash paid to and on behalf of employee		**287,842,958.25**	256,273,716.64
Cash paid for payments of taxes and surcharges		**151,625,868.89**	160,534,112.01
Cash paid relating to other operating activities	51 (2)	**420,008,980.35**	235,770,269.30
Subtotal of cash outflows		**4,228,122,310.42**	2,978,209,625.15
Net cash flow from operating activities		**510,196,692.57**	430,909,251.75
II. Cash flow from investing activities:			
Cash received from disposal of investments		**–**	4,200,000.00
Cash received from returns on investments		**8,272,192.47**	6,137,288.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**16,579,973.39**	7,154,807.27
Cash received relating to other investing activities	51 (3)	**131,264,078.45**	108,900,833.79
Subtotal of cash inflows		**156,116,244.31**	126,392,929.91
Cash paid to purchase fixed assets, intangible assets and other long-term assets		**1,301,734,508.16**	1,257,129,436.89
Cash paid relating to other investing activities	51 (4)	**102,153,769.10**	172,208,372.97
Subtotal of cash outflows		**1,403,888,277.26**	1,429,337,809.86
Net cash flow from investing activities		**(1,247,772,032.95)**	(1,302,944,879.95)
III. Cash flow from financing activities:			
Cash received from capital contribution		**269,700,000.00**	–
Cash received from borrowings		**1,954,723,227.20**	1,078,769,050.66
Cash received relating to other financing activities	51 (5)	**277,454,484.32**	349,496,734.24
Subtotal of cash inflows		**2,501,877,711.52**	1,428,265,784.90
Cash paid for payment of borrowings		**1,291,775,272.59**	584,818,797.80
Cash paid for distribution of dividends, and profits or payment of interest		**229,761,226.52**	79,161,657.99
Cash paid relating to other financing activities	51 (6)	**296,310,722.70**	327,641,933.96
Subtotal of cash outflows		**1,817,847,221.81**	991,622,389.75
Net cash flow from financing activities		**684,030,489.71**	436,643,395.15
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**3,862,938.18**	14,495,046.71
V. Net decrease in cash and cash equivalents		**(49,681,912.49)**	(420,897,186.34)
Add: Cash and cash equivalents at the beginning of the year		**528,750,004.08**	949,647,190.42
VI. Cash and cash equivalents at the end of the year		**479,068,091.59**	528,750,004.08

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Statements of Cash Flow of the Parent Company

For the year ended 31 December 2019

RMB

	NOTE (13)	Amount incurred in the current year	Amount incurred in the previous year
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		**3,257,963,652.31**	2,473,277,005.45
Cash received from refunds of taxes		**41,213,278.68**	10,224,768.74
Cash received relating to other operating activities	41 (1)	**26,491,352.92**	24,805,686.36
Subtotal of cash inflows		**3,325,668,283.91**	2,508,307,460.55
Cash paid for goods and services		**2,682,566,982.27**	1,603,519,870.71
Cash paid to and on behalf of employee		**146,295,174.43**	135,313,519.30
Cash paid for payments of taxes and surcharges		**46,139,814.03**	109,569,582.10
Cash paid relating to other operating activities	41(2)	**160,943,583.75**	133,478,664.56
Subtotal of cash outflows		**3,035,945,554.48**	1,981,881,636.67
Net cash flow from operating activities		**289,722,729.43**	526,425,823.88
II. Cash flow from investing activities:			
Cash received from returns on investments		**1,759,200.00**	97,285,550.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**3,093,989.93**	2,825,764.49
Cash received relating to other investing activities	41(3)	**246,772,690.36**	270,508,983.03
Subtotal of cash inflows		**251,625,880.29**	370,620,297.52
Cash paid to purchase fixed assets, intangible assets and other long-term assets		**184,514,117.79**	225,584,953.98
Cash paid for investments		**257,000,000.00**	238,982,321.00
Cash paid relating to other investing activities	41(4)	**338,217,053.07**	726,182,465.28
Subtotal of cash outflows		**779,731,170.86**	1,190,749,740.26
Net cash flow from investing activities		**(528,105,290.57)**	(820,129,442.74)
III. Cash flow from financing activities:			
Cash received from capital contribution		**269,700,000.00**	–
Cash received from borrowings		**1,064,410,735.92**	408,913,484.01
Cash received relating to other financing activities	41(5)	**168,683,559.31**	687,483,506.91
Subtotal of cash inflows		**1,502,794,295.23**	1,096,396,990.92
Cash paid for payment of borrowings		**656,619,995.68**	348,986,756.14
Cash paid for distribution of dividends, and profits or payment of interest		**176,772,652.43**	34,029,518.46
Cash paid relating to other financing activities	41(6)	**444,513,969.81**	426,984,600.29
Subtotal of cash outflows		**1,277,906,617.92**	810,000,874.89
Net cash flow from financing activities		**224,887,677.31**	286,396,116.03
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**623,827.56**	2,443,339.95
V. Net decrease in cash and cash equivalents		**(12,871,056.27)**	(4,864,162.88)
Add: Cash and cash equivalents at the beginning of the year		**171,799,091.46**	176,663,254.34
VI. Cash and cash equivalents at the end of the year		**158,928,035.19**	171,799,091.46

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

RMB

	The current year							
	Equity attributable to the owners of the parent company							
Items	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Opening balance of the current year	450,000,000.00	622,230,162.41	(4,685,190.57)	9,425,627.41	168,158,907.37	2,423,524,157.41	–	3,668,653,664.03
II. Increase/decrease for the current year								
(I) Total comprehensive income	–	–	10,620,833.40	–	–	717,243,708.67	–	727,864,542.07
(II) Contribution of shareholders	37,500,000.00	216,884,951.00	–	–	–	–	–	254,384,951.00
1. Common shares contributed by owners	37,500,000.00	216,884,951.00	–	–	–	–	–	254,384,951.00
(III) Profit distribution	–	–	–	–	25,396,448.33	(165,796,448.33)	–	(140,400,000.00)
1. Appropriation to surplus reserve	–	–	–	–	25,396,448.33	(25,396,448.33)	–	–
2. Appropriation to shareholders	–	–	–	–	–	(140,400,000.00)	–	(140,400,000.00)
(IV) Special reserve	–	–	–	2,385,230.90	–	–	–	2,385,230.90
1. Provision of special reserves	–	–	–	2,385,230.90	–	–	–	2,385,230.90
III. Closing balance of the current year	487,500,000.00	839,115,113.41	5,935,642.83	11,810,858.31	193,555,355.70	2,974,971,417.75	–	4,512,888,388.00

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

RMB

	The last year							
	Equity attributable to the owners of the parent company							
Items	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Opening balance of the last year	450,000,000.00	622,230,162.41	(15,956,814.44)	9,731,676.16	141,271,158.58	2,043,097,189.89	–	3,250,373,372.60
II. Increase/decrease for the current year								
(I) Total comprehensive income	–	–	11,271,623.87	–	–	407,314,716.31	–	418,586,340.18
(II) Contribution and withdrawal of capital by shareholders	–	–	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	26,887,748.79	(26,887,748.79)	–	–
1. Appropriation to surplus reserve	–	–	–	–	26,887,748.79	(26,887,748.79)	–	–
(IV) Special reserve	–	–	–	(306,048.75)	–	–	–	(306,048.75)
1. Provision of special reserves	–	–	–	3,611,246.06	–	–	–	3,611,246.06
2. Use of special reserves	–	–	–	(3,917,294.81)	–	–	–	(3,917,294.81)
III. Closing balance of the last year	450,000,000.00	622,230,162.41	(4,685,190.57)	9,425,627.41	168,158,907.37	2,423,524,157.41	–	3,668,653,664.03

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 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 2019

RMB

Items	The current year				
	Share capital	Capital reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Opening balance of the current year	450,000,000.00	622,230,162.41	168,158,907.37	1,656,733,410.15	2,897,122,479.93
II. Increase/decrease for the current year					
(I) Total comprehensive income	–	–	–	253,964,483.32	253,964,483.32
(II) Contribution and withdrawal of capital by shareholders	37,500,000.00	216,884,951.00	–	–	254,384,951.00
1. Common shares contributed by owners	37,500,000.00	216,884,951.00	–	–	254,384,951.00
(III) Profit distribution	–	–	25,396,448.33	(165,796,448.33)	(140,400,000.00)
1. Appropriation to surplus reserve	–	–	25,396,448.33	(25,396,448.33)	–
2. Appropriation to shareholders	–	–	–	(140,400,000.00)	(140,400,000.00)
III. Closing balance of the current year	487,500,000.00	839,115,113.41	193,555,355.70	1,744,901,445.14	3,265,071,914.25

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 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 2019

RMB

Items	The last year				
	Share capital	Capital reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Opening balance of the last year	450,000,000.00	622,230,162.41	141,271,158.58	1,414,743,671.11	2,628,244,992.10
II. Increase/decrease for the current year					
(I) Total comprehensive income	–	–	–	268,877,487.83	268,877,487.83
(II) Profit distribution	–	–	26,887,748.79	(26,887,748.79)	–
1. Appropriation to surplus reserve	–	–	26,887,748.79	(26,887,748.79)	–
III. Closing balance of the last year	450,000,000.00	622,230,162.41	168,158,907.37	1,656,733,410.15	2,897,122,479.93

The notes are an integral part of the financial statements.

The financial statements on pages 59 to 248 are signed by:

Legal Representative: Chief Financial Officer: Chief Accountant:

(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.

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

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

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

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

2. Scope of the Consolidated Financial Statements

On 17 April 2020, the Company's company and consolidated financial statements have been approved by the Board of Directors of the Company.

Details of the scope of consolidated financial statements are set out in Note (5) "Interests in other entities" to the financial statements.

(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 2014). In addition, the financial statements also include disclosures required by the Companies Ordinance and the Listing Rules of the stock exchange of Hong Kong.

Going concern

For the year ended 31 December 2019, the total amount of current liabilities of the Group exceeded the total amount of current assets by RMB1,344,495.21. As at 31 December 2019, the Group and the bank have signed the credit contract, and the unused credit line with a term of more than one year is RMB1,340,043,358.72. In February 2020, the Company received the Approval of the Public Issuance of Convertible Corporate Bonds of Flat Glass Group Co., Ltd. (CSRC Approval [2020] No.294) issued by China Securities Regulatory Commission (the "CSRC") recently, which allowed the Company to issue convertible bonds in an aggregate par value of RMB1.45 billion to the public with a term of six years within 12 months from the date of approval. The management of the Company believes that the Group can continue to operate through the above credit lines and public offering of convertible bonds, so the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted accrual basis for accounting measurement. Except some financial instruments are 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.

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

Basis of accounting and principle of measurement (Continued)

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. Therefore, the accounting policies for recognition of revenue, impairment of financial instruments, depreciation of fixed assets and amortization of intangible assets are based on the characteristics of the glass manufacturing industry. For details please refer to Notes III, 24, III, 9, III, 14 and III, 17.

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 2019 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 2019.

2. Accounting Period

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

3. Operating Cycle

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

4. Functional Currency

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

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

5. Business Combinations

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

5.1 Business combinations involving enterprises under common control

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

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

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

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

6. Preparation of Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

6. Preparation of Consolidated Financial Statements (Continued)

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

7. Recognition Criteria of Cash and Cash Equivalents

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

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

8.1 Foreign currency business

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

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

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

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

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

8.2 Translation of foreign currency financial statements

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

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

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

9. Financial Instruments

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

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

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

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

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

9. Financial Instruments (Continued)

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

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

9.1 Classification, recognition and measurement of financial assets

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

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

If the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are solely payments of the principal and the interest on the principal amount outstanding and the financial asset is managed by the Group in a business model aimed at both collecting contractual cash flows and selling such financial assets, the Group shall classify the financial asset into the financial asset at FVTOCI.

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.

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

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

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

9. Financial Instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL. The Group presents derivative financial assets separately.

- 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.

9.1.1 Financial assets measured at amortised cost

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

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

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

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

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

9. Financial Instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.2 Financial assets classified as at FVTOCI

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

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

9.1.3 Financial assets at FVTPL

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

9.2 Impairment of financial instruments

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

The group measures the loss reserves of all commercial acceptance bills receivables 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.

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

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

9.2.1 Significant increase in credit risk

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

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

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

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

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

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

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

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

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

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

9.2.2 Credit impaired financial assets

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

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

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

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

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

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

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

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

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.3 Determination of ECL

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

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

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

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

- For a financial guarantee contract, the credit loss is the estimated payment made by the Group for the credit loss incurred by the contract holder, less the present value of the difference between the amount expected to be collected by the Group from the contract holder, debtor or any other party.

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

9.2.4 Write-down of financial assets

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

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

9. Financial Instruments (Continued)

9.3 Transfer of financial assets

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

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

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

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

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

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

9. Financial Instruments (Continued)

9.3 Transfer of financial assets (Continued)

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

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

9.4 Classification and measurement of financial liabilities and equity instruments

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

9.4.1 Classification, recognition and measurement of financial liabilities

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

9.4.1.1 Financial liabilities at FVTPL

Financial liabilities at fair value through profit and loss include heldfor-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.

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

9. Financial Instruments (Continued)

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

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

9.4.1.1 Financial liabilities at FVTPL (Continued)

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.

9.4.1.2 Other financial liabilities

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

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

9.4.1.2.1 Financial guarantee contracts

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

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

9. Financial Instruments (Continued)

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

9.4.2 Derecognition of financial liabilities

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

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

9.4.3 Equity instruments

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

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

9.5 Derivative financial instruments

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

9.6 Offsetting financial assets and financial liabilities

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

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

10. Inventories

10.1 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.

10.2 Pricing of inventories delivered

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

10.3 Determination of net realisable value of inventories

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

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

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

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

10.4 Inventory system

The inventory system is a perpetual inventory system.

10.5 Amortization of low-value consumables

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

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

11. Assets Held for Sale

A non-current asset or disposal group is classified as asset held for sale when the carrying amount of the asset is recovered principally through a sale transaction (including an exchange of non-monetary assets with commercial substance) rather than through continuing use. Non-current assets or disposal groups held for sale are required to satisfy the following conditions: (1) an immediate sale can be made under the current conditions according to the practice of selling such assets or disposal groups in similar transactions; and (2) it is highly probable that a sale will occur, that is, the Group has made a resolution on a sale plan and obtained a definite purchase commitment, and the sale is expected to be completed within one year.

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

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

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

12. Long-term Equity Investments

12.1 Determination of initial investment cost

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

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

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

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

12.2 Subsequent measurement and recognition of profit or loss

12.2.1 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.

12.3 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.

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

13. Investment Properties

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

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

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

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

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

14. Fixed Assets

14.1 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.

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

14. Fixed Assets (Continued)

14.2 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 estimated useful lives, residual values and annual depreciation rates of each class of fixed assets are as follows:

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

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

14.3 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.

15. Construction in Progress

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

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

16. Borrowing Costs

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

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

17. Intangible Assets

17.1 Intangible assets

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

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

Class	Amortization method	Useful life (Years)	Residual Value Rate (%)
Land use rights	Straight line method	42-50 years	–
Software	Straight line method	5-10 years	–
Pollutant discharge rights	Straight line method	5-20 years	–
Mining rights	Output method	–	–

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

For the impairment test of intangible assets, please refer to Note (III).18. “Impairment of Long-term Assets”.

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

17. Intangible Assets (Continued)

17.2 Internal research and development expenditures

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

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

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

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

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

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

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

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

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

18. 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.

19. 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.

20. 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.

21. Employee Compensation

21.1 Accounting for short-term employee compensation

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

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

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

21. Employee Compensation (Continued)

21.2 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.

21.3 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.

22. 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.

23. 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.

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. 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.

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

24. 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.

25. 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.

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

The Group's government grants related to assets mainly include subsidies for industrial transformation and upgrading technological transformation projects, subsidies for major investment projects and other corporate subsidies.

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

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

25. Government Grants (Continued)

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

The Group's government grants related to revenue mainly include natural gas subsidies, loan interest subsidies, listing incentive fees, industrial development subsidies, social security financial subsidies, etc.

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 used to offset the relevant costs over the periods in which the relevant costs, expenses or losses are recognised. The government grants related to revenue used to compensate for relevant costs, expenses and losses already incurred is used to offset the relevant costs directly.

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

The interest subsidy of preferential loans is directly allocated from the government's financial fund to the Group, which will offset the relevant borrowing costs.

26. 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.

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

27. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

27.1 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.

27.2 Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

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

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

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

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

27.3 Offsetting of income tax

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

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

28. 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.

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

28. Lease (Continued)

28.1 The Group as lessee

28.1.1 Separation of leases

For a contract that contains one or more lease or non-lease components, the Group separates each individual lease component from none-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.

28.1.2 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.

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

28. Lease (Continued)

28.1 The Group as lessee (Continued)

28.1.3 Lease liabilities

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

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

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

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

28.1.4 Short-term leases

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

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

28. Lease (Continued)

28.2 The Group as lessor

28.2.1 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.

28.3 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.

The Group's variable lease payments related to operating leases that are not included in the lease payments are included in profit or loss for the period when they are actually incurred.

29. 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:

Useful lives of fixed assets

The management of the Group is responsible for assessing the estimated useful lives and related depreciation charges for the fixed assets. This estimate is based on the historical actual useful lives of fixed assets of similar nature and functions. In the course of the use of fixed assets, technological changes and equipment upgrades of competitors in the industry may have a significant impact on the useful life of fixed assets. If the useful lives of fixed assets differ from the original estimates, the management of the Group will adjust the future depreciation expenses.

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

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

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 2019, the balance of the Group's provision for impairment of fixed assets was RMB16,093,080.60 (as at 31 December 2018: RMB15,186,992.83).

Estimate of mineral reserve

Provision for impairment of mining rights is made after assessing the Group's mineral reserves. Estimates of mineral reserves are subjective in nature and, as a result, technical estimates of mineral reserves are generally not inaccurate, and only approximate quantities. There are certain authoritative guidelines regarding the engineering criteria that have to be complied by the Group before estimated mineral reserves can be determined as proved and probable reserve. Proved and probable reserve estimates are updated at regular intervals taking into account recent production and technical information of each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable reserves also changes. Despite the inherent imprecision in these technical estimates, such estimates are still used as basis in assessing impairment losses. Where the actual outcome or further expectation is different from the original estimate, such difference will impact the provision for impairment of intangible assets – mining rights in the period in which such estimate has been changed.

Impairment of mining rights

In conducting the impairment test on the mining rights owned by the Group, the Group uses the forecast data of forward product prices from domestic and overseas authoritative research institutions or the best estimates made by the management as the estimation of the future selling prices of relevant products. Based on management's latest estimates of mining plans and future capital expenditures, the discount rates take into account the current risk-free return rate, average social yield rate, enterprise-specific risk and other factors. The estimation of the future recoverable amount of the mining right assets is highly dependent on the estimation of future commodity prices, mining plans, future capital expenditure plans and discount rates stated above. The forecast of future prices of commodities does not represent the selling prices that can be actually realised in the future, and the mining plans, future capital expenditure plans and discount rates will also change. As at 31 December 2019, the management of the Group is of the opinion that there is no impairment of the mining rights assets owned by the Group. If the above projections and estimates change after the estimated period, the estimates of future recoverable amount of the Group's mining rights assets may change or result in a decrease in the carrying amount of the mining rights.

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

29. 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 2019, the Group has recognised deferred income tax assets of RMB18,458,589.23 (as at 31 December 2018: RMB19,005,748.81) 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 utilized 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 2019, the deductible losses and other temporary differences in relation to the unrecognised deferred income tax assets amounted to RMB27,982,696.03 in aggregate (as at 31 December 2018: RMB17,276,154.19).

Impairment of commercial acceptance bill receivables and trade receivables

The Group applies significant accounting estimates when assessing the expected recoverable amount of commercial acceptance bills and trade receivables, and assesses expected credit losses and calculates credit impairment with reference to the historical default, credit risk and forward-looking information. As at 31 December 2019, credit impairment of commercial acceptance bill receivables and trade receivables of the Group was RMB2,033,728.07 and RMB50,357,104.89 respectively (as at 31 December 2018: RMB124,109.77 and RMB13,022,629.82).

Fair value measurements and valuation processes

In estimating the fair value of the Group's financial assets and financial liabilities, the Group uses market-observable data to determine whether there is objective evidence of impairment. Where Level 1 inputs are not available, the management of the Group assesses the fair value of financial instruments based on discounted cash flow or over-the-counter market transaction price. At the end of the reporting period, the management of the Group uses appropriate valuation techniques and inputs to establish a pricing model based on historical experience. Where there is a material change in fair value, the causes of the fluctuations will be reported to the board of directors of the Company. The valuation techniques, input values and main assumptions used to determine the fair value of the Group's financial assets and liabilities are disclosed in note VIII.

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

30. Changes in Significant Accounting Policies

New Lease Standard

Contents of and reasons for changes in accounting policies	Approval procedure
Since 1 January 2019, the Group has implemented the "Accounting Standards for Business Enterprises No. 21 – Leases" revised by the Ministry of Finance in 2018 (hereinafter referred to as the "New Lease Standard", and the lease standard before revision is known as the "Original Lease Standard"). The New Lease Standard improved the definition of lease and added the identification, split and consolidation of leases; cancelled the classification of operating leases and finance leases of the lessee, and required right-of-use assets and lease liabilities to be recognised for all leases (except short-term leases and leases of low-value assets). Also, it improved lessee's subsequent measurement of leases, added accounting treatment under the scenarios of option revaluation and modification of lease; and increased the related disclosure requirements. In addition, it also enriches the disclosure content of the lessor. For the revised accounting policy of the Group as a lessee and lessor on the recognition and measurement of leases, please see III. 28. For contracts subsisting prior to the first implementation date, the Group has elected, at the first implementation date, not to reassess whether such contracts are leases or contain a lease. The Group as lessee The Group shall, based on the cumulative effect of initially applying the new lease standards, adjust the retained earnings and the amount of other relevant items in financial statements at the first implementation date, and shall not adjust the information of the comparative period. The Group recognized right-of-use assets of RMB173,209,323.98 as at 1 January 2019.	Approved by the 9th meeting of the 5th board of directors

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

30. Changes in Significant Accounting Policies (Continued)

***New Lease Standard** (Continued)*

Contents of and reasons for changes in accounting policies	Approval procedure
The impact of applying the New Lease Standard on related items in the Group's balance sheet as at 1 January 2019 is stated below:	Approved by the 9th meeting of the 5th board of directors

RMB

Items	31 December 2018	Adjustments	1 January 2019
Non-current assets:			
right-of-use assets	–	173,209,323.98	173,209,323.98
Intangible assets	173,209,323.98	(173,209,323.98)	–

For the composition of the right-of-use asset as at 1 January 2019, please refer to Note VI (12).

The significant operating lease commitment disclosed in the Group's 2018 Financial Statements are all short-term leases, without using simplified convergence accounting treatment.

The Group and the Company as lessors

Leases with the Group and the Company as lessors are not subject to adjustment under the convergence requirements, and will be accounted for in accordance with the New Lease Standard from the date of initial application. The application of the New Lease Standard has no significant impact on the balance sheet of the Group and the Company as at 1 January 2019.

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

30. Changes in Significant Accounting Policies (Continued)

Format of presentation of financial statements

Contents and reasons of changes in accounting policies	Approval procedure
In the preparation of its 2019 Interim Financial Statements, the Group has implemented the "Notice of the Revised Format of Financial Statements for General Business Enterprise for the Year of 2019 (Cai Kuai [2019] No. 6, hereinafter referred to as "Cai Kuai No. 6") released on 30 April 2019 by the Ministry of Finance. Cai Kuai No. 6 revised the presentation of line items of the balance sheet, income statement, statement of cash flow and statement of change in owners' equity, which split the item of "bills receivables and trade receivables" into two items of "bills receivables" and "trade receivables", split the item of "notes payable and trade payables" into two items of "notes payable" and "trade payables", added the items of "receivable financing" and "special reserves", clarified or revised the presentation of "other receivables", "non-current assets due within one year", "other payables", "deferred income", "other equity instruments", "research and development expenses", "interest income" under "finance costs", "other income", "non-operating income", "non-operating expenses" and "capital contribution by holders of other equity instruments". Meanwhile, it specified the presentation requirements of loss provisions for loan commitments and financial guarantee contracts, added the item of "derecognition of income of financial assets at amortised cost" under "investment income", adjusted the position of presentation of some items in income statement, and clarified element of government subsidy in the statement of cash flow. For the changes in the above presentation items, the Group restated the comparative data of the previous year.	Approved by the 9th meeting of the 5th board of directors

(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)	Note 1
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 2
Resources tax	Quantity of mining products sold	7%
Enterprise income tax (EIT)	Taxable income	Note 3
Environmental protection tax	Pollutant emissions	RMB1.2 or RMB1.4 per pollutant equivalent

Note 1: According to the Announcement of the Ministry of Finance, the General Administration of Taxation and the General Administration of Customs [2019] No. 39, the value-added tax rate is adjusted from 16% to 13% from 1 April 2019.

Note 2: 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 3: 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.	25%
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	16.5%
嘉興福萊特新能源科技有限公司 Jiaxing Flat New Energy Technology Co., Ltd.	12.5%
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	16.5%
福萊特(嘉興)進出口貿易有限公司 Flat (Jiaxing) Import and Export Trade Limited	25%

(IV) TAXATION (Continued)

2. Tax Preferences

The Company

On 21 November 2016, the Company obtained the "High Technology Enterprise Certificate" (No. GR201633000057) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, the State Taxation Bureau of Zhejiang Province and the Local Taxation Bureau of Zhejiang Province, for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2016 to 2018. On 4 December 2019, the Company obtained the "High Technology Enterprise Certificate" (No. GR201933003682) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2019 to 2021.

Zhejiang Jiafu Glass Co., Ltd.

On 21 November 2016, Zhejiang Jiafu Glass Co., Ltd. obtained the "High Technology Enterprise Certificate" (No. GR201633001835) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, the State Taxation Bureau of Zhejiang Province and the Local Taxation Bureau of Zhejiang Province, for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2016 to 2018. On 4 December 2019, Zhejiang Jiafu Glass Co., Ltd. obtained the "High Technology Enterprise Certificate" (No. GR201933001492) jointly approved by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration for a valid period of three years, pursuant to which, the EIT rate of 15% is applied from 2019 to 2021.

Jiaxing Flat New Energy Technology Co., Ltd.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Preferential Enterprise Income Tax Policies for Public Infrastructure and Environmental Protection, Energy and Water Saving Projects (Caishui [2012] No. 10), Jiaxing Flat New Energy Technology Co., Ltd. is exempted from EIT for the first year to the third year from the tax year in which the first operation income is obtained, and the EIT is reduced by 50% in the fourth to sixth years. The first operation year commenced in 2014, therefore, the EIT for 2018 and 2019 was reduced by 50%.

Flat (Vietnam) Company Limited

Pursuant to the Project Investment License approved by the Vietnam Haiphong Economic Zone Authority on 30 June 2016, Flat (Vietnam) Company Limited is exempted from EIT for four years commencing from the first profit-making year, followed by a 50% reduction in EIT for the next nine years. Flat (Vietnam) Company Limited has not made profits in 2018 and 2019.

(V) INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The composition of the corporate group

Name of subsidiary (Note 11)	Principal place of business	Place of registration	Nature of business	Shareholding and voting rights percentage as at 31 December 2019 (%)		Acquisition method
				Direct	Indirect	
Zhejiang Flat Glass Co., Ltd. ("Zhejiang Flat") (Note 1)	Zhejiang	Zhejiang	Engaged in the manufacture and sale of architectural or household glass products	100.00	–	Establishment
Zhejiang Jiafu Glass Co., Ltd. ("Zhejiang Jiafu") (Note 2)	Zhejiang	Zhejiang	Manufacture and sale of photovoltaic glass	100.00	–	Establishment
Shanghai Flat Glass Co., Ltd. ("Shanghai Flat") (Note 3)	Shanghai	Shanghai	Architectural glass processing	100.00	–	Establishment
Anhui Flat Solar Glass Co., Ltd. ("Anhui Flat Glass") (Note 4)	Anhui	Anhui	Manufacture, processing and sale of special glass	100.00	–	Establishment
Anhui Flat Solar Material Co., Ltd. ("Anhui FlatMaterial") (Note 5)	Anhui	Anhui	Mine operations and sale of quartz ore	100.00	–	Establishment
Flat (Hong Kong) Limited ("Flat (Hong Kong)") (Note 6)	Zhejiang	Hong Kong	Glass Export	100.00	–	Establishment
Jiaxing Flat New Energy Technology Co., Ltd. ("Flat New Energy") (Note 7)	Zhejiang	Zhejiang	Investment, construction, operation and maintenance of new energy power plants	100.00	–	Establishment
Flat (Vietnam) Company Limited ("Flat Vietnam") (Note 8)	Vietnam	Vietnam	Manufacture and sale of photovoltaic glass	–	100.00	Establishment
Flat (Hong Kong) Investment Limited ("Flat Investment") (Note 9)	Hong Kong	Hong Kong	Investments	–	100.00	Establishment
Flat (Jiaxing) Import and Export Trade Limited ("Flat Import and Export Trade") (Note 10)	Zhejiang	Zhejiang	import and export trade	100.00	–	Establishment

(V) INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

Note 1: Zhejiang Flat was established on 14 February 2011 with a registered capital of RMB10,000,000.

Note 2: Zhejiang Jiafu was established on 15 August 2007 with a registered capital of RMB100,000,000, which was contributed as to 55% by the Company and as to 45% by Shanghai Flat in cash. On 15 October 2008, the registered capital of Zhejiang Jiafu was increased from RMB100,000,000 to RMB123,714,977.05 and was contributed as to 55% by the Company and 45% by Shanghai Flat, respectively. On 7 September 2009, Zhejiang Jiafu increased its registered capital by RMB26,285,022.95 and its registered capital after the change was RMB150,000,000, upon which the Company and Shanghai Flat owned 55% and 45%, respectively. On 10 March 2014, the Company entered into an equity transfer agreement with Shanghai Flat, pursuant to which, Shanghai Flat transferred its 45% equity interest in Zhejiang Jiafu to the Company. Upon completion of the transfer, Zhejiang Jiafu was wholly owned by the Company.

Note 3: Shanghai Flat was established on 6 June 2006 with a registered capital of RMB70,000,000.

Note 4: Anhui Flat Glass was established on 18 January 2011 with a registered capital of RMB150,000,000, which was contributed as to 60% by the Company and 40% by Zhejiang Jiafu. On 18 January 2013, the registered capital of Anhui Flat Glass was reduced to RMB30,000,000. On 10 March 2014, the Company entered into an equity transfer agreement with Zhejiang Jiafu, pursuant to which, Zhejiang Jiafu transferred its 40% equity interest in Anhui Flat Glass to the Company. Upon completion of the transfer, Anhui Flat Glass was wholly owned by the Company. The registered capital was increased to RMB61,000,000 on 30 December 2016, the registered capital was increased to RMB300,000,000 on 22 December 2017, and the registered capital was further increased to RMB450,000,000 on 31 July 2018.

Note 5: Anhui Flat Material was established on 19 January 2011 with a registered capital of RMB30,000,000, which was contributed as to 60% by the Company and 40% by Zhejiang Jiafu. On 10 March 2014, the Company entered into an equity transfer agreement with Zhejiang Jiafu, pursuant to which, Zhejiang Jiafu transferred its 40% equity interest in Anhui Flat Material to the Company. Upon completion of the transfer, Anhui Flat Material was wholly-owned by the Company.

Note 6: Flat (Hong Kong) was established on 9 January 2013 with a registered capital of HKD77,561. On 28 November 2016, the registered capital was increased to HKD77,548,590.

Note 7: Flat New Energy was established on 11 March 2014 with a registered capital of RMB10,000,000.

Note 8: Flat (Vietnam) was established on 28 July 2016 with a registered capital of VND1,095,500,000,000, which was contributed by Flat (Hong Kong). On 14 May 2018, the registered capital was increased to VND1,752,800,000,000.00.

Note 9: Flat Investment was established on 31 July 2017 with a registered capital of HKD1,000,000, which was contributed by Zhejiang Jiafu.

Note 10: Flat Import and Export Trade was established on 25 June 2019 with a registered capital of RMB7,000,000.

Note 11: As at 31 December 2019 and 2018, the Company's subsidiaries had no issued bonds.

(VI) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

RMB

Items	Closing balance		
	Foreign currency amount	Conversion rate	RMB amount
Cash on hand:			
RMB	–	–	**20,326.96**
Cash at bank:			
RMB	–	–	**231,716,017.53**
US dollars	**31,233,046.00**	**6.9762**	**217,888,045.59**
Euro	**2,881,827.84**	**7.8155**	**22,522,925.50**
Yen	**72,801,936.00**	**0.0641**	**4,665,584.87**
Hong Kong dollars	**66,730.50**	**0.8958**	**59,775.85**
Pound	**4,049.79**	**9.1501**	**37,055.99**
Vietnamese Dong	**6,986,939,392.00**	**0.0003**	**2,092,370.31**
Australian dollars	**13,510.43**	**4.8843**	**65,988.99**
Other cash at bank and on hand:			
RMB	–	–	**120,322,475.78**
US dollars	**1,925,121.46**	**6.9762**	**13,430,032.33**
Euro	**23,000.00**	**7.8155**	**179,756.50**
Swiss Franc	**1.20**	**7.2000**	**8.64**
Total			**613,000,364.84**
Including: total amount deposited abroad			**189,977,453.37**

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

1. Cash at Bank and on Hand (Continued)

RMB

Items	Opening balance		
	Foreign currency amount	Conversion rate	RMB amount
Cash on hand:			
RMB	–	–	17,627.09
Cash at bank:			
RMB	–	–	245,854,607.63
US dollars	37,667,831.20	6.8632	258,521,861.41
Euro	1,113,093.66	7.8473	8,734,779.88
Yen	101,795,729.00	0.0619	6,299,832.28
Hong Kong dollars	26,617.63	0.8762	23,322.37
Pound	4,088.82	8.6762	35,475.42
Vietnamese Dong	31,188,993,311.00	0.0003	9,262,498.00
Other cash at bank and on hand:			
RMB	–	–	114,342,712.02
US dollars	5,767,131.43	6.8632	39,580,976.43
Euro	44,000.00	7.8473	345,281.20
Total			683,018,973.73
Including: total amount deposited abroad			245,343,988.56

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 RMB133,932,273.25 (at the end of the previous year: RMB154,268,969.65), including bill margin of RMB107,965,192.11(at the end of the previous year: RMB97,865,783.52), interest rate swap contracts, forward foreign exchange contracts and foreign exchange option contract margin of RMB11,479,684.54 (at the end of the previous year: RMB54,564,295.37), L/C margin of RMB12,876,440.50 (at the end of the previous year: RMB345,281.20), mining margin of RMB1,598,788.77 (at the end of the previous year: RMB1,481,442.23) and other margin of RMB12,167.33 (at the end of the previous year: RMB12,167.33).

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

2. Derivative Financial Assets

RMB

Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	**1,117,793.99**	6,172,390.30
Including: Interest rate swap contract (Note)	**379,492.22**	3,219,346.33
Forward foreign exchange contract (Note)	**666,463.87**	2,953,043.97
Foreign exchange option contract (Note)	**71,837.90**	–
Total	**1,117,793.99**	6,172,390.30

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

3. Bills Receivables

(1) Bills receivables by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	**1,905,783,818.43**	907,748,537.66
Commercial acceptance bills	**72,633,145.40**	3,545,993.57
Less: credit loss provision	**2,033,728.07**	124,109.77
Total	**1,976,383,235.76**	911,170,421.46

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

RMB

Items	Pledged amount at the end of the year
Bank acceptance bills	437,991,816.50
Commercial acceptance bills	–
Total	437,991,816.50

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

3. Bills Receivables (Continued)

(3) Bills receivables 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 derecognized at the end of the year	Amounts not derecognized at the beginning of the year
Endorsed bank acceptance bills (Note)	**1,040,614,593.75**	619,076,511.58
Discounted bank acceptance bills (Note)	**341,723,029.12**	57,600,000.00
Total	**1,382,337,622.87**	676,676,511.58

Note: The above bills receivables that have been endorsed or discounted but not yet due at the balance sheet date have not been derecognized.

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

(5) Disclosed by classification of credit loss provision method

RMB

	Closing balance				
	Book balance		Credit loss provision		
Classification	Amount	Percentage (%)	Amount	Accrual Percentage (%)	Book value
Credit loss provision by portfolio					
Including:					
Bank acceptance bills	1,905,783,818.43	96.33	–	0.00	1,905,783,818.43
Commercial acceptance bills	72,633,145.40	3.67	2,033,728.07	2.80	70,599,417.33
Total	1,978,416,963.83		2,033,728.07		1,976,383,235.76

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

3. Bills Receivables (Continued)

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

	Opening balance				
	Book balance		Credit loss provision		
Classification	Amount	Percentage (%)	Amount	Accrual Percentage (%)	Book value
Credit loss provision by portfolio					
Including:					
Bank acceptance bills	907,748,537.66	99.61	–	0.00	907,748,537.66
Commercial acceptance bills	3,545,993.57	0.39	124,109.77	3.50	3,421,883.80
Total	911,294,531.23		124,109.77		911,170,421.46

Bills receivables with credit loss provision by portfolio

RMB

	Closing balance		
Name of portfolio	**Book balance**	**Credit loss provision**	**Accrual Percentage (%)**
Low risk	**1,905,783,818.43**	**–**	**0.00**
Normal	**72,633,145.40**	**2,033,728.07**	**2.80**
Total	**1,978,416,963.83**	**2,033,728.07**	

RMB

		Opening balance	
Name of portfolio	Book balance	Credit loss provision	Accrual Percentage (%)
Low risk	907,748,537.66	–	0.00
Normal	3,545,993.57	124,109.77	3.50
Total	911,294,531.23	124,109.77	

The Group believes that the acceptance bank of bank acceptances bills held by the Group has relatively higher credit rating, therefore, there is no significant credit risk and no impairment allowance is made.

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

3. Bills Receivables (Continued)

(6) Credit loss provision

RMB

Classification	Opening balance	Changes in amount for the year Provided	Transferred	Written off	Closing balance
Normal	**124,109.77**	**2,033,728.07**	**124,109.77**	**–**	**2,033,728.07**
Total	**124,109.77**	**2,033,728.07**	**124,109.77**	**–**	**2,033,728.07**

4. Trade Receivables

(1) Disclosed by ageing

RMB

Ageing	Closing balance Trade receivables	Credit loss provision	Accrual percentage (%)	Opening balance Trade receivables	Credit loss provision	Accrual percentage (%)
Within 1 year	**1,144,827,074.75**	**40,326,435.78**	**3.52**	849,097,239.79	31,289,599.91	3.69
1-2 years	**3,500,510.92**	**875,882.63**	**25.02**	4,557,883.40	1,457,377.79	31.97
2-3 years	**542,957.55**	**422,588.41**	**77.83**	4,526,391.02	4,115,247.42	90.92
Over 3 years	**8,732,198.07**	**8,732,198.07**	**100.00**	6,160,404.70	6,160,404.70	100.00
Total	**1,157,602,741.29**	**50,357,104.89**		864,341,918.91	43,022,629.82	

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

4. Trade Receivables (Continued)

(2) Disclosed by classification of credit loss provision method

RMB

	At the end of the year				
Classification	**Amount**	**Percentage (%)**	**Credit loss provision**	**Percentage (%)**	**Book value**
Account receivable excluding components for significant financing	**1,157,602,741.29**	**100.00**	**50,357,104.89**	**100.00**	**1,107,245,636.40**
Total	**1,157,602,741.29**	**100.00**	**50,357,104.89**	**100.00**	**1,107,245,636.40**

	At the beginning of the year				
Classification	Amount	Percentage (%)	Credit loss provision	Percentage (%)	Book value
Account receivable excluding components for significant financing	864,341,918.91	100.00	43,022,629.82	100.00	821,319,289.09
Total	864,341,918.91	100.00	43,022,629.82	100.00	821,319,289.09

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 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. According to the Group's assessment of credit risk, there is no significant difference in the loss of different customer segments, therefore there is no further distinction between different customer segments when calculating the loss provision according to the credit rating.

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

4. Trade Receivables (Continued)

(2) Disclosed by classification of credit loss provision method (Continued)

	Closing balance				
Credit risk rating	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Normal					
ECL rate	2.80%	2.80%	2.80%	2.80%	
Trade receivables	1,073,534,334.05	–	–	–	1,073,534,334.05
ECL	30,058,961.35	–	–	–	30,058,961.35
Concerned					
ECL rate	14.40%	25.02%	77.59%	100.00%	
Trade receivables	71,292,740.70	3,500,510.92	537,202.53	–	75,330,454.15
ECL	10,267,474.43	875,882.63	416,833.39	–	11,560,190.45
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	–	–	5,755.02	8,732,198.07	8,737,953.09
ECL	–	–	5,755.02	8,732,198.07	8,737,953.09
Total					
Trade receivables	1,144,827,074.75	3,500,510.92	542,957.55	8,732,198.07	1,157,602,741.29
ECL	40,326,435.78	875,882.63	422,588.41	8,732,198.07	50,357,104.89

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

4. Trade Receivables (Continued)

(2) Disclosed by classification of credit loss provision method (Continued)

RMB

	Opening balance				
Credit risk rating	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Normal					
ECL rate	3.50%	3.50%	3.50%	3.50%	
Trade receivables	800,568,008.12	–	–	–	800,568,008.12
ECL	28,019,880.29	–	–	–	28,019,880.29
Concerned					
ECL rate	6.37%	25.02%	77.59%	100%	
Trade receivables	48,339,846.57	4,135,196.50	1,834,917.08	–	54,309,960.15
ECL	3,080,334.52	1,034,690.89	1,423,773.48	–	5,538,798.89
Loss					
ECL rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	189,385.10	422,686.90	2,691,473.94	6,160,404.70	9,463,950.64
ECL	189,385.10	422,686.90	2,691,473.94	6,160,404.70	9,463,950.64
Total					
Trade receivables	849,097,239.79	4,557,883.40	4,526,391.02	6,160,404.70	864,341,918.91
ECL	31,289,599.91	1,457,377.79	4,115,247.42	6,160,404.70	43,022,629.82

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

4. Trade Receivables (Continued)

(3) Changes in credit loss provision of trade receivables

RMB

Credit loss provision	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January 2019	**33,558,679.18**	**9,463,950.64**	**43,022,629.82**
Changes of the opening balance in the period:			
– Transfers to credit impaired	**(2,746,468.12)**	**2,746,468.12**	**–**
– Transferred to not credit impaired	**(5,716,216.86)**	**–**	**(5,716,216.86)**
Provision for the year	**16,523,157.60**	**–**	**16,523,157.60**
Transfers out due to derecognized financial assets (including direct write-down)	**–**	**(3,472,465.67)**	**(3,472,465.67)**
Balance at 31 December 2019	**41,619,151.80**	**8,737,953.09**	**50,357,104.89**

(4) Receivables actually written off for the year

Items	Amount written off
Receivables actually written off	3,472,465.67

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

4. Trade Receivables (Continued)

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

RMB

Name	Relationship with the Company	Balance	Trade receivables Percentage of the total trade receivables (%)	Closing balance of credit loss provision
LONGI Group (Note 1)	Third party	188,031,931.36	16.24	5,264,894.08
Hanwha Group (Note 2)	Third party	165,028,424.62	14.26	4,620,795.89
Risen (Note 3)	Third party	149,590,288.21	12.92	4,188,528.07
Jinko Solar (Note 4)	Third party	144,562,226.18	12.49	4,047,742.33
Canadian Solar (Note 5)	Third party	81,672,694.05	7.06	2,286,835.43
Total		728,885,564.42	62.97	20,408,795.80

Note 1: Chuzhou LONGI Solar PV Technology Co., Ltd., Taizhou LONGI Solar PV Technology Co., Ltd., Zhejiang LONGI Solar PV Technology Co., Ltd., LONGI (Kuching) SDN. BHD, LONGI (H.K.) Trading Limited and LONGI Solar PV Technology Co., Ltd. are associated companies and are jointly disclosed as LONGI Group.

Note 2: Hanwha Q.cells (Qidong) Co., Ltd., Hanwha Q cells Malaysia SDN BH, Hanwha Q.cells Eumseong Plant, Hanwha Q.cells GmbH, Hanwha Q.cells USA, Inc (DE) and Hanwha SolarOne Hong Kong Limi are associated companies and are jointly disclosed as Hanwha Group.

Note 3: Risen (Changzhou) Energy Co., Ltd., Risen (Yiwu) Energy Co., Ltd. and Risen Energy Co., Ltd. are associated companies and are jointly disclosed as Risen.

Note 4: Zhejiang Jinko Solar Co., Ltd., Jinko Solar Co., Ltd., Yuhuan Jinko Solar Co., Ltd., Jinko Solar Technology Co., Ltd., Jinko Solar (U.S.) industrial Inc. and Jinko Solar Technology SDN.BHD are associated companies and are jointly disclosed as Jinko Solar.

Note 5: Canadian Solar photovoltaic power (Luoyang) Co., Ltd., Changshu Canadian Solar Power Technology Co., Ltd., Suzhou Canadian Solar Energy Technology Co., Ltd., Yancheng Dafeng Canadian Solar Power Technology Co., Ltd., Canadian Solar Power (Thailand) Co., Ltd. and Canadian Solar Power Group Co., Ltd. are associated companies and are jointly disclosed as Canadian Solar.

(6) At the end of the year, the Group has no accounts receivable derecognized due to the transfer of financial assets.

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

5. 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	**91,930,966.55**	**98.66**	64,744,078.03	98.88
1-2 years	**572,471.56**	**0.61**	89,889.88	0.14
2-3 years	**39,159.88**	**0.04**	408,247.59	0.62
Over 3 years	**640,867.97**	**0.69**	232,620.38	0.36
Total	**93,183,465.96**	**100.00**	65,474,835.88	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:

RMB

Name	Relationship with the Company	Amount	Percentage of the total advance payments (%)	Closing balance of credit loss provision
Anhui Fengsha Mining Group Co., Ltd	Third party	37,993,075.08	40.77	–
Ningbo Zhenhai Gulf Petrochemical Co., Ltd	Third party	16,943,675.19	18.18	–
ANSAC	Third party	11,022,396.00	11.83	–
Shihlien Chemical Industry (Jiangsu) Co., Ltd	Third party	7,230,314.55	7.76	–
SG Holding	Third party	2,692,500.78	2.89	–
Total		75,881,961.60	81.43	–

Note: Hebei SG Co., Ltd., Xianning SG Co., Ltd. and Wujiang SG Co., Ltd. are associated companies and are jointly disclosed as SG Holding.

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

6. Other Receivables

RMB

Items	Closing balance	Opening balance
Other receivables	**3,684,181.68**	1,296,794.21
Total	**3,684,181.68**	1,296,794.21

(1) Disclosed by ageing

RMB

Ageing	Closing balance		
	Trade receivables	Credit loss provision	Accrual Percentage (%)
Within 1 year	**3,207,810.19**	**–**	**–**
1-2 years	**85,394.65**	**–**	**–**
2-3 years	**128,688.86**	**100,000.00**	**77.71**
Over 3 years	**362,287.98**	**–**	**–**
Total	**3,784,181.68**	**100,000.00**	**77.71**

(2) Other receivables listed by classification by nature

RMB

Nature	Closing book balance	Opening book balance
Deposit	**242,291.73**	297,291.73
Margin	**2,356,412.76**	210,000.00
Reserve fund	**205,834.45**	79,500.00
Others	**879,642.74**	710,002.48
Total	**3,684,181.68**	1,296,794.21

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

6. Other Receivables (Continued)

(3) Impairment of other receivables

The Group always measures the loss provision of other receivables at an amount equal to the lifetime ECL and calculates its ECL based on the comparison table of credit risk rating and default loss rate. According to the Group's assessment of credit risk, there is no significant difference in the loss of different customer segments, therefore there is no further distinction between different customer segments when calculating the loss provision according to the credit rating.

RMB

		Closing balance	
Credit risk rating	**Default loss rate**	**Other receivables**	**Credit loss provision**
Low risk	**0.00%**	**3,684,181.68**	**–**
Loss	**100.00%**	**100,000.00**	**100,000.00**
Total		**3,784,181.68**	**100,000.00**

		Opening balance	
Credit risk rating	Default loss rate	Other receivables	Credit loss provision
Low risk	0.00%	1,296,794.21	–
Loss	100.00%	3,000,000.00	3,000,000.00
Total		4,296,794.21	3,000,000.00

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.

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

6. Other Receivables (Continued)

(4) Changes in credit loss provision

RMB

Credit loss provision	12 months ECL	Stage 1	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2019	–		–	3,000,000.00	3,000,000.00
Changes of the opening balance in the period:					
Provision for the year	–		–	100,000.00	100,000.00
Transfers out due to derecognized financial assets (including direct write-down)	–		–	(3,000,000.00)	(3,000,000.00)
Balance at 31 December 2019	–		–	100,000.00	100,000.00

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

RMB

Name	Relationship with the Company	Amount	Percentage of the other receivables (%)	Closing balance of credit loss provision
Jiaxing Yihe Machinery Co., Ltd	Associated party	2,000,000.00	52.85	–
Jiaxing Xiuzhou District Administrative Approval Service Center	Third party	212,291.73	5.61	–
Zhejiang Jiaxing Xiuzhou Industrial Park Management Committee	Third party	100,000.00	2.64	–
Nantong Wujian Holding Group Co., Ltd	Third party	50,000.00	1.32	50,000.00
Jiangsu Jinke Tianchen Real Estate Co., Ltd	Third party	50,000.00	1.32	50,000.00
Total		2,412,291.73	63.74	100,000.00

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

7. Inventories

(1) *Inventories category*

RMB

Items	Closing balance Book balance	Impairment provision	Book value
Raw materials	**240,823,561.93**	**–**	**240,823,561.93**
Low-valued consumables	**87,513,814.99**	**2,783,814.87**	**84,730,000.12**
Work in progress	**46,323,120.27**	**–**	**46,323,120.27**
Finished goods	**112,656,064.67**	**913,099.82**	**111,742,964.85**
Toatal	**487,316,561.86**	**3,696,914.69**	**483,619,647.17**

Items	Opening balance Book balance	Impairment provision	Book value
Raw materials	154,950,014.57	–	154,950,014.57
Low-valued consumables	64,631,510.22	2,977,721.11	61,653,789.11
Work in progress	45,368,429.16	–	45,368,429.16
Finished goods	116,468,451.00	1,317,483.88	115,150,967.12
Toatal	381,418,404.95	4,295,204.99	377,123,199.96

(2) *Inventory impairment provision*

RMB

Items	Opening balance	Increased amount for the year	Decreased amount for the year: Transferred	Decreased amount for the year: Resold	Closing balance
Finished goods	**1,317,483.88**	**614,272.82**	**–**	**1,018,656.88**	**913,099.82**
Low-valued consumables	**2,977,721.11**	**1,830,137.78**	**–**	**2,024,044.02**	**2,783,814.87**
Total	**4,295,204.99**	**2,444,410.60**	**–**	**3,042,700.90**	**3,696,914.69**

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

8. Other Current Assets

RMB

Items	Closing balance	Opening balance
Value-added tax recoverable	**113,055,099.76**	163,631,254.87
Prepaid income tax	**46,103,407.17**	4,948,576.16
Export tax rebate	**5,265,275.24**	–
Prepaid import tax	**5,064,383.26**	–
Prepaid rent	**5,022,209.84**	2,244,439.56
A-share listing fees	**–**	10,841,934.89
Total	**174,510,375.27**	181,666,205.48

9. Investment Properties

Investment properties with cost measurement model

RMB

Items	House and buildings	Land use rights	Total
I. Book value			
1. Opening and closing balance	27,486,623.54	7,525,892.36	35,012,515.90
II. Accumulated amortization			
1. Opening balance	10,607,023.11	1,308,850.56	11,915,873.67
2. Amount increased in the current year	1,267,864.08	163,606.32	1,431,470.40
(1) Provided or amortized	1,267,864.08	163,606.32	1,431,470.40
3. Closing balance	11,874,887.19	1,472,456.88	13,347,344.07
III. Book value			
1. Closing book value	15,611,736.35	6,053,435.48	21,665,171.83
2. Opening book value	16,879,600.43	6,217,041.80	23,096,642.23

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

9. Investment Properties (Continued)

The ownership of houses and buildings and land use rights with a net value of RMB21,665,171.83 at the end of the current year (at the end of previous year: RMB23,096,642.23) was pledged to obtain loans.

All fixed assets under operating lease of the Group are investment properties.

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 RMB64,656,167.00 (at the end of previous year: RMB64,240,000.00).

Fair value is recognized according to cost method and market method. The cost method is adopted for the evaluation of houses and buildings, that is, under the premise of continuous use, the replacement cost is determined based on the current market value of the assets to be rebuilt, and the survey newness rate is determined through site investigation and comprehensive technical analysis, and the comprehensive newness rate is determined by combining the newness rate of the service life method, so as to calculate the evaluation value of houses and buildings. Market method is adopted for evaluation of land use rights. Under the same market conditions, according to the principle of substitution, the market method compares the land to be evaluated with the similar land transaction cases that have been transacted in a relatively recent period and revises the land to be evaluated according to the known price of the latter and the difference of the transaction situation, date, regional factors, remaining service life of the land so the unit land price at the time of land evaluation is acquired, then the total land price of land use right is obtained.

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.

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

10. Fixed Assets

(1) Fixed assets

RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I. Book value					
1. Opening balance	946,525,109.71	2,395,005,308.27	44,142,732.40	42,552,058.29	3,428,225,208.67
2. Amount increased in the current year	265,867,956.67	1,017,124,931.67	8,348,661.22	3,242,899.00	1,294,584,448.56
(1) Purchase	89,132,872.69	176,937,516.54	1,575,721.55	2,676,740.55	270,322,851.33
(2) Transferred from construction in progress	176,735,083.98	840,187,415.13	6,772,939.67	566,158.45	1,024,261,597.23
3. Disposed in the current year	(33,649,765.00)	(296,242,267.28)	(184,529.00)	(1,154,363.66)	(331,230,924.94)
(1) Disposal or scrap	–	(142,068,253.62)	(184,529.00)	(1,154,363.66)	(143,407,146.28)
(2) Transferred to construction in progress	(33,649,765.00)	(154,174,013.66)	–	–	(187,823,778.66)
4. Closing balance	1,178,743,301.38	3,115,887,972.66	52,306,864.62	44,640,593.63	4,391,578,732.29
II. Accumulated depreciation					
1. Opening balance	265,554,787.55	911,588,984.41	34,652,108.10	34,966,460.13	1,246,762,340.19
2. Amount increased in the current year	45,362,683.75	250,971,914.13	3,377,402.40	3,053,562.59	302,765,562.87
(1) Provision	45,362,683.75	250,971,914.13	3,377,402.40	3,053,562.59	302,765,562.87
3. Amount decreased in the current year	(18,305,921.49)	(225,132,435.13)	(175,302.55)	(1,093,811.62)	(244,707,470.79)
(1) Disposal or scrap	–	(118,387,251.20)	(175,302.55)	(1,093,811.62)	(119,656,365.37)
(2) Transferred to construction in progress	(18,305,921.49)	(106,745,183.93)	–	–	(125,051,105.42)
4. Closing balance	292,611,549.81	937,428,463.41	37,854,207.95	36,926,211.10	1,304,820,432.27
III. Impairment provision					
1. Opening balance	–	15,186,992.83	–	–	15,186,992.83
2. Amount increased in the current year	–	12,135,203.30	–	118,320.61	12,253,523.91
(1) Provision	–	12,135,203.30	–	118,320.61	12,253,523.91
3. Amount decreased in the current year	–	(11,347,436.14)	–	–	(11,347,436.14)
(1) Disposal or scrap	–	(11,347,436.14)	–	–	(11,347,436.14)
4. Closing balance	–	15,974,759.99	–	118,320.61	16,093,080.60
IV. Book value					
1. Closing balance of book value	886,131,751.57	2,162,484,749.26	14,452,656.67	7,596,061.92	3,070,665,219.42
2. Opening balance of book value	680,970,322.16	1,468,229,331.03	9,490,624.30	7,585,598.16	2,166,275,875.65

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

10. Fixed Assets (Continued)

(1) *Fixed assets (Continued)*

At the end of the current year, the fixed assets with a book value of RMB1,612,140,382.99 (end of the previous year: RMB704,633,006.14) were used as collateral for short-term borrowings and long-term borrowings.

See Notes (VI), 16 and 25 for short-term and long-term borrowings.

(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
Closing balance – machinery and equipment	44,956,079.50	28,316,556.71	15,974,759.99	664,762.80
Closing balance – other equipment	2,366,412.20	2,248,091.59	118,320.61	–
Total	47,322,491.70	30,564,648.30	16,093,080.60	664,762.80

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

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

RMB

Items	Book value	Reasons for failure to complete the property right certificate
23 and 24F, Building B, Xiuzhou Chamber of Commerce	12,161,430.00	Property right certificate is still in process

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

11. Construction in Progress

(1) Listed by classification

RMB

Items	Closing balance	Opening balance
Construction in progress	**928,857,629.12**	961,085,108.63
Engineering materials	**7,970,915.02**	1,484,956.85
Total	**936,828,544.14**	962,570,065.48

(2) Construction in progress

a. Construction in progress

RMB

Items	Closing balance		
	Book balance	Impairment provision	Book value
Vietnam Flat PV glass production line	**546,338,600.58**	**–**	**546,338,600.58**
Jiafu phase I cold repair project	**243,069,979.16**	**–**	**243,069,979.16**
Annual production of 42 million square meters of PV backplane project	**76,250,671.39**	**–**	**76,250,671.39**
Cold repair project of the second line of float glass process	**37,389,452.51**	**–**	**37,389,452.51**
Anhui Flat annual output of 900,000 tons of PV cover glass project	**16,043,897.48**	**–**	**16,043,897.48**
Machinery and equipment to be installed and others	**9,765,028.00**	**–**	**9,765,028.00**
Total	**928,857,629.12**	**–**	**928,857,629.12**

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

11. Construction in Progress (Continued)

(2) Construction in progress (Continued)

a. Construction in progress (Continued)

RMB

Items	Book balance	Opening balance Impairment provision	Book value
Anhui Flat annual output of 900,000 tons of PV cover glass project	298,196,483.75	–	298,196,483.75
Vietnam Flat PV glass production line	178,313,979.12	–	178,313,979.12
Annual production of 100,000 tons of online Low-E coated glass project	233,779,139.08	–	233,779,139.08
Jiafu Glass furnace and related production line (phase II) technical transformation project	243,211,965.08	–	243,211,965.08
Machinery and equipment to be installed and others	7,583,541.60	–	7,583,541.60
Total	961,085,108.63	–	961,085,108.63

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

11. Construction in Progress (Continued)

(2) *Construction in progress* (Continued)

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

RMB

Project name	Budget	Opening amount	Increase in the current year	Transfer amount from fixed assets in the current year	Transfer amount into fixed assets in the current year	Transfer amount into others in the current year	Closing amount	Project cumulative investment accounted for the proportion of the budget	Project progress	Accumulated amount of interest capitalization	Including: the amount of interest capitalization in the current year	Capitalization rate of interest in the current year	Sources of funds
Annual production of 100,000 tons of online Low-E coated glass project	242,112,453.26	233,779,139.08	8,333,314.18	-	242,112,453.26	-	-	100%	100%	16,685,632.69	4,603,607.27	5.15%	Self-funds/Special borrowings
Anhui Flat annual output of 900,000 tons of PV cover glass project	1,390,000,000.00	298,196,483.75	239,962,985.06	-	522,115,571.33	-	16,043,897.48	99%	99%	49,544,370.60	2,059,110.48	4.93%	Self-funds/Special borrowings
Vietnam Flat PV glass production line	1,200,000,000.00	178,313,979.12	368,024,621.46	-	-	-	546,338,600.58	46%	46%	73,039,001.32	33,571,098.88	5.15%	Self-funds/Special borrowings
Jiafu Glass furnace and related production line (phase II) technical transformation project	249,753,068.30	243,211,965.08	6,541,103.22	-	240,712,160.77	9,040,907.53	-	100%	100%	4,696,045.13	734,159.65	5.15%	Self-funds/Special borrowings
Cold repair project of the second line of float glass process	92,072,263.30	-	2,100,510.76	35,288,941.75	-	-	37,389,452.51	41%	41%	-	-	-	Self-funds
Annual production of 42 million square meters of PV backplane project	350,000,000.00	-	76,250,671.39	-	-	-	76,250,671.39	22%	22%	-	-	-	Self-funds
Jiafu phase I cold repair project	277,100,000.00	-	217,263,371.74	27,483,731.49	-	1,677,124.07	243,069,979.16	88%	88%	-	-	-	Self-funds

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)

11. Construction in Progress (Continued)

(3) Engineering materials

RMB

Items	Closing balance	Opening balance
Specialized equipment	**1,308,403.19**	–
Others	**6,662,511.83**	1,484,956.85
Total	**7,970,915.02**	1,484,956.85

12. Right-of-use Assets

Items	Land use rights
I. Book value	
1. Balance at 1 January 2019	181,018,489.82
2. Amount increased in the current year	17,351,499.18
(1) Increased	17,351,499.18
3. Exchange differences on foreign currency financial statements translation	3,060,050.79
4. Balance at 31 December 2019	201,430,039.79
II. Accumulated depreciation	
1. Balance at 1 January 2019	7,809,165.84
2. Amount increased in the current period	4,558,308.33
(1) Provision	4,558,308.33
3. Exchange differences on foreign currency financial statements translation	132,011.09
4. Balance at 31 December 2019	12,499,485.26
III. Book value	
1. Book value at 31 December 2019	188,930,554.53
2. Book value at 1 January 2019	173,209,323.98

Other notes:

The Group leased a number of assets, including the lands and infrastructures in Vietnam, with terms ranging from 29 to 42 years.

The short-term lease expenses included in the simplified processing of current profit and loss for the year were RMB5,954,646.58.

The total cash outflow related to leases for the year was RMB15,067,742.62.

The committed short-term lease portfolio during the reporting period of the Group is consistent with the current short-term lease.

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

13. Intangible Assets

RMB

Items	Land use right	Emission rights (Note 1)	Mining rights (Note 2)	Software	Total
I. Book value					
1. Balance at 31 December 2018	435,525,905.74	29,742,062.45	232,964,000.00	403,931.63	698,635,899.82
2. Changes in accounting policies	(181,018,489.82)	–	–	–	(181,018,489.82)
3. Balance at 1 January 2019	254,507,415.92	29,742,062.45	232,964,000.00	403,931.63	517,617,410.00
4. Amount increased in the current year	80,607,195.00	676,850.00	–	7,191,955.09	88,476,000.09
5. Balance at 31 December 2019	335,114,610.92	30,418,912.45	232,964,000.00	7,595,886.72	606,093,410.09
II. Accumulated amortisation					
1. Balance at 31 December 2018	49,787,856.36	20,013,713.96	91,662,768.80	361,709.45	161,826,048.57
2. Changes in accounting policies	(7,809,165.84)	–	–	–	(7,809,165.84)
3. Balance at 1 January 2019	41,978,690.52	20,013,713.96	91,662,768.80	361,709.45	154,016,882.73
4. Amount increased in the current year	6,224,924.15	3,426,862.32	14,563,010.38	731,259.02	24,946,055.87
(1) Provision	6,224,924.15	3,426,862.32	14,563,010.38	731,259.02	24,946,055.87
5. Balance at 31 December 2019	48,203,614.67	23,440,576.28	106,225,779.18	1,092,968.47	178,962,938.60
III. Book value					
1. Book value at 31 December 2019	286,910,996.25	6,978,336.17	126,738,220.82	6,502,918.25	427,130,471.49
2. Book value at 1 January 2019	212,528,725.40	9,728,348.49	141,301,231.20	42,222.18	363,600,527.27
3. Book value at 31 December 2018	385,738,049.38	9,728,348.49	141,301,231.20	42,222.18	536,809,851.25

At the end of the current year, the land use right with the net value of RMB179,948,687.53 (at the end of the last year: RMB136,560,872.89) was used for mortgages to obtain borrowings.

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

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

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

14. Deferred Tax Assets/Deferred Tax Liablities

(1) Deferred tax assets before offsetting

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	**Deferred tax assets**	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	**19,789,995.29**	**2,994,291.49**	64,726,131.57	9,759,284.14
Credit impairment losses	**52,490,832.96**	**9,428,329.37**	46,133,507.53	8,828,035.06
Deferred revenue	**45,408,644.70**	**7,087,020.10**	57,293,229.59	8,998,040.35
Deductible losses	**27,969,454.38**	**6,992,363.60**	69,922,475.08	17,480,618.77
Depreciation difference for fixed assets	**27,390,091.61**	**4,108,513.74**	23,309,268.78	3,496,390.32
Profit and loss arising from changes in fair value	**179,452.24**	**44,863.06**	–	–
Sub-total	**173,228,471.18**	**30,655,381.36**	261,384,612.55	48,562,368.64

(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	**14,915,897.34**	**2,237,384.60**	15,724,226.99	2,358,634.05
Accelerated depreciation of fixed assets	**343,648,763.73**	**80,333,711.71**	125,895,155.53	26,262,610.67
Trial production cost	**74,254,329.85**	**16,544,529.20**	–	–
Profit and loss arising from changes in fair value	**379,492.22**	**56,923.83**	5,434,390.30	935,375.11
Sub-total	**433,198,483.14**	**99,172,549.34**	147,053,772.82	29,556,619.83

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

14. Deferred Tax Assets/Deferred Tax Liablities (Continued)

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

RMB

Items	Closing balance		Opening balance	
	Offset amount of deferred tax assets and liabilities at the end of the period	**deferred tax assets or liabilities after offsetting**	Offset amount of deferred tax assets and liabilities at the end of the period	deferred tax assets or liabilities after offsetting
Deferred tax assets	**12,196,792.13**	**18,458,589.23**	29,556,619.83	19,005,748.81
Deferred tax liabilities	**12,196,792.13**	**86,975,757.21**	29,556,619.83	–

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

RMB

Items	Closing balance	Opening balance
Deductible losses	**26,474,183.91**	15,326,634.97
Others	**1,508,512.12**	1,949,519.22
Total	**27,982,696.03**	17,276,154.19

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

RMB

	Closing balance	Opening balance
2019	**–**	350,922.81
2020	**2,070,947.48**	2,070,947.48
2021	**5,383,141.32**	5,383,141.32
2022	**2,253,828.56**	2,253,828.56
2023	**5,267,794.80**	5,267,794.80
2024	**11,498,471.75**	–
Total	**26,474,183.91**	15,326,634.97

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

15. Other Non-current Assets

RMB

	Closing balance	Opening balance
Construction prepayment	**266,522,264.83**	157,422,874.43
Land prepayment	**–**	37,206,500.00
Prepaid land deposit (Note)	**2,400,000.00**	1,141,907.61
Total	**268,922,264.83**	195,771,282.04

Note: In December 2019, the Group entered into a contract with Jiaxing Natural Resources and Planning Bureau for the assignment of the land use right of a state-owned construction land, according to which the Group promised to purchase the land use right to establish certain glass production lines. The Group paid a deposit of RMB 2,400,000.00 to purchase the land use right in 2019.

16. Short-term Borrowings

RMB

	Closing balance	Opening balance
Mortgaged borrowings (Note)	**672,776,859.40**	347,799,136.69
Bill discounting borrowings	**341,723,029.12**	57,600,000.00
Credit borrowings	**301,777,594.27**	45,000,000.00
Total	**1,316,277,482.79**	450,399,136.69

Note: For the types and amount of the asset of the mortgaged borrowings, please refer to the Notes (VI), 9, 10 and 13.

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 2.75% to 4.35% (last year: from 3.08% to 4.80%).

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

17. Derivative Financial Liabilities

RMB

Items	Fair value at the end of the year	Fair value at the beginning of the year
Derivative financial liabilities without specified hedging relationship	**917,754.01**	738,000.00
– Foreign exchange option contract (Note)	**917,754.01**	–
– Forward foreign currency contract (Note)	**–**	738,000.00
Total	**917,754.01**	738,000.00

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

18. Bills Payables

RMB

	Fair value at the end of the year	Fair value at the beginning of the year
Bank acceptance bills	**338,562,948.43**	219,832,038.07
Total	**338,562,948.43**	219,832,038.07

19. Trade Payables

(1) Listing of trade payables:

RMB

	Closing balance	Opening balance
Trade payables	**1,224,384,872.92**	865,918,389.78
Construction costs payable	**630,320,769.67**	350,622,814.33
Total	**1,854,705,642.59**	1,216,541,204.11

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

19. Trade Payables (Continued)

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

RMB

Items	Closing balance	Opening balance
Within 1 year	**1,838,367,474.37**	1,191,701,524.99
1-2 years	**10,823,771.97**	6,344,981.43
2-3 years	**1,735,881.92**	3,295,793.13
Over 3 years	**3,778,514.33**	15,198,904.56
Total	**1,854,705,642.59**	1,216,541,204.11

(3) Significant trade payables with ageing over 1 year

RMB

	Closing balance	Reasons of outstanding or carry-over
Construction costs payable	10,088,866.96	Project warranty has not yet expired and been repaid
Trade payables	6,249,301.26	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	16,338,168.22	

20. Contract Liabilities

(1) Listing of contract liabilities:

RMB

	Closing balance	Opening balance
Goods payment	**24,993,817.16**	14,042,379.21

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

20. Contract Liabilities (Continued)

(2) The amount of revenue included in the book value of contract liabilities at the beginning of the year recognized in the current year amounted to RMB12,105,499.32.

(3) According to the contract, the Group shall deliver the products to the customer's designated location or the goods shall be picked up by the customer. The product is still controlled by the Group before the customer acceptance confirmation. Only when the customer receives the product and the qualified acceptance has been made, the control right of the product is transferred to the customer. The Group fulfills the performance obligations stipulated in the contract, and at this time, have the right to receive the contracted amount for the products provided, then the Group, at this point in time, recognise the income. When the customer initially purchases the goods, the Group will recognise the transaction price as the contract liabilities until the customer obtains control of the goods.

21. 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	25,298,494.96	273,897,892.66	268,459,921.46	**30,736,466.16**
2. Post-employment welfare – Defined contribution plan	927,499.24	19,477,362.19	19,383,036.79	**1,021,824.64**
Total	26,225,994.20	293,375,254.85	287,842,958.25	**31,758,290.80**

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

21. 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	23,983,133.37	235,587,670.66	232,782,852.31	**26,787,951.72**
II. Staff welfare	–	13,235,042.72	13,235,042.72	**–**
III. Social insurance	695,211.15	10,949,895.91	11,018,962.89	**626,144.17**
Including: Medical insurance	570,254.01	9,526,397.33	9,552,415.34	**544,236.00**
Work-related injury insurance	92,839.24	797,744.52	844,046.09	**46,537.67**
Maternity insurance	32,117.90	625,754.06	622,501.46	**35,370.50**
IV. Housing funds	594,456.12	8,344,782.49	8,306,046.17	**633,192.44**
V. Labor education & union funds	25,694.32	5,780,500.88	3,117,017.37	**2,689,177.83**
Total	25,298,494.96	273,897,892.66	268,459,921.46	**30,736,466.16**

(3) Defined contribution plan

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	**Closing balance**
1. Basic pension insurance	895,381.34	18,418,773.28	18,327,700.48	**986,454.14**
2. Unemployment insurance	32,117.90	1,058,588.91	1,055,336.31	**35,370.50**
Total	927,499.24	19,477,362.19	19,383,036.79	**1,021,824.64**

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

21. Payroll Payable (Continued)

(3) Defined contribution plan (Continued)

Defined contribution plan:

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

During the year, the Group shall pay a total of RMB18,418,773.28 and RMB1,058,588.91 (2018: RMB18,360,493.87 and RMB616,156.85) to the pension insurance and unemployment insurance schemes respectively. As of 31 December 2019, RMB986,454.14 and RMB35,370.50 had been accrued but unpaid for the pension insurance and unemployment insurance schemes, respectively. Such payables were contributed after the reporting period.

22. Taxes Payable

RMB

Items	Closing balance	Opening balance
Enterprise income tax	**86,893,499.25**	67,983,107.06
VAT	**25,664,110.89**	2,901,890.85
Urban maintenance and construction tax	**4,531,456.38**	3,005,093.15
Education surcharge and local educational surcharges	**3,419,497.34**	2,358,347.72
Individual income tax	**4,411,541.98**	202,218.45
Others	**4,432,174.93**	5,230,679.75
Total	**129,352,280.77**	81,681,336.98

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

23. Other Payables

Listing of items:

RMB

Items	Closing balance	Opening balance
Interest payable	**4,831,749.01**	1,562,660.53
Other payables	**40,711,453.51**	37,118,720.98
Total	**45,543,202.52**	38,681,381.51

(1) Interest payable

RMB

Items	Closing balance	Opening balance
Interest for long-term borrowings with interest paid in installment and principal paid due to maturity	**893,964.04**	1,127,629.59
Interest payable for short-term borrowings	**3,937,784.97**	435,030.94
Total	**4,831,749.01**	1,562,660.53

(2) Other payables

RMB

Categories	Closing balance	Opening balance
Warranty	**16,714,600.00**	20,660,000.00
Transportation premium	**18,207,409.63**	7,863,475.54
Intermediary agency service fee	**779,816.51**	3,441,917.50
Emissions rights purchase	**–**	1,604,400.00
Others	**5,009,627.37**	3,548,927.94
Total	**40,711,453.51**	37,118,720.98

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

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

24. Non-Current Liabilities Due Within One Year

RMB

	Closing balance	Opening balance
Long-term borrowings due within 1 year (Note (VI) 25)	**711,977,777.21**	188,738,000.00
Total	**711,977,777.21**	188,738,000.00

25. Long-Term Borrowings

(1) Categories of long-term borrowings

RMB

	Closing balance	Opening balance
Pledged borrowings (Note 1)	**711,977,777.21**	956,433,985.82
Secured borrowings (Note 2)	**281,902,410.30**	221,743,426.79
Less: Pledged borrowings due within 1 year	**711,977,777.21**	188,738,000.00
	281,902,410.30	989,439,412.61

Note 1: The pledged assets of the pledge borrowings are the equity interest of Flat (Vietnam).

Note 2: For the types and amounts of secured assets of secured loans, please refer to the Notes (VI), 9, 10 and 13.

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

Items	Closing balance	Opening balance
1 to 2 years	**43,297,504.16**	831,499,340.31
2 to 5 years	**238,604,906.14**	157,940,072.30
Total	**281,902,410.30**	989,439,412.61

(3) Other descriptions

The interest rate of the above borrowings was between 4.75% and 5.10% (previous year: between 4.75% and 5.37%).

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

26. Lease Liabilities

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Lease liabilities	–	11,016,173.42	–	**11,016,173.42**
Net	–	11,016,173.42	–	**11,016,173.42**

Profile of maturity dates of lease liabilities:

Items	Closing balance
1 to 2 years	**103,226.18**
2 to 5 years	**445,910.81**
Over 5 years	**10,467,036.43**
Total	**11,016,173.42**

27. Deferred Revenue

RMB

Items	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grants	58,576,554.71	–	13,167,910.01	**45,408,644.70**
	58,576,554.71	–	13,167,910.01	**45,408,644.70**

Items involving government grants:

Items	Opening balance	Increased amount for the year	Decreased amount for the year	Closing balance	Asset-related/ revenue-related
Jiaxing City 2011 supported major investment item – TCO ultra-white conductive film project grant 1#Float Kiln	8,500,000.00	–	3,000,000.00	5,500,000.00	Asset-related
Zhejiang Finance Department 2011 industrial transformation and upgrading technical transformation grant – annual output of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1 #PV kiln	566,666.69	–	200,000.00	366,666.69	Asset-related

27. Deferred Revenue (Continued)

Items	Opening balance	Increased amount for the year	Decreased amount for the year	Closing balance	Asset-related/ revenue-related
Jiaxing City 2011 industrial development fund grant-production of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1# photovoltaic kiln	566,666.69	–	200,000.00	366,666.69	Asset-related
Jiaxing City 2009 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	5,666,666.63	–	2,000,000.00	3,666,666.63	Asset-related
Jiaxing City 2012 first batch of industrial development fund grantannual output of 170,000 tons of low – E glass and deep processing project 2# float kiln	733,333.14	–	200,000.00	533,333.14	Asset-related
Jiaxing City 2012 provincial energy-saving financial grant – 2 production lines of furnace flue gas waste heat utilization Phase II project with supporting construction of waste heat boilers and steam turbine generator sets	490,291.47	–	100,000.00	390,291.47	Asset-related
Annual production of 15 million square meters of solar photovoltaic ultra-white glass expansion project	1,924,778.54	–	500,000.04	1,424,778.50	Asset-related
Jiaxing City 2012 first batch of industrial development fund grant – 2*600t/d glass melting furnace flue gas waste heat power generation first phase construction's technical transformation project	383,495.34	–	100,000.00	283,495.34	Asset-related
TCO ultra-white conductive film project grant	5,010,862.91	–	1,500,000.00	3,510,862.91	Asset-related
Jiaxing City 2012 first batch of industrial development fund subsidy – annual output of 15 million square meters of solar photovoltaic ultra-white glass project 1# photovoltaic kiln	2,450,494.85	–	500,000.00	1,950,494.85	Asset-related

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

27. Deferred Revenue (Continued)

Items	Opening balance	Increased amount for the year	Decreased amount for the year	Closing balance	Asset-related/ revenue-related
2014 industrial transformation and upgrading items (central infrastructure investment) Flat Glass annual production of 5.8 million square meters LOW-E glass deep processing project	5,580,000.00	–	930,000.00	4,650,000.00	Asset-related
Glass melting furnace flue gas denitrification technology project grant	8,199,444.38	–	1,173,333.69	7,026,110.69	Asset-related
Annual production of 8 tons of high transparency optical reflection ultra-white photovoltaic glass grant	106,249.80	–	106,249.80	–	Asset-related
600T/D ultra-white thin special glass production line and its deep processing project grant	642,499.72	–	642,499.72	–	Asset-related
The second production line of a workshop and the second workshop project under construction grant	50,000.32	–	50,000.32	–	Asset-related
Jiaxing Finance Bureau 2011 glass melting furnace flue gas waste heat power generation project grant	1,849,999.80	–	370,000.00	1,479,999.80	Asset-related
The first phase of distributed PV project construction grant	5,018,400.00	–	334,560.00	4,683,840.00	Asset-related
The second phase of distributed PV project construction grant	1,413,760.71	–	93,215.04	1,320,545.67	Asset-related
Annual production of 5.8 million square meters LOW-E glass deep processing project	6,693,596.00	–	819,624.00	5,873,972.00	Asset-related
Annual production of 12 million square meters of high transparent photovoltaic glass project	2,729,347.72	–	348,427.40	2,380,920.32	Asset-related
Total	58,576,554.71	–	13,167,910.01	45,408,644.70	

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

28. Share Capital

At the end of the current year, the Group issued a total of 1,950,000,000 shares with a par value of RMB0.25 per share and a total share capital of RMB487,500,000.00.

RMB

	Opening balance	Changes during the year: New shares issued	Changes during the year: Others	**Closing balance**
Total shares (Note)	450,000,000.00	37,500,000.00	–	**487,500,000.00**

Note: In February 2019, with the approval of the China Securities Regulatory Commission, the Group publicly issued 150,000,000 ordinary shares (A shares) to the public, with a par value of RMB0.25 per share and the issue price of RMB2.00 per share. The total amount of proceeds were RMB300,000,000.00. After deducting the issuance expenses of RMB45,615,049.00, The actual net proceeds were RMB254,384,951.00, of which RMB37,500,00.00 was included in the share capital, and RMB216,884,951.00 was included in the capital reserve.

29. Capital Reserve

RMB

Items	Opening balance	Increase for the year	Decrease for the year	**Closing balance**
Share premium (Note)	622,230,162.41	216,884,951.00	–	**839,115,113.41**
Total	622,230,162.41	216,884,951.00	–	**839,115,113.41**

Note: please refer to Note (VI), 28.

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

30. Other Comprehensive Income

RMB

Items	Opening balance	Amount incurred in the current year: Amount before income tax incurred in the current year	Amount incurred in the current year: Less: Income tax expense	Amount incurred in the current year: Amount attributable to the Company after income tax	Amount incurred in the current year: Amount attributable to minority shareholders after income tax	Closing balance
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	(4,685,190.57)	10,620,833.40	–	10,620,833.40	–	**5,935,642.83**
– Exchange differences on foreign currency financial statements translation	(4,685,190.57)	10,620,833.40	–	10,620,833.40	–	**5,935,642.83**
Total	(4,685,190.57)	10,620,833.40	–	10,620,833.40	–	**5,935,642.83**

31. Special Reserve

RMB

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Safety production costs	9,425,627.41	2,385,230.90	–	**11,810,858.31**
Total	9,425,627.41	2,385,230.90	–	**11,810,858.31**

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

32. Surplus Reserve

RMB

Items	Opening balance	Increase for the year	Decrease for the year	**Closing balance**
Statutory surplus reserve	168,158,907.37	25,396,448.33	–	**193,555,355.70**
Total	168,158,907.37	25,396,448.33	–	**193,555,355.70**

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.

33. Undistributed Profit

RMB

Items	**Amount for the current year**	Amount for the last year
Opening balance of the undistributed profit	**2,423,524,157.41**	2,043,097,189.89
Add: Net profit attributable to shareholders of the parent company in the current year	**717,243,708.67**	407,314,716.31
Less: Accrual of statutory surplus reserves	**25,396,448.33**	26,887,748.79
Dividends distribution	**140,400,000.00**	–
Closing balance of the undistributed profit (Note)	**2,974,971,417.75**	2,423,524,157.41

Note: Closing balance of the undistributed profit included accrual of statutory surplus reserves made by the Company's subsidiaries amounting to RMB34,159,547.69 (2018: RMB10,666,592.41).

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

34. Operating Revenue and Operating Cost

(1) Operating revenue and operating cost

RMB

Items (Note)	Amount for the year		Amount for last year	
	Revenue	Cost	Revenue	Cost
Main business	**4,755,886,682.40**	**3,279,977,662.99**	3,039,801,715.17	2,220,761,597.65
Other business	**50,917,338.56**	**9,757,848.37**	24,000,994.27	12,000,570.40
Total	**4,806,804,020.96**	**3,289,735,511.36**	3,063,802,709.44	2,232,762,168.05

Note: The Group recognized operating revenue at a point in time.

(2) Breakdowns of operating revenue

By source of revenue:

RMB

Items	Amount for the year						
	PV glass	Household glass	Architectural glass	Float glass	Mining product	Other business	Total
Main business place							
China	2,534,076,147.70	64,718,308.44	449,782,897.69	171,052,809.62	49,629,587.50	50,917,338.56	3,320,177,089.51
Asia (excluding China)	944,195,373.41	15,349,662.86	-	-	-	-	959,545,036.27
Europe	75,261.49	208,531,336.48	-	-	-	-	208,606,597.97
North America	269,356,898.46	22,884,165.52	246,585.66	-	-	-	292,487,649.64
Others		24,862,633.21	1,125,014.36	-	-	-	25,987,647.57
Total	3,747,703,681.06	336,346,106.51	451,154,497.71	171,052,809.62	49,629,587.50	50,917,338.56	4,806,804,020.96

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

34. Operating Revenue and Operating Cost (Continued)

(2) Breakdowns of operating revenue (Continued)

RMB

Items	PV glass	Household glass	Architectural glass	Float glass	Mining product	Other business	Total
			Amount for last year				
Main business place							
China	1,436,992,447.76	54,656,613.25	390,588,457.59	156,825,321.35	58,100,575.34	23,917,044.81	2,121,080,460.10
Asia (excluding China)	593,136,654.71	12,567,146.77	23,615.23	–	–	83,949.46	605,811,366.17
Europe	3,490,006.42	224,381,741.54	–	–	–	–	227,871,747.96
North America	62,467,534.78	16,912,579.21	3,533,363.02	–	–	–	82,913,477.01
Others	136,461.40	24,592,344.25	1,396,852.55	–	–	–	26,125,658.20
Total	2,096,223,105.07	333,110,425.02	395,542,288.39	156,825,321.35	58,100,575.34	24,000,994.27	3,063,802,709.44

By selling manner:

RMB

Items	PV glass	Household glass	Architectural glass	Float glass	Mining product	Other business	Total
			Amount for the year				
Selling manners							
Direct sales	**3,720,491,533.97**	**307,903,160.93**	**389,244,726.93**	**112,606,248.08**	**49,629,587.50**	**50,917,338.56**	**4,630,792,595.97**
Dealers	**27,212,147.09**	**28,442,945.58**	**61,909,770.78**	**58,446,561.54**	**–**	**–**	**176,011,424.99**
Total	**3,747,703,681.06**	**336,346,106.51**	**451,154,497.71**	**171,052,809.62**	**49,629,587.50**	**50,917,338.56**	**4,806,804,020.96**

RMB

Items	PV glass	Household glass	Architectural glass	Float glass	Mining product	Other business	Total
			Amount for last year				
Selling manners							
Direct sales	1,973,831,935.66	313,837,153.56	356,076,404.68	103,855,814.85	58,100,575.34	24,000,994.27	2,829,702,878.36
Dealers	122,391,169.41	19,273,271.46	39,465,883.71	52,969,506.50	–	–	234,099,831.08
Total	2,096,223,105.07	333,110,425.02	395,542,288.39	156,825,321.35	58,100,575.34	24,000,994.27	3,063,802,709.44

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

34. Operating Revenue and Operating Cost (Continued)

(3) Performance obligations

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

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

35. Taxes and Surcharges

RMB

Items	**Amount for the year**	Amount for last year
Urban construction tax	**7,219,030.48**	7,188,564.95
Education surcharge and local educational surcharges	**5,277,983.67**	5,516,608.90
Property tax	**7,850,936.80**	5,388,435.50
Resource tax	**3,677,434.31**	3,863,677.10
Land use tax	**5,800,753.20**	3,314,184.48
Stamp duty	**2,163,104.52**	1,233,219.60
Environmental protection tax	**1,733,015.60**	1,678,886.16
Special fund for water conservancy construction	**1,236,914.07**	414,408.84
Others	**67,666.20**	37,997.70
Total	**35,026,838.85**	28,635,983.23

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

36. Selling Expenses

RMB

Items	Amount for the year	Amount for last year
Transportation expenses	**227,906,923.86**	108,841,611.27
Advertising expenses	**6,822,694.20**	5,743,337.55
Employee compensation and welfare	**8,974,779.72**	9,004,499.76
Assembling fram charges	**8,931,949.78**	2,653,836.09
Depreciation and amortization	**13,331.56**	174,558.28
Others	**2,463,233.60**	1,909,591.73
Total	**255,112,912.72**	128,327,434.68

37. Administrative Expenses

RMB

Items	Amount for the year	Amount for last year
Employee remuneration and benefits	**58,087,652.05**	61,856,283.48
Depreciation and amortization	**15,945,363.90**	14,260,984.95
Greening and environmental protection costs	**6,916,472.04**	6,675,543.30
Labor costs	**3,874,595.92**	4,797,428.45
Lease expenses	**2,866,576.97**	4,259,917.68
Office expenses	**5,158,138.42**	3,802,787.26
Travelling expenses	**2,540,323.06**	3,749,259.25
Intermediary agency service fee	**10,244,395.45**	2,131,860.72
Audit fee	**2,700,000.00**	1,550,000.00
Transportation expenses	**2,384,514.32**	2,904,982.30
Entertainment expenses	**1,873,078.04**	2,141,155.00
Repair and maintenance fee	**585,615.80**	306,538.88
Others	**8,321,834.32**	9,349,643.95
Total	**121,498,560.29**	117,786,385.22

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

38. Research and Development Expenses

RMB

Items	Amount for the year	Amount for last year
Employee remuneration and benefits	**54,643,946.27**	36,134,332.78
Direct material costs	**128,193,474.91**	65,712,134.63
Depreciation and amortization	**17,073,030.11**	11,256,444.76
Others	**4,241,108.01**	143,284.47
Total	**204,151,559.30**	113,246,196.64

39. Finance Expenses

RMB

Items	Amount for the year	Amount for last year
Interest expenses	**65,388,264.94**	25,791,618.68
Less: Interest income	**17,902,429.34**	18,599,358.49
Handling fee	**2,116,641.03**	3,704,224.06
Exchange losses (gains)	**3,526,983.71**	(9,284,902.93)
Total	**53,129,460.34**	1,611,581.32

40. Other Revenues

RMB

Sources of other revenues	Amount for the year	Amount for last year
Distributed PV power generation project grant	**8,427,301.70**	9,539,032.39
Deferred income amortization (Note (VI) 27)	**13,167,910.01**	14,586,564.86
Social insurance subsidies	**8,594,214.92**	–
Refund income from handling fee for individual income tax	**–**	803,539.61
Total	**30,189,426.63**	24,929,136.86

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

41. Investment Income (Loss)

RMB

Sources of investment income	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship	**6,908,081.15**	(16,191,214.96)
– Forward foreign exchange contract investment income	**6,612,939.95**	1,805,892.01
– Foreign exchange option contract investment losses	**1,286,233.52**	–
– Interest rate swap contract investment losses	**(991,092.32)**	(1,757,729.79)
– Currency swap contract investment losses	**–**	(16,239,377.18)
Total	**6,908,081.15**	(16,191,214.96)

42. Gains (Losses) Arising from Changes in Fair Value

RMB

Sources of gains (losses) arising from changes in fair value	Amount for the year	Amount for last year
Derivative tools without the specified hedging relationship	**(5,234,350.32)**	13,259,290.30
– (Losses) gains arising from changes in fair value of interest rate swap contract	**(2,839,854.11)**	3,219,346.33
– (Losses) gains arising from changes in fair value of forward foreign exchange contracts	**(1,548,580.10)**	2,215,043.97
– Losses arising from changes in fair value of foreign exchange option contracts	**(845,916.11)**	–
– Gains arising from changes in fair value of currency swap contract	**–**	7,824,900.00
Total	**(5,234,350.32)**	13,259,290.30

43. Credit Impairment Losses

RMB

Items	Amount for the year	Amount for last year
Credit impairment losses on bills receivable	**(1,909,618.30)**	(124,109.77)
Credit impairment losses on trade receivables	**(10,806,940.74)**	(7,239,503.04)
Credit impairment losses on other receivables	**(100,000.00)**	–
Total	**(12,816,559.04)**	(7,363,612.81)

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

44. Asset Impairment Losses

RMB

Items	Amount for the year	Amount for last year
Inventory impairment losses	**(2,444,410.60)**	(2,589,390.06)
Impairment losses fixed assets	**(12,253,523.91)**	–
Total	**(14,697,934.51)**	(2,589,390.06)

45. Gains (Losses) on Disposal of Asset

RMB

Items	Amount for the year	Amount for last year
Gains on disposal of fixed assets	**478,903.28**	5,316,376.18
Losses on disposal of fixed assets	**(7,020,306.26)**	(276,305.55)
Total	**(6,541,402.98)**	5,040,070.63

46. Non-Operating Income

RMB

Items	Amount for the year	Amount for last year
Government grants (Note (VI) 55)	**14,482,137.47**	4,405,547.21
Others	**2,415,826.21**	3,352,377.16
Total	**16,897,963.68**	7,757,924.37

47. Non-Operating Expenses

RMB

Items	Amount for the year	Amount for last year
Public welfare donations	**45,000.00**	72,960.25
Special funds for water conservancy construction	**–**	5,769.25
Others	**139,158.59**	51,176.14
Total	**184,158.59**	129,905.64

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

48. Income Tax Expense

RMB

Items	**Amount for the year**	Amount for last year
Current period income tax expenses	**59,967,199.67**	48,854,260.85
Income taxes refunded for the last year	**(2,063,581.01)**	(831,267.20)
Deferred income tax expenses	**87,522,916.79**	10,807,549.03
Total	**145,426,535.45**	58,830,542.68

The Group was not subject to profit tax as it had no taxable profit in Hong Kong during the year.

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

RMB

	Amount for the year	Amount for last year
Total profits	**862,670,244.12**	466,145,258.99
Income tax expense calculated at tax rate of 15% (2018: 15%)	**129,400,536.62**	69,921,788.84
Effect of subsidiaries to adapt different tax rates	**51,571,682.68**	12,223,000.03
Effect of non-deductible costs, expenses and losses	**622,253.54**	558,651.96
Refund of the income tax for last period	**(2,063,581.01)**	(831,267.20)
Tax effect on tax incentives	**(7,728,962.16)**	(2,452,565.38)
Effect of utilisation of previously unrecognised deferred income tax assets on deductible losses and deductible temporary differences	**–**	(8,661,318.10)
Effect of deductible losses and deductible temporary difference of unrecognized deferred tax assets in the period	**2,467,850.79**	723,854.84
Effect on research and development costs plus deduction	**(28,843,245.01)**	(12,651,602.31)
Income tax expenses	**145,426,535.45**	58,830,542.68

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

49. Supplementary Information for Income Statement

RMB

Items	Amount for the year	Amount for last year
Raw materials used	**2,820,770,731.08**	1,900,049,784.37
Changes in inventories of finished goods work-in-progress goods	**(185,005.68)**	(74,074,622.46)
Employee benefits expenses	**293,375,254.85**	259,019,783.73
Depreciation and amortization expenses	**333,701,397.47**	255,500,990.33
Financial expenses	**53,129,460.34**	1,611,581.32
Transportation expenses	**221,922,248.50**	108,841,611.27
Audit fee	**2,700,000.00**	1,550,000.00
Undeductible value-added tax	**151,774.63**	24,953,336.09
Asset impairment losses	**14,697,934.51**	2,589,390.06
Credit impairment losses	**12,816,559.04**	7,363,612.81
Taxes and surcharges	**35,026,838.85**	28,635,983.23
Other expenses	**198,062,142.82**	116,281,301.26
Total costs and expenses	**3,986,169,336.41**	2,632,322,752.01

50. 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 is as follows:

RMB

Items	Amount for the year	Amount for last year
Net profit for the current period attributable to ordinary shareholders	**717,243,708.67**	407,314,716.31
Including: Net profit from continuing operations	**717,243,708.67**	407,314,716.31

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:

Share

	Amount for the year	Amount for last year
Number of ordinary shares outstanding at the beginning of the year	**1,800,000,000**	1,800,000,000
Add: Weighted number of ordinary shares of the year	**125,000,000**	–
Weighted number of outstanding ordinary shares at the end of the year	**1,925,000,000**	1,800,000,000

The Company has no dilutive ordinary shares.

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

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

Earnings per share:

RMB

	Amount for the year	Amount for last year
Net profit attributable to shareholders of the parent company:		
Basic earnings per share	**0.37**	0.23
Diluted earnings per share	**N/A**	N/A
Net profit from continuing operations attributable to shareholders of the parent company:		
Earnings per share	**0.37**	0.23
Diluted earnings per share	**N/A**	N/A
Weighted number of outstanding ordinary shares at the end of the year	**1,925,000,000**	1,800,000,000

51. Notes to Items in the Cash Flow Statement

(1) Other cash received and related to business activities

RMB

Items	**Amount for the year**	Amount for last year
Revenue-related government grant	**68,653,654.09**	18,944,579.60
Asset-related government grant	**–**	9,613,400.00
Interest income	**17,902,429.34**	18,599,358.49
Operating margin	**300,000.00**	700,000.00
Commission	**55,000.00**	262,500.00
Others	**2,415,826.21**	1,600,361.21
Total	**89,326,909.64**	49,720,199.30

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

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

(2) Other cash paid and related to operating activities

RMB

Items	Amount for the year	Amount for last year
Paid fees	**415,165,793.25**	230,531,032.62
Bank handling charge	**2,116,641.03**	3,704,224.06
External donation expenditure	**45,000.00**	72,960.25
Operating margin	**2,146,412.76**	1,150,000.00
Commission	**–**	50,000.00
Others	**535,133.31**	262,052.37
Total	**420,008,980.35**	235,770,269.30

(3) Other cash received and related to investment activities

RMB

Items	Amount for the year	Amount for last year
Recovery of restricted monetary funds	**130,519,478.45**	91,110,141.27
Project margin	**744,600.00**	17,790,692.52
Total	**131,264,078.45**	108,900,833.79

(4) Other cash paid and related to investment activities

RMB

Items	Amount for the year	Amount for last year
Payment of restricted monetary funds	**95,799,657.78**	139,214,176.64
Cash paid for investment losses	**1,364,111.32**	22,328,503.81
Project margin	**4,990,000.00**	10,665,692.52
Total	**102,153,769.10**	172,208,372.97

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

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

(5) Other cash received and related to fundraising activities

RMB

Items	**Amount for the year**	Amount for last year
Recovery of restricted monetary funds	**277,454,484.32**	349,496,734.24
Total	**277,454,484.32**	349,496,734.24

(6) Other cash paid and related to fundraising activities

RMB

Items	**Amount for the year**	Amount for last year
Payment of restricted monetary funds	**291,837,608.59**	320,516,916.57
A-share listing fee	**4,473,114.11**	7,125,017.39
Total	**296,310,722.70**	327,641,933.96

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

52. 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	**717,243,708.67**	407,314,716.31
Add: Asset impairment provision	**14,697,934.51**	2,589,390.06
Credit impairment losses	**12,816,559.04**	7,363,612.81
Investment property amortization	**1,431,470.40**	1,431,470.40
Depreciation of fixed assets	**302,765,562.87**	217,318,120.94
Depreciation of right-of-use assets	**4,558,308.33**	
Amortization of intangible assets	**24,946,055.87**	36,751,398.99
(Gains) losses for disposal of fixed assets, intangible assets and other long-term assets	**6,541,402.98**	(5,040,070.63)
Fair value change losses (gains)	**5,234,350.32**	(13,259,290.30)
Financial expenses	**65,388,264.94**	25,791,618.68
Investment loss (gains)	**(6,908,081.15)**	16,191,214.96
Decrease in deferred income tax assets	**547,159.58**	10,807,549.03
Increase in deferred income tax liabilities	**86,975,757.21**	–
Increase in inventory	**(108,940,857.81)**	(112,119,346.18)
Increase of operating receivables	**(1,158,546,275.43)**	(302,789,659.84)
Increase in operating payables	**552,228,051.35**	149,533,845.32
Deferred income amortization	**(13,167,910.01)**	(14,586,564.86)
Increase in special reserve	**2,385,230.90**	3,611,246.06
Net cash flow from operating activities	**510,196,692.57**	430,909,251.75
(2) Net changes in cash and cash equivalents		
Closing balance of cash	**479,068,091.59**	528,750,004.08
Less: Opening balance of cash	**528,750,004.08**	949,647,190.42
Net decrease in cash and cash equivalents	**(49,681,912.49)**	(420,897,186.34)

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

52. Supplementary Information for Cash Flow Statement (Continued)

(2) Component of cash and cash equivalents

RMB

Items	Closing balance	Opening balance
1. Cash	**479,068,091.59**	528,750,004.08
Including: Cash on hand	**20,326.96**	17,627.09
Blank deposit available for payment	**479,047,764.63**	528,732,376.99
Other monetary funds available for payment	**–**	–
2. Cash equivalents		
Cash and cash equivalents at the end of the year	**479,068,091.59**	528,750,004.08

53. Assets with Restricted Ownership or Use Rights

RMB

Items	Book value at the end of the year	Reasons for restriction
Monetary funds	133,932,273.25	Bills deposits,etc.
Bills receivable	437,991,816.50	Pledged to bank to obtain discount
Investment property	21,665,171.83	Pledged to bank to obtain credit facilities
Fixed assets	1,612,140,382.99	Pledged to bank to obtain credit facilities
Intangible assets	179,948,687.53	Pledged to bank to obtain credit facilities
Total	2,385,678,332.10	

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

54. Foreign Currency Monetary Items

Items		Closing balance Foreign currency amounts	Translation exchange rate	RMB amounts
Cash at bank and on hand				
Including:	USD	33,158,167.46	6.9762	231,318,077.92
	EUR	2,904,827.84	7.8155	22,702,682.00
	JPY	72,801,936.00	0.0641	4,665,584.87
	HKD	66,730.50	0.8958	59,775.85
	GBP	4,049.79	9.1501	37,055.99
	AUD	13,510.43	4.8843	65,988.99
	CHF	1.20	7.2000	8.64
Total				258,849,174.26
Trade receivables				
Including:	USD	49,110,921.03	6.9762	342,607,717.49
	EUR	943,898.53	7.8155	7,377,038.96
	JPY	10,777,755.05	0.0641	690,703.21
Total				350,675,459.66
Other receivables				
Including:	HKD	3,970.00	0.8958	3,556.25
Total				3,556.25
Trade payables				
Including:	USD	1,223,995.89	6.9762	8,538,842.85
	EUR	140,415.00	7.8155	1,097,413.43
Total				9,636,256.28
Borrowings				
Including:	USD	135,138,661.93	6.9762	942,754,636.60
Total				942,754,636.60

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

55. Government Grants

RMB

Types	Asset-related/ revenue-related	Listed items	Amount for the year
Natural gas grant	Revenue	Operating costs	34,280,000.00
Social insurance grant	Revenue	Other revenues	8,594,214.92
Distributed PV power generation project grant	Revenue	Other revenues	8,427,301.70
Industrial development grant	Revenue	Non-operating revenue	4,930,600.00
Land use tax grant	Revenue	Non-operating revenue	4,073,800.00
Listing reward	Revenue	Non-operating revenue	3,000,000.00
Borrowing interest grant	Revenue	Financial costs	2,870,000.00
Jiaxing Mayor Quality Award	Revenue	Non-operating revenue	500,000.00
Others	Revenue	Non-operating revenue	1,977,737.47
Total			68,653,654.09
Including: Government grands included into current period profit or loss			68,653,654.09

56. Operating Lease Arrangement

Revenue from operating leases for the year amounted to RMB6,949,488.96 (last year: RMB6,711,418.41). Total undiscounted lease receipts in each of the five accounting years after the balance sheet date and in subsequent years are as follows:

	Closing balance RMB	Opening balance RMB
Undiscounted lease receipts:		
1 year after the balance sheet date	**7,399,338.77**	6,949,488.96
2 years after the balance sheet date	**7,522,661.08**	7,399,338.77
3 years after the balance sheet date	**7,769,305.70**	7,522,661.08
4 years after the balance sheet date	**7,898,794.13**	7,769,305.70
5 years after the balance sheet date	**8,157,770.99**	7,898,794.13
Subsequent years	**3,399,071.24**	11,772,336.49
Total	**42,146,941.91**	49,311,925.13

(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, derivative financial asset, bills receivables and trade receivables, other receivables, derivative financial liabilities, bills payable and trade payables, other payables, lease liabilities 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	**613,000,364.84**	683,018,973.73
Derivative financial asset	**1,117,793.99**	6,172,390.30
Bills receivables	**1,976,383,235.76**	911,170,421.46
Trade receivables	**1,107,245,636.40**	821,319,289.09
Other receivables	**3,684,181.68**	1,296,794.21
Total	**3,701,431,212.67**	2,422,977,868.79
Financial liabilities		
Derivative financial liabilities	**917,754.01**	738,000.00
Bills payable	**338,562,948.43**	219,832,038.07
Trade payables	**1,854,705,642.59**	1,216,541,204.11
Other payables	**40,711,453.51**	37,118,720.98
Lease liabilities	**11,016,173.42**	0
Borrowings	**2,314,989,419.31**	1,630,139,209.83
Total	**4,560,903,391.27**	3,104,369,172.99

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.

(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 maximize interest of shareholders and other equity investors. Based on these objectives, the basic strategies are to confirm and analyze all potential risks related to the Group, to set appropriate risk limitations, to manage and monitor all risks timely and effectively, and to control the risks within a limited scope.

1.1 Market risk

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

1.1.1.Foreign exchange risk

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

As at 31 December 2019, the Group's foreign currency assets and liabilities are set ouy below. The foreign exchange risk arising from the assets and liabilities of these foreign currency balances (see Notes (VI), 54) may impact the Group's operating results.

RMB

Items	Closing balance	Opening balance
Cash and cash equivalents	**258,849,174.26**	313,541,528.99
Trade receivables	**350,675,459.66**	205,936,797.56
Other payables	**3,556.25**	3,478.51
Trade payables	**9,636,256.28**	1,915,711.90
Other payables	**–**	786,302.20
Borrowings	**942,754,636.60**	956,433,985.82

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 2019, the Company entered into contracts in relation to foreign currency assets of RMB179,985,960.00 (equivalent to USD25,800,000.00). For details, please refer to Notes (VI), 2 and 17.

(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.

RMB

		Amount for the year		Amount for last year	
Items	Changes in the exchange rates	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	**(19,532,578.13)**	**(19,532,578.13)**	(27,544,188.27)	(27,544,188.27)
USD	Depreciation of 5% against RMB	**19,532,578.13**	**19,532,578.13**	27,544,188.27	27,544,188.27
EUR	Appreciation of 5% against RMB	**1,449,115.38**	**1,449,115.38**	702,159.03	702,159.03
EUR	Depreciation of 5% against RMB	**(1,449,115.38)**	**(1,449,115.38)**	(702,159.03)	(702,159.03)
JPY	Appreciation of 5% against RMB	**267,814.40**	**267,814.40**	364,465.16	364,465.16
JPY	Depreciation of 5% against RMB	**(267,814.40)**	**(267,814.40)**	(364,465.16)	(364,465.16)
HKD	Appreciation of 5% against RMB	**3,166.61**	**3,166.61**	1,340.04	1,340.04
HKD	Depreciation of 5% against RMB	**(3,166.61)**	**(3,166.61)**	(1,340.04)	(1,340.04)
GBP	Appreciation of 5% against RMB	**1,852.80**	**1,852.80**	(28,592.93)	(28,592.93)
GBP	Depreciation of 5% against RMB	**(1,852.80)**	**(1,852.80)**	28,592.93	28,592.93
AUD	Appreciation of 5% against RMB	**3,299.45**	**3,299.45**	–	–
AUD	Depreciation of 5% against RMB	**(3,299.45)**	**(3,299.45)**	–	–
Entities using VND as functional currency					
USD	Appreciation of 5% against VND	**664,193.93**	**664,193.93**	4,522,107.22	4,522,107.22
USD	Depreciation of 5% against VND	**(664,193.93)**	**(664,193.93)**	(4,522,107.22)	(4,522,107.22)

The management of the Group believes that the foreign exchange risk at the end of the year did not reflect the annual foreign exchange risk, and the sensitivity analysis did not reflect the inherent foreign exchange risk.

(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 fair value of financial instruments arising from changes in interest rates is primarily related to fixed-rate derivative financial asset (please refer to Note (VI), 2). 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 2019, the Group's floating borrowings amounted to RMB1,523,254,636.60 (31 December 2018: RMB1,570,976,549.30) (please refer to Notes (VI), 16 and 25). The management of the Group closely monitors interest rate risk and uses interest rate swap contracts to hedge interest rate risk.

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 and the changes in regulations at the beginning of the relevant financial year and remains the same during each reporting period (for instruments that carry interest at market rates). 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 2019 (excluding the impact of interest capitalization) is as follows:

RMB

	Closing balance	Opening balance
Decrease in net profit	**9,635,308.11**	9,966,974.86
Decrase in shareholders' equity	**9,635,308.11**	9,966,974.86

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 2019, 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), 3), trade receivables (Notes (VI), 4), other receivables (Note (VI)), 6), etc., and derivative financial assets that are not included in the scope of impairment assessment (Note (VI), 2), etc. At the balance sheet date, the carrying amount of the Group's financial assets has represented its maximum credit risk exposure.

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

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

As at 31 December 2019, the Group's accounts receivable balance with the top five customers was RMB728,885,564.42 (31 December 2018: RMB550,624,097.70), accounting for 63% of the Group's account receivable balance (31 December 2018: 64%). 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.

The Group uses bank borrowings as its main source of funds. As at 31 December 2019, the unused bank borrowing facilities of the Group was RMB1,340,043,358.72. At the same time, in February 2020, the Company received the "Approval for the Public Issuance of Convertible Corporate Bonds by Flat Glass Group Co., Ltd." issued by China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 294), pursuant to which, the Company may publicly issue convertible corporate bonds with a total nominal value of RMB1.45 billion with a term of 6 years within 12 months from the date of approval for issuance.

(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

	Weighted average interest rate (%)	Within three months	Three months to one year	One to two years	Two to five years	Over five years	Total undiscounted cash flows	Carrying amount
Closing balance								
Bills payable	N/A	338,562,948.43	–	–	–	–	338,562,948.43	338,562,948.43
Trade payables	N/A	1,854,705,642.59	–	–	–	–	1,854,705,642.59	1,854,705,642.59
Other payables	N/A	40,711,453.51	–	–	–	–	40,711,453.51	40,711,453.51
Borrowings	4.18	455,753,927.83	1,637,778,023.40	56,177,715.45	248,372,565.02	–	2,398,082,231.70	2,314,989,419.31
Derivative financial liabilities (net settlement)	N/A	185,419.93	732,334.06	–	–	–	917,753.99	917,754.01
Lease liabilities	5.15	–	–	661,809.63	2,647,238.52	19,192,479.27	22,501,527.42	11,016,173.42
Total		2,689,919,392.29	1,638,510,357.46	56,839,525.08	251,019,803.54	19,192,479.27	4,655,481,557.64	4,560,903,391.27

2. Transfer of Financial Assets

Financial assets transferred but not derecognised as a whole

The Group discounts the bank acceptance note to the bank. If the bank acceptance note fails to be accepted, the discounting bank has the right to request the Group to pay the unsettled balance. As the Group still bears the main risks such as credit risk associated with these bank acceptance notes, the Group continues to full recognize the book value of the bills receivable and recognizes the amount received as a result of the transfer as a borrowing of the discounted note. At the end of the year, the balances of the borrowings for the relevant discounted notes were RMB341,723,029.12 (end of last year: RMB57,600,000.00).

The Group endorses bank acceptance notes and commercial acceptance bills. If the bank acceptance note or commercial acceptance bill fails to be accepted, the endorser has the right to request the Group to pay the unsettled balance. As the Group still bears the main risks such as credit risk associated with these bank acceptance notes or commercial acceptance bills, the Group continues to fully recognize the book value of bills receivable and recognizes the payments received as a result of the transfer as trade payables. At the end of the year, the balances of the recognized relevant trade payables were RMB1,040,614,593.75 (end of last year: RMB619,076,511.58).

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

3. Capital Management

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

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

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

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

(VIII) DISCLOSURE OF FAIR VALUE

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

RMB

Items	Fair value of the Closing balance The second level of fair value measurement
I. Continuous fair value	
(1) Financial assets measured at fair value through profit or loss	
– Derivative financial asset without the specified hedging relationship	1,117,793.99
Total assets that continue to be measured at fair value	1,117,793.99
II. Trading financial assets	
– Derivative financial liabilities without the specified hedging relationship	917,754.01
Total liabilities that continue to be measured at fair value	917,754.01

(VIII) DISCLOSURE OF FAIR VALUE (Continued)

2. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for the Second Level of Continuous and Noncontinuous Fair Value Measurement

Items		Fair value		Fair value level	Fair value measurement basis/ valuation method and main input value
		Closing balance	Opening balance		
1)	Derivative financial instruments formed by forward foreign exchange contracts	Financial assets – 666,463.87	Financial assets – 2,953,043.97 Financial liabilities – 738,000.00	Second level	Discounted cash flow method Future cash flows are based on forward exchange rates (predictable forward exchange rates at the end of the reporting period) and contract forward rates, as well as discount rates that reflect the credit risk of different trading counterparties.
2)	Derivative financial instruments formed by foreign exchange option contracts	Financial assets – 71,837.90 Financial liabilities – 917,754.01	–	Second level	Discounted cash flow method Future cash flows are based on forward exchange rates (predictable forward exchange rates at the end of the reporting period) and contract forward rates, as well as discount rates that reflect the credit risk of different trading counterparties.
3)	Derivative financial instruments formed by interest rate swap contracts	Financial assets – 379,492.22	Financial assets – 3,219,346.33	Second level	Discounted cash flow method Future cash flows are based on forward exchange rates (predictable forward exchange rates at the end of the reporting period) and contract forward rates, as well as discount rates that reflect the credit risk of different trading counterparties.

3. 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), 1 for relevant information of subsidiaries.

3. Other related parties of the Group

Enterprise name	Relationship with the connected party
Jiaxing Yihe Machinery 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

4. Related Party Transactions

(1) Sales of goods

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
Jiaxing Yihe Machinery Co., Ltd.	Sales of engineering glass	**11,698.89**	1,240,983.00

(2) Related lease

RMB

Related party	Content of the related party transaction	Amount for the year	Amount for last year
Jiaxing Yihe Machinery Co., Ltd.	House lease	**4,304,772.24**	3,994,360.32
Fengyang Hongding Port Co., Ltd.	Pier lease	**1,238,532.12**	–
Total		**5,543,304.36**	3,994,360.32

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

4. Related Party Transactions (Continued)

(3) Remuneration of key management personnel

RMB

Items	Amount for the year	Amount for last year
Remuneration of key management personnel	**6,845,397.56**	6,719,859.91

5. Amounts Due to/from Related Parties

RMB

Items	Related parties	Closing balance	Opening balance
Trade receivables	Jiaxing Yihe Machinery Co., Ltd.	**1,453,110.99**	1,439,540.28
Other receivables	Jiaxing Yihe Machinery Co., Ltd.	**2,000,000.00**	–
Other current assets	Jiaxing Yihe Machinery Co., Ltd.	**4,609,365.80**	2,199,289.07
Other current assets	Fengyang Hongding Port Co., Ltd.	**412,844.04**	–
Total		**5,022,209.84**	2,199,289.07

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

6. Directors' Remuneration

2019

RMB

Name	Remuneration	Salaries and other benefits (note 1)	Bonus (note 3)	Post-employment benefits (note 2)	Total
Executive directors					
Ruan Hongliang	–	815,695.15	121,800.00	27,744.30	965,239.45
Jiang Jinhua	–	639,650.28	101,800.00	–	741,450.28
Wei Yezhong	–	553,281.93	51,800.00	27,744.30	632,826.23
Shen Qifu	–	546,504.70	46,800.00	27,744.30	621,049.00
Independent non-executive directors					
Cui Xiaozhong	80,000.00	–	–	–	80,000.00
Hua Fulan	80,000.00	–	–	–	80,000.00
Ng Ki Hung	80,000.00	–	–	–	80,000.00
Total	240,000.00	2,555,132.06	322,200.00	83,232.90	3,200,564.96

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

6. Directors' Remuneration (Continued)

2018

RMB

Name	Remuneration	Salaries and other benefits (note 1)	Bonus (note 3)	Post-employment benefits (note 2)	Total
Executive directors					
Ruan Hongliang	–	712,626.79	121,540.00	24,953.60	859,120.39
Jiang Jinhua	–	585,950.51	111,540.00	–	697,490.51
Wei Yezhong	–	545,481.99	51,540.00	24,953.60	621,975.59
Shen Qifu	–	519,045.39	51,540.00	24,953.60	595,538.99
Independent non-executive directors					
Cui Xiaozhong	80,000.00	–	–	–	80,000.00
Li Shilong (retired on 19 November 2018)	80,000.00	–	–	–	80,000.00
Ng Ki Hung	80,000.00	–	–	–	80,000.00
Hua Fulan (appointed on 19 November 2018)	–	–	–	–	–
Total	240,000.00	2,363,104.68	336,160.00	74,860.80	3,014,125.48

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.

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

6. Directors' Remuneration (Continued)

One of the top five highest paid employees this year is a director (previous year: three), and his/her remuneration has been reflected in Directors' salaries. The salaries of the other four members (last year: two) are as follows:

RMB

	Total of this year	Total of last year
Salaries and other benefits	**2,280,254.60**	1,881,495.39
Post-employment benefits	**105,979.90**	100,127.20
Bonus	**325,400.00**	334,620.00
Total	**2,711,634.50**	2,316,242.59

Pay range:

	Number of this year	Number of last year
Below HK$1,000,000	**3**	5
HK$1,000,000 to HK$1,500,000	**2**	–

(X) COMMITMENTS AND CONTINGENCIES

1. Significant Matters of Commitments

As of the balance sheet date, the irrevocable operating lease contracts signed by the Group are as follows:

RMB

	Opening balance
Minimum lease payments for non-cancellable operating leases:	
1 year after the balance sheet date	4,449,302.96
1-2 years after the balance sheet date	20,802.05
Total	4,470,105.01

Capital Commitment

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

RMB

	Closing balance	Opening balance
Contracted but not confirmed in the financial statements Purchase – Build long-term asset commitments	**1,332,163,932.86**	1,014,429,971.30

2. Contingencies

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

(XI) EVENTS AFTER THE BALANCE SHEET DATE

In February 2020, the Company received the "Reply for the Approval of the Public Issuance of Convertible Bonds by Flat Glass Group Co., Ltd." issued by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 294) which approved the Company's public issuance of convertible corporate bonds with a total nominal value of RMB1.45 billion and a maturity term of 6 years. As of the signing date of this report, the Company has not completed the public offering of convertible corporate bonds.

Since the outbreak of the new coronavirus disease ("COVID-19") in January 2020, the Group has actively responded to and implemented the various regulations and requirements of the government at all levels for the prevention and control of the epidemic. In mid-February 2020, while conducting epidemic prevention and control and ensuring the safety of employees, the production and work will be resumed gradually. It is expected that COVID-19 and the prevention and control measures will have temporary impact on the production and operation of the Group. The degree of impact depends on the progress, duration of COVID-19, and implementation of local prevention and control policies.

The Group will continue to closely monitor the development of COVID-19 and assess its impact on the financial position and operating results of the Group. As of the date of this report, no significant adverse impact has incurred.

(XII) OTHER SIGNIFICANT MATTERS

1. Segment Report

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

For the year ended 31 December 2018, the Company applied the International Accounting Standards for the preparation of H-share financial statements and the China accounting standards for the preparation of A-share financial statements. Upon completion of the public offering of A shares on 15 February 2019, as approved by the shareholders' meeting, the Company has prepared A shares and H shares financial statements in accordance with China accounting standards since 2019. Segment report information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to management. Since 2019, the Company has prepared segment report information in accordance with China accounting standards other than international accounting standards. Annual segment report information of 2018 is restated in accordance with China accounting standards.

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.

(XII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(1) Segment report information

RMB

	Amount for the year							
	PV glass	Household glass	Architectural glass	Float glass	Mining products	Other business	Mutual offset among segments	Total
Segment operating revenue	3,747,703,681.06	336,346,106.51	451,154,497.71	171,052,809.62	49,629,587.50	50,917,338.56	-	4,806,804,020.96
Segment operating costs	2,515,980,409.12	241,795,397.27	351,742,312.74	149,793,961.57	20,665,582.29	9,757,848.37	-	3,289,735,511.36
Segment profit	1,231,723,271.94	94,550,709.24	99,412,184.97	21,258,848.05	28,964,005.21	41,159,490.19	-	1,517,068,509.60
Adjusted items:								
Less: Taxes and surcharges								35,026,838.85
Selling expenses								255,112,912.72
Administrative expenses								121,498,560.29
Research and development expenses								204,151,559.30
Financial expenses								53,129,460.34
Including: Interest expense								65,388,264.94
Interest income								17,902,429.34
Add: other income								30,189,426.63
Investment income								6,908,081.15
Profit (losses) arising from changes in fair value								(5,234,350.32)
Credit impairment losses								(12,816,559.04)
Asset impairment losses								(14,697,934.51)
Losses on disposal of assets								(6,541,402.98)
II. Operating profit								845,956,439.03
Add: Non-operating income								16,897,963.68
Less: Non-operating expenses								184,158.59
III. Total profit								862,670,244.12
Less: Income tax expense								145,426,535.45
IV. Net profit								717,243,708.67

(XII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(1) *Segment report information (Continued)*

	Amount for last year							
	PV glass	Household glass	Architectural glass	Float glass	Mining products	Other business	Mutual offset among segments	Total
Segment operating revenue	2,096,223,105.07	333,110,425.02	395,542,288.39	156,825,321.35	58,100,575.34	24,000,994.27	–	3,063,802,709.44
Segment operating costs	1,515,922,934.82	242,504,730.56	298,068,166.20	132,893,443.59	31,372,322.48	12,000,570.40	–	2,232,762,168.05
Segment profit	580,300,170.25	90,605,694.46	97,474,122.19	23,931,877.76	26,728,252.86	12,000,423.87	–	831,040,541.39
Adjusted items:								
Less: Taxes and surcharges								28,635,983.23
Selling expenses								128,327,434.68
Administrative expenses								117,786,385.22
Research and development expenses								113,246,196.64
Financial expenses								1,611,581.32
Including: Interest expense								25,791,618.68
Interest income								18,599,358.49
Add: other income								24,929,136.86
Investment income								(16,191,214.96)
Profit (losses) arising from changes in fair value								13,259,290.30
Credit impairment losses								(7,363,612.81)
Asset impairment losses								(2,589,390.06)
Losses on disposal of assets								5,040,070.63
II. Operating profit								458,517,240.26
Add: Non-operating income								7,757,924.37
Less: Non-operating expenses								129,905.64
III. Total profit								466,145,258.99
Less: Income tax expense								58,830,542.68
IV. Net profit								407,314,716.31

(XII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(2) Foreign trade income by source of income

RMB

Items	Amount for the year	Amount for last year
PRC	**3,320,177,089.51**	2,121,080,460.10
Asia (excluding the PRC and Japan)	**959,545,036.27**	605,811,366.17
Europe	**208,606,597.97**	227,871,747.96
North America	**292,487,649.64**	82,913,477.01
Others	**25,987,647.57**	26,125,658.20
Total	**4,806,804,020.96**	3,063,802,709.44

(3) Non-current assets by location

RMB

Items (Note)	Closing balance	Opening balance
PRC	**4,129,546,767.41**	3,527,892,373.56
Vietnam	**791,530,512.20**	359,408,869.64
Total	**4,921,077,279.61**	3,887,301,243.20

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.

(XII) OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Report (Continued)

(4) Reliance on major customers

In 2019, revenues from Hanwha Group and Risen, the major customers of the PV glass segment, amounted to RMB641,813,367.62 and RMB533,316,570.25, respectively, accounting for 13% and 11% of the Group's operating revenue. In 2018, revenue from Jinko Solar, the major customer of PV glass segment was RMB641,658,021.38, accounting for 21% of the Group's operating revenue.

2. Net Profit for the Year Net of:

RMB

Items	**Amount for the year**	Amount for last year
Employees' salaries (including directors' salaries)	**275,196,481.57**	240,659,289.86
Basic pension insurance	**18,418,773.28**	18,360,493.87
Total employees' salaries	**293,615,254.85**	259,019,783.73
Audit fee	**2,700,000.00**	1,550,000.00
Depreciation and amortization (included in operating cost and administrative expenses)	**333,701,397.47**	255,500,990.33
Leases	**5,954,646.58**	4,283,317.68
Inventory selling costs	**3,289,735,511.36**	2,232,762,168.05
Provision for impairment of inventories	**2,444,410.60**	2,589,390.06

(XIII) NOTES TO THE MAIN PROJECTS OF THE 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	–	–	**13,313.83**
Bank deposit:			
RMB	–	–	**120,829,066.73**
USD	**5,279,596.85**	**6.9762**	**36,831,523.54**
EUR	**80,470.81**	**7.8155**	**628,919.62**
JPY	**7,287,307.00**	**0.0641**	**467,014.36**
HKD	**61,568.83**	**0.8958**	**55,152.13**
GBP	**4,049.79**	**9.1501**	**37,055.99**
AUD	**13,510.43**	**4.8843**	**65,988.99**
Other currency capital:			
RMB	–	–	**63,723,640.64**
USD	**105,121.45**	**6.9762**	**733,348.26**
EUR	**23,000.00**	**7.8155**	**179,756.50**
CHF	**1.20**	**7.2000**	**8.64**
Total			**223,564,789.23**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Cash at Bank and on Hand (Continued)

RMB

Items	Foreign currency amounts	Opening balance Translation exchange rate	RMB amounts
Cash:			
RMB	–	–	10,060.84
Bank deposit:			
RMB	–	–	128,790,976.72
USD	6,086,240.13	6.8632	41,771,083.24
EUR	92,964.22	7.8473	729,518.12
JPY	7,323,091.00	0.0619	453,204.13
HKD	10,012.54	0.8762	8,772.99
GBP	4,088.82	8.6762	35,475.42
Other currency capital:			
RMB	–	–	67,211,259.90
USD	1,325,640.87	6.8632	9,098,138.42
EUR	44,000.00	7.8473	345,281.20
Total			248,453,770.98

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 RMB64,636,754.04 (end of the previous year: RMB76,654,679.52), including bills deposits of RMB52,978,609.47 (end of the previous year: RMB55,227,940.96), interest rate swap contracts and forward foreign exchange contract of RMB11,478,388.07 (end of last year: RMB21,081,457.36) and letter of credit deposit of RMB179,756.50 (end of last year: RMB345,281.20).

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Derivative Financial Assets

RMB

Items	Closing balance	Opening balance
Derivative financial asset without specified hedging relationship	**379,492.22**	4,970,224.71
Including: Interest rate swap contract (Note)	**379,492.22**	3,219,346.33
Forward foreign exchange contract (Note)	**–**	1,750,878.38
Total	**379,492.22**	4,970,224.71

Note: Unexpired interest rate swap contracts and forward foreign exchange contracts are not designated as hedging instruments. Gains or losses arising from changes in fair value are directly included in the current profit and loss.

3. Bills Receivables

(1) Bills receivables listed by category

RMB

Items	Closing balance	Opening balance
Bank acceptance bills	**1,541,318,278.98**	774,398,067.88
Commercial acceptance bills	**27,350,000.00**	–
Less: Provision for credit impairment losses	**765,800.00**	–
Total	**1,567,902,478.98**	774,398,067.88

(2) Bills receivable pledged by the Group at the end of the year

RMB

Items	Amounts pledged at the end of the year
Bank acceptance bills	**331,376,468.18**
Commercial acceptance bills	**–**
Total	**331,376,468.18**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bills Receivables (Continued)

(3) Bills receivables that have been endorsed or discounted by the Company but not yet due at the balance sheet dat

RMB

Items	**De-recognized at the end of the year**	De-recognized at the beginning of the year
Endorsed bank acceptance bills (Note)	**877,271,493.97**	551,544,129.01
Discounted bank acceptance bills (Note)	**260,605,919.15**	57,600,000.00
Total	**1,137,877,413.12**	609,144,129.01

Note: The above bills receivables that have been endorsed or discounted but not yet due at the balance sheet date were not recognized.

(4) At the end of the year, the Group had no bills transferred to accounts receivable due to the drawer's non-performance.

(5) Impairment of commercial bills receivable

RMB

	Closing balance				
	Book balance		Credit loss provision		
Items	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision for credit loss based by portfolio					
Including:					
Bank acceptance bills	**1,541,318,278.98**	**98.26**	**–**	**0.00**	**1,541,318,278.98**
Commercial acceptance bills	**27,350,000.00**	**1.74**	**765,800.00**	**2.80**	**26,584,200.00**
Total	**1,568,668,278.98**		**765,800.00**		**1,567,902,478.98**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Bills Receivables (Continued)

(5) Impairment of commercial bills receivable (Continued)

	Opening balance				
	Book balance		Credit loss provision		
Items	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision for credit loss based by portfolio					
Including:					
Bank acceptance bills	774,398,067.88	100.00	–	0.00	774,398,067.88
Commercial acceptance bills	–	–	–	0.00	–
Total	774,398,067.88	–			774,398,067.88

Bills receivable of provision for credit loss based by portfolio

RMB

	Closing balance		
Portfolio category	**Book balance**	**Credit loss provision**	**Provision percentage (%)**
Low risk	**1,541,318,278.98**	**–**	**0.00**
Normal	**27,350,000.00**	**765,800.00**	**2.80**
Total	**1,568,668,278.98**	**765,800.00**	

The Group believes that the accepting bank's acceptance bill owns a high credit rating and there is no significant credit risk. Therefore, no provision for credit losses is made.

(6) Credit loss provisions

RMB

		Changes for the year			
Items	Opening balance	Provision	Reversal	Written-off	**Closing balance**
Normal	–	765,800.00	–	–	**765,800.00**
Total	–	765,800.00	–	–	**765,800.00**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables

(1) Discloursed by ageing:

RMB

Ageing	Closing balance Trade receivables	Credit loss provision	Provision percentage (%)
Within 1 year	**806,114,479.21**	**29,508,153.05**	**3.66**
1-2 years	**2,925,824.91**	**732,087.19**	**25.02**
2-3 years	**487,324.03**	**379,416.75**	**77.86**
Over 3 years	**2,865,223.20**	**2,865,223.20**	**100.00**
Total	**812,392,851.35**	**33,484,880.19**	

(2) Analysis by categories based on method of provision for credit loss allowance:

RMB

Category	Amounts	Percentage (%)	Closing balance Credit loss provision	Percentage (%)	Book value
Account receivable excluding costs for significant financing	**812,392,851.35**	**100.00**	**33,484,880.19**	**100.00**	**778,907,971.16**
Total	**812,392,851.35**	**100.00**	**33,484,880.19**	**100.00**	**778,907,971.16**

Category	Amounts	Percentage (%)	Opening balance Credit loss provision	Percentage (%)	Book value
Account receivable excluding costs for significant financing	524,316,649.90	100.00	22,035,835.60	100.00	502,280,814.30
Total	524,316,649.90	100.00	22,035,835.60	100.00	502,280,814.30

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

(2) Analysis by categories based on method of provision for credit loss allowance: *(Continued)*

The Company always measures the impairment allowance for receivables at an amount equal to lifetime ECL for the entire life period, and calculates its expected credit losses based on the comparison table for credit risk rating and default loss rate.The default loss rate is calculated based on the historical actual credit loss in the past 3 years, and it is adjusted based on the differences between the economic situation during the historical data collection period, the current economic situation and the economic situation that the Group believes to be during the expected life period. According to the Company's assessment on the credit risk, the losses incurred by different customer groups are not significantly different. Therefore, when calculating the impairment allowance based on credit risk, apart from the amounts due from subsidiaries,different customer groups are not further distinguished.

RMB

	Closing balance				
Credit risk ratings	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Low risk					
Expected credit loss rate	–	–	–	–	
Trade receivables	63,380,145.78	–	–	–	63,380,145.78
Expected credit loss	–	–	–	–	–
Normal					
Expected credit loss rate	2.80%	2.80%	2.80%	2.80%	
Trade receivables	672,723,271.56	–	–	–	672,723,271.56
Expected credit loss	19,425,264.10	–	–	–	19,425,264.10
Concern					
Expected credit loss rate	14.40%	25.02%	77.59%	100.00%	
Trade receivables	70,011,061.87	2,925,824.91	481,585.75	–	73,418,472.53
Expected credit loss	10,082,888.95	732,087.19	373,678.47	–	11,188,654.61
Loss					
Expected credit loss rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	–		5,738.28	2,865,223.20	2,870,961.48
Expected credit loss	–	–	5,738.28	2,865,223.20	2,870,961.48
Total					
Trade receivables	806,114,479.21	2,925,824.91	487,324.03	2,865,223.20	812,392,851.35
Expected credit loss	29,508,153.05	732,087.19	379,416.75	2,865,223.20	33,484,880.19

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

(2) Analysis by categories based on method of provision for credit loss allowance: *(Continued)*

RMB

Credit risk ratings	Opening balance Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Low risk					
Expected credit loss rate	–	–	–	–	
Trade receivables	100,688,203.02	–	–	–	100,688,203.02
Expected credit loss	–	–	–	–	–
Normal					
Expected credit loss rate	3.50%	3.50%	3.50%	3.50%	
Trade receivables	349,763,772.00	–	–	–	349,763,772.00
Expected credit loss	12,241,732.03	–	–	–	12,241,732.03
Concern					
Expected credit loss rate	6.37%	25.02%	77.59%	77.59%	
Trade receivables	64,830,741.64	3,970,009.60	1,759,984.54	–	70,560,735.78
Expected credit loss	4,131,175.12	993,358.54	1,365,630.81	–	6,490,164.47
Loss					
Expected credit loss rate	100.00%	100.00%	100.00%	100.00%	
Trade receivables	189,385.10	422,670.43	159,172.76	2,532,710.81	3,303,939.10
Expected credit loss	189,385.10	422,670.43	159,172.76	2,532,710.81	3,303,939.10
Total					
Trade receivables	515,472,101.76	4,392,680.03	1,919,157.30	2,532,710.81	524,316,649.90
Expected credit loss	16,562,292.25	1,416,028.97	1,524,803.57	2,532,710.81	22,035,835.60

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

(3) Changes in credit loss provisions of trade receivables

RMB

	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2019	18,731,896.50	3,303,939.10	22,035,835.60
Changes of balance at the beginning of the year			
– Transfers to credit impaired	(2,717,518.64)	2,717,518.64	–
Provided in the year	14,599,540.85	–	14,599,540.85
Derecognition of financial assets (including direct write-off) transferred	–	(3,150,496.26)	(3,150,496.26)
Balance at 31 December 2019	30,613,918.71	2,870,961.48	33,484,880.19

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

Item	Write-offs
Trade receivables actually written off	3,150,496.26

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Trade Receivables (Continued)

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

RMB

Name	Relationship with the Company	Balance	Trade receivables Percentage of the total trade receivables (%)	Closing balance of credit loss provision
LONGi Group	Third party	188,031,931.36	23.15	5,264,894.08
Jinko Solar	Third party	119,476,822.45	14.71	3,345,351.03
Dongfang Risheng	Third party	108,595,301.65	13.37	3,040,668.45
Artix	Third party	75,898,796.85	9.34	2,125,166.31
Wuxi Suntech Power Co., Ltd.*	Third party	43,981,710.78	5.41	1,231,487.90
Total		535,984,563.09	65.98	15,007,567.77

(6) The Company has no derecognized receivables out of transfer of financial assets at the end of the year.

5. Advance payments

(1) The analysis of advance payments listed by aging is as follows:

RMB

Ageing	Closing balance Amounts	Closing balance Percentage (%)	Opening balance Amounts	Opening balance Percentage (%)
Within 1 year	**44,584,481.46**	**98.65**	38,527,984.85	98.44
1-2 years	**48,802.23**	**0.11**	73,387.20	0.19
2-3 years	**28,687.20**	**0.06**	399,746.59	1.02
Over 3 years	**535,207.97**	**1.18**	135,461.38	0.35
Total	**45,197,178.86**	**100.00**	39,136,580.02	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.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Advance payments (Continued)

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

RMB

Name	Relationship with the Company	Amounts	Percentage of the total advance payments (%)	Closing balance of credit loss provision
Ningbo Zhenhai Gulf Refining & Chemical Co., Ltd.	Third party	13,853,722.50	30.65	–
American Natural Soda Ash Corporation	Third party	11,022,396.00	24.39	–
Anhui Fengsha Mining Group Co., Ltd.	Third party	6,627,707.60	14.66	–
Shihlien Chemical Industrial Jiangsu Co., Ltd	Third party	3,341,824.80	7.39	–
MITSUBISHI CORPORATION	Third party	1,283,758.71	2.84	–
Total		36,129,409.61	79.93	–

6. Other receivables

RMB

Items	**Closing balance**	Opening balance
Other receivables	**356,091,353.75**	115,299,644.49
Total	**356,091,353.75**	115,299,644.49

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(1) Disclosed by the ageing

RMB

Ageing	Trade receivables	Closing balance Credit loss provision	Provision percentage (%)
Within 1 year	**355,912,755.00**	**–**	**–**
1-2 years	**34,598.75**	**–**	**–**
2-3 years	**100,000.00**	**100,000.00**	**100.00**
Over 3 years	**144,000.00**	**–**	**–**
Total	**356,191,353.75**	**100,000.00**	**100.00**

(2) Other receivables classified by nature

RMB

Nature of other receivables	Closing balance of book value	Opening balance of book value
Amount due from subsidiaries	**353,793,995.22**	114,890,150.86
Margin	**2,114,000.00**	210,000.00
Reserve fund	**40,000.00**	52,500.00
Deposit	**30,000.00**	85,000.00
Others	**113,358.53**	61,993.63
Total	**356,091,353.75**	115,299,644.49

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(3) Impairment of other receivables

At the end of the year,the Company always measures the impairment allowance for other receivable at an amount equal to lifetime ECL for the entire life period, and calculates its expected credit losses based on the comparison table for credit risk rating and default loss rate.According to the Company's assessment on the credit risk, the losses incurred by different customer groups are not significantly different. Therefore, when calculating the impairment allowance based on credit risk, different customer groups are not further distinguished.

RMB

		Closing balance	
Credit risk ratings	**Probability of loss given default**	**Trade receivables**	**Credit loss provisions**
Low risk	**0.00%**	**356,091,353.75**	**–**
Loss	**100.00%**	**100,000.00**	**100,000.00**
Total		**356,191,353.75**	**100,000.00**

RMB

		Opening balance	
Credit risk ratings	Probability of loss given default	Trade receivables	Credit loss provisions
Low risk	0.00%	115,299,644.49	–
Loss	100.00%	3,000,000.00	3,000,000.00
Total		118,299,644.49	3,000,000.00

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(4) Changes in credit loss provisions of trade receivables

RMB

Credit loss provisions	Stage 1 12 months ECL	Stage 2 Lifetime ECL (not credit impaired)	Stage 3 Lifetime ECL (credit impaired)	Total
Balance at 1 January 2019	–	–	3,000,000.00	3,000,000.00
Changes in balance at the beginning of the year				
Provided in the year	–	–	100,000.00	100,000.00
Derecognition of financial assets (including direct write-off) transferred	–	–	(3,000,000.00)	(3,000,000.00)
Balance at 31 December 2019	–	–	100,000.00	100,000.00

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

RMB

Name	Relationship with the Company	Amounts	Percentage of the total trade receivables (%)	Closing balance of credit loss provision
Flat Import & Export	Subsidiary	168,405,380.06	47.28	–
Zhejiang Jiafu	Subsidiary	135,098,615.16	37.93	–
Anhui Flat Material	Subsidiary	46,620,000.00	13.09	–
Flat (Vietnam)	Subsidiary	3,670,000.00	1.03	–
Jiaxing Yihe Machinery Co., Ltd.	Related party	2,000,000.00	0.56	–
TotalTatol		355,793,995.22	99.89	–

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Inventories

(1) Inventories category

RMB

Items	Closing balance Book balance	Impairment provision	Book value
Raw materials	**94,918,451.00**	**–**	**94,918,451.00**
Low-valued consumables	**46,613,287.81**	**2,783,814.87**	**43,829,472.94**
Work in progress	**10,269,773.77**	**–**	**10,269,773.77**
Finished goods	**61,319,281.68**	**696,815.66**	**60,622,466.02**
Total	**213,120,794.26**	**3,480,630.53**	**209,640,163.73**

Items	Opening balance Book balance	Impairment provision	Book value
Raw materials	72,527,962.15	–	72,527,962.15
Low-valued consumables	39,044,966.88	2,977,721.11	36,067,245.77
Work in progress	12,861,704.50	–	12,861,704.50
Finished goods	41,786,034.36	859,095.76	40,926,938.60
Total	166,220,667.89	3,836,816.87	162,383,851.02

(2) Inventory impairment provision

RMB

Items	Opening balance	Amount increased in the year	Amount decreased in the year: Transferred	Amount decreased in the year: Resold	Closing balance
Finished goods	859,095.76	614,272.82	–	776,552.92	**696,815.66**
Low-valued consumables	2,977,721.11	1,830,137.78	–	2,024,044.02	**2,783,814.87**
Total	3,836,816.87	2,444,410.60	–	2,800,596.94	**3,480,630.53**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

8. Other current assets

RMB

Items	Closing balance	Opening balance
Prepaid rent	**4,609,365.80**	2,199,289.07
Prepaid import tax	**5,064,383.25**	–
A-share listing fees	**–**	10,841,934.89
Value-added tax recoverable	**–**	9,950,893.34
Prepaid income tax	**–**	1,949,771.94
Total	**9,673,749.05**	24,941,889.24

9. Long-term equity investments

Details of long-term equity investments are as follows:

RMB

Invested unit	Accounting method	Opening balance	Additional investments for the year	Closing balance	Dividend of longterm equity investment accounted for by cost method declared this year
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	450,000,000.00	250,000,000.00	**700,000,000.00**	–
Anhui Flat Material	Cost method	30,000,000.00	–	**30,000,000.00**	–
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**	–
Total		786,137,343.00	257,000,000.00	**1,043,137,343.00**	–

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Fixed assets

(1) Fixed assets

RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
I.Book value					
1. Opening balance	544,542,728.16	1,198,064,889.88	17,485,495.18	33,575,679.94	1,793,668,793.16
2. Amount increased in the year	4,847,103.67	272,375,817.86	707,571.18	1,576,216.76	279,506,709.47
(1) Purchase	2,030,588.62	27,033,894.63	693,411.89	1,252,473.57	31,010,368.71
(2) Transferred from construction in progress	2,816,515.05	245,341,923.23	14,159.29	323,743.19	248,496,340.76
3. Amount decreased in the year	–	(142,559,687.16)	(296,494.81)	(198,756.38)	(143,054,938.35)
(1) Disposal	–	(35,921,483.62)	(296,494.81)	(198,756.38)	(36,416,734.81)
(2) Transferred to construction in progres	–	(106,638,203.54)	–	–	(106,638,203.54)
4. Closing balance	549,389,831.83	1,327,881,020.58	17,896,571.55	34,953,140.32	1,930,120,564.28
II. Accumulated depreciation					
1. Opening balance	186,138,565.98	635,105,429.06	15,284,012.76	28,423,526.35	864,951,534.15
2. Amount increased in the year	24,280,299.87	127,252,258.74	843,927.43	2,116,133.71	154,492,619.75
(1) Provision	24,280,299.87	127,252,258.74	843,927.43	2,116,133.71	154,492,619.75
3. Amount decreased in the year	–	(97,183,914.28)	(281,670.07)	(189,258.57)	(97,654,842.92)
(1) Disposal or scrap	–	(25,834,652.49)	(281,670.07)	(189,258.57)	(26,305,581.13)
(2) Transferred to construction in progress	–	(71,349,261.79)	–	–	(71,349,261.79)
4. Closing balance	210,418,865.85	665,173,773.52	15,846,270.12	30,350,401.49	921,789,310.98
III.Impairment provision					
1. Opening balance	–	1,589,414.21	–	–	1,589,414.21
2. Amount increased in the year	–	12,135,203.30	–	118,320.61	12,253,523.91
(1) Provision	–	12,135,203.30	–	118,320.61	12,253,523.91
3. Amount decreased in the year	–	–	–	–	–
4. Closing balance	–	13,724,617.51	–	118,320.61	13,842,938.12
IV.Book value					
1. Closing balance of book value	338,970,965.98	648,982,629.55	2,050,301.43	4,484,418.22	994,488,315.18
2. Opening balance of book value	358,404,162.18	561,370,046.61	2,201,482.42	5,152,153.59	927,127,844.80

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Fixed assets (Continued)

(1) *Fixed assets (Continued)*

At the end of the year, the fixed assets with a book value of RMB201,193,709.77 (at the end of last year: RMB479,266,434.92) were used as collateral for short-term borrowings.

For the short-term borrowings, please refer to Note (XIII) and Note 15.

(2) *Temporarily idle fixed assets*

RMB

Items	Original carrying amount	Accumulated depreciation	Impairment provision	Net book value
Closing balance – Machinery and equipment	40,610,349.81	26,220,969.50	13,724,617.51	664,762.80
Closing balance – Other equipment	2,366,412.20	2,248,091.59	118,320.61	–
Total	42,976,762.01	28,469,061.09	13,842,938.12	664,762.80

The Company considers that the above idle assets are no longer suitable for future production needs, and the management makes provision for impairment of related assets in accordance with the lower of the book value and the recoverable amount.

(3) *At the end of the year, the fixed assets without property rights certificates*

RMB

Item	Original carrying amount	Reason for not completing the property right certificate
23, 24th/F, Tower B, Xiuzhou Chamber of Commerce Building	12,161,430.00	The application of title certificates was still in progress

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Construction in progress

(1) Listed by category

RMB

Items	Closing balance	Opening balance
Construction in progress	**163,515,476.68**	243,669,133.95
Engineering materials	**131,894.56**	116,014.49
Total	**163,647,371.24**	243,785,148.44

(2) Construction in progress

RMB

Items	Closing balance		
	Book balance	Impairment provision	Net book amount
Annual production of 42 million square meters of PV backplane project	**76,250,671.39**	**–**	**76,250,671.39**
Cold repair of the second float glass production line project	**37,389,452.50**	**–**	**37,389,452.50**
Self-manufactured equipment (Vietnam Flat PV glass production line)	**30,967,780.66**	**–**	**30,967,780.66**
Self-manufactured equipment (Anhui Flat annual output of 900,000 tons of PV cover glass project)	**9,995,216.26**	**–**	**9,995,216.26**
Self-manufactured equipment (Cold repair of Jiafu (phase I) project	**4,051,081.01**	**–**	**4,051,081.01**
Equipment to be installed and others	**4,861,274.86**	**–**	**4,861,274.86**
Total	**163,515,476.68**	**–**	**163,515,476.68**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Construction in progress (Continued)

(2) Construction in progress (Continued)

RMB

Items	Book balance	Opening balance Impairment provision	Net book amount
Annual production of 100,000 tons of online Low-E coated glass project	233,779,139.08	–	233,779,139.08
Self-manufactured equipment (Anhui Flat annual output of 900,000 tons of PV cover glass project)	3,146,538.65	–	3,146,538.65
Equipment to be installed and others	6,743,456.22	–	6,743,456.22
Total	243,669,133.95	–	243,669,133.95

(3) Changes in major construction projects in progress in the year

RMB

Project name	Budget	Opening amount	Amount decreased in the year	Transfer amount from fixed assets in the year	Transfer amount from fixed assets in the year	Transfer into others in the year	Closing balance	Project cumulative investment accounted for the proportion of the budget	Project progress	Accumulated amount of interest capitalization	Including: the amount of interest capitalization in the year	Capitalization rate of interest in the year (%)	Sources of funds
Annual production of 100,000 tons of online Low-E coated glass project	242,112,453.26	233,779,139.08	8,333,314.18	-	242,112,453.26	-	-	100%	100%	16,685,632.69	4,603,607.27	5.15%	Self-funds/ special borrowings
Annual production of 42 million square meters of PV backplane project	350,000,000.00	-	76,250,671.39	-	-	-	76,250,671.39	22%	22%	-	-	-	Self-funds
Cold repair of the second float glass production line prject	92,072,263.30	-	2,100,510.75	35,288,941.75	-	-	37,389,452.50	41%	41%	-	-	-	Self-funds

(4) The Company did not note any indicators of impairment; therefore there is no provision for impairment losses for construction in progress.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

12. Intangible asets

RMB

Items	Land use right	Emission rights	Software	Total
I. Original carrying amount				
1. Opening balance	154,087,334.82	22,312,692.45	403,931.63	176,803,958.90
2. Amount increased in the year	38,322,695.00	676,850.00	7,191,955.09	46,191,500.09
3. Closing balance	192,410,029.82	22,989,542.45	7,595,886.72	222,995,458.99
II. Accumulated amortization				
1. Opening balance	28,827,858.09	15,985,883.59	361,709.45	45,175,451.13
2. Amount increased in the year	3,867,207.24	2,516,772.30	731,259.02	7,115,238.56
(1) Provision	3,867,207.24	2,516,772.30	731,259.02	7,115,238.56
3. Closing balance	32,695,065.33	18,502,655.89	1,092,968.47	52,290,689.69
III. Book value				
1. Closing balance of book value	159,714,964.49	4,486,886.56	6,502,918.25	170,704,769.30
2. Opening balance of book value	125,259,476.73	6,326,808.86	42,222.18	131,628,507.77

At the end of the year,the land use right with the net value of RMB136,927,806.30 (at end of last year: RMB63,068,397.54) was used for mortgages to obtain borrowings

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

13. Defered tax assets

(1) *Deferred tax assets before offsetting*

RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	**Deferred tax assets**	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	**17,323,568.65**	**2,598,535.30**	50,670,164.82	7,600,524.72
Provision for Credit losses	**34,350,680.19**	**5,152,602.03**	25,035,835.60	3,755,375.34
Deferred revenue	**34,543,339.29**	**5,181,500.89**	45,599,630.00	6,839,944.50
Depreciation difference for fixed assets	**27,390,091.61**	**4,108,513.74**	23,309,268.78	3,496,390.32
Subtotal	**113,607,679.74**	**17,041,151.96**	144,614,899.20	21,692,234.88

(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	**14,915,897.34**	**2,237,384.60**	15,724,226.99	2,358,634.05
Accelerated depreciation of fixed assets	**55,784,792.25**	**8,367,718.84**	52,111,782.08	7,816,767.31
Losses arising from changes of fair value	**379,492.22**	**56,923.83**	4,232,224.71	634,833.71
Subtotal	**71,080,181.81**	**10,662,027.27**	72,068,233.78	10,810,235.07

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

13. Defered tax assets (Continued)

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

RMB

	Closing balance		Opening balance	
Items	**Offset amount of deferred tax assets and liabilities at the end of the year**	**Closing balance of deferred tax assets or liabilities after offsetting**	Offset amount of deferred tax assets and liabilities at the end of the year	Closing balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	**10,662,027.27**	**6,379,124.69**	10,810,235.07	10,881,999.81
Deferred tax liabilities	**10,662,027.27**	**–**	10,810,235.07	–

14. Other non-current assets

RMB

	Closing balance	Opening balance
Current accounts of subsidiaries (Note)	**520,297,150.88**	671,551,245.72
Construction prepayment	**47,108,350.06**	80,236,909.00
Prepaid land deposit	**–**	37,206,500.00
Total	**567,405,500.94**	788,994,654.72

Note: The amounts were lented by the Company to its subsidiaries Anhui Flat Material, Anhui Flat Glass, Flat (Vietnam)and Flat New Energy.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

15. Short-term borrowings

RMB

Classification	Closing balance	Opening balance
Mortgaged borrowings (Note 1)	**297,038,150.32**	135,846,377.87
Guaranteed and mortgaged borrowings (Note 1 and Note 2)	**99,738,709.08**	135,000,000.00
Bill discounting borrowings	**259,460,258.71**	57,600,000.00
Guaranteed borrowings (Note 2)	**80,000,000.00**	–
Total	**736,237,118.11**	328,446,377.87

Note 1: For the classification and amount of the asset of the secured borrowings, please refer to the Note (VIII), Note10 and Note 12.

Note 2: At the end of the year, bank loans of RMB 179,738,709.08 (at the end of last year: RMB 135,000,000.00) were guaranteed by 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 2.75% to 4.35%(in last year: 3.08% to 4.80%).

16. Derivative financial liabilities

RMB

Items	Closing balance in fair value	Opening balance in fair value
Derivative financial liabilities without specified hedging relationship	–	738,000.00
– Forward foreign currency contract (Note)	–	738,000.00
Total	–	738,000.00

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

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

17. Bills payables

RMB

Classification	Closing balance	Opening balance
Bank acceptance bills	**190,000,000.00**	88,051,988.88
Total	**190,000,000.00**	88,051,988.88

18. Trade payables

(1) Listing of trade payables

RMB

Classification	Closing balance	Opening balance
Trade payables	**1,389,793,093.22**	665,864,797.21
Construction costs payable	**93,821,462.35**	79,381,575.13
Total	**1,483,614,555.57**	745,246,372.34

(2) Ageing analysis of trade payable based on invoice date (close to the date of recorded):

RMB

Total	Closing balance	Opening balance
Within 1 year	**1,480,347,657.63**	729,858,030.64
1-2 years	**1,823,903.14**	2,619,107.14
2-3 years	**513,252.77**	1,522,783.27
Over 3 years	**929,742.03**	11,246,451.29
Total	**1,483,614,555.57**	745,246,372.34

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

18. Trade payables (Continued)

Significant trade payables with ageing over 1 year:

RMB

	Closing balance	Reasons of outstanding or carry-over
Trade payables	**3,266,857.94**	The payable is for a product quality dispute, and payment will be made after the dispute is resolved
Total	**3,266,857.94**	

19. Contract liabilities

(1) Listing of contract liabilities:

RMB

Classification	Closing balance	Opening balance
Goods payment	**17,454,654.26**	4,662,060.73
Total	**17,454,654.26**	4,662,060.73

(2) The amount of revenue recognized during the year including the book value of contract liabilities at the beginning of the year was RMB4,019,017.87.

(3) According to the contract, the Company shall deliver the products to the customer's designated location or the goods shall be picked up by the customer. The product is still controlled by the Group before the customer acceptance confirmation. Only when the customer receives the product and the qualified acceptance has been made, the control right of the product is transferred to the customer. The Company fulfills the performance obligations stipulated in the contract, and at this time, have the right to receive the contracted amount for the products provided, then the Company, at this point in time, recognise the income. When the customer initially purchases the goods, the Company will recognise the transaction price as the contract liabilities until the customer obtains control of the goods.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

20. 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	14,250,581.28	140,633,029.50	137,577,732.73	**17,305,878.05**
2. Post-employment welfare – Defined contribution plan	714,345.40	8,787,138.85	8,717,441.70	**784,042.55**
Total	14,964,926.68	149,420,168.35	146,295,174.43	**18,089,920.60**

(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	13,306,098.60	119,439,014.32	118,418,879.25	**14,326,233.67**
II. taff welfare	–	8,962,996.22	8,962,996.22	**–**
III. Social insurance	545,470.60	5,170,671.02	5,244,393.32	**471,748.30**
Including: Medical insurance	443,600.01	4,503,295.74	4,537,778.25	**409,117.50**
Work-related injury insurance	77,237.99	379,314.23	420,957.37	**35,594.85**
Maternity insurance	24,632.60	288,061.05	285,657.70	**27,035.95**
IV. Housing funds	379,306.00	4,609,317.00	4,573,237.00	**415,386.00**
V. Education funds & Labor union	19,706.08	2,451,030.94	378,226.94	**2,092,510.08**
Total	14,250,581.28	140,633,029.50	137,577,732.73	**17,305,878.05**

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

20. 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	689,712.80	8,065,709.40	7,998,415.60	**757,006.60**
2. Unemployment insurance	24,632.60	721,429.45	719,026.10	**27,035.95**
Total	714,345.40	8,787,138.85	8,717,441.70	**784,042.55**

Defined contribution plan:

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% 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 RMB8,065,709.40 and RMB721,429.45 to the pension insurance and unemployment insurance schemes (2018: RMB 8,137,033.80 and RMB 292,999.50) respectively. At the end of the year, the Company still had RMB 757,006.60 and RMB 27,035.95 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.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

21. Taxes payable

RMB

Classification	Closing balance	Opening balance
Enterprise income tax	**20,183,741.16**	–
VAT	**24,746,583.70**	–
City maintenance and construction tax	**2,413,181.12**	704,487.60
Educational surtax and local educational surtax	**1,723,700.80**	503,205.42
Individual income tax	**4,316,448.21**	151,448.16
Others	**541,747.30**	2,362,666.47
Total	**53,925,402.29**	3,721,807.65

22. Other payables

Listed by category:

RMB

Items	Closing balance	Opening balance
Interest payable	**4,512,898.61**	9,851,014.20
Other payables	**333,819,970.72**	622,280,751.24
Total	**338,332,869.33**	632,131,765.44

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

22. Other payables (Continued)

(1) Interest payable

RMB

Items	Closing balance	Opening balance
Interest payable for short-term borrowings	**3,117,026.88**	345,910.31
Interest payable to subsidiaries	**1,395,871.73**	9,505,103.89
Total	**4,512,898.61**	9,851,014.20

(2) Other payables

RMB

Classification	Closing balance	Opening balance
Payable to subsidiaries	**311,273,092.81**	593,410,035.55
Transportation premium	**5,744,424.00**	4,766,088.09
Emissions rights purchase	**–**	1,604,400.00
Warranty	**14,134,600.00**	17,580,000.00
Others	**2,667,853.91**	4,920,227.60
Total	**333,819,970.72**	622,280,751.24

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

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Defered revenue

RMB

Classification	Opening balance	Amount increased in the year	Amount decreased in the year	**Closing balance**
Government grants	45,599,630.00	–	11,056,290.71	**34,543,339.29**
	45,599,630.00	–	11,056,290.71	**34,543,339.29**

Projects of government grants:

Projects	Opening balance	Amount increased in the year	Amount included in other income in the year	**Amount decreased in the year**	Related to assets/related to revenue
Jiaxing City 2011 supported major investment item – TCO ultra-white conductive film project grant 1#Float Kiln	8,500,000.00	–	3,000,000.00	**5,500,000.00**	Related to assets
Zhejiang Finance Department 2011 industrial transformation and upgrading technical transformation grant – annual output of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1 #PV kiln	566,666.69	–	200,000.00	**366,666.69**	Related to assets
Jiaxing City 2011 industrial development fund grant-production of 170,000 tons of solar thin film battery ultra-white conductive film glass and deep processing project 1# photovoltaic kiln	566,666.69	–	200,000.00	**366,666.69**	Related to assets
Jiaxing City 2009 supported major investment items – TCO ultra-white conductive film project grant 1#Float Kiln	5,666,666.63	–	2,000,000.00	**3,666,666.63**	Related to assets
Jiaxing City 2012 first batch of industrial development fund grantannual output of 170,000 tons of low – E glass and deep processing project 2# float kiln	733,333.14	–	200,000.00	**533,333.14**	Related to assets

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Defered revenue (Continued)

Projects of government grants: (Continued)

Projects	Opening balance	Amount increased in the year	Amount included in other income in the year	**Amount decreased in the year**	Related to assets/related to revenue
Jiaxing City 2012 provincial energy-saving financial grant – 2 production lines of furnace flue gas waste heat utilization Phase II project with supporting construction of waste heat boilers and steam turbine generator sets	490,291.47	–	100,000.00	**390,291.47**	Related to assets
Annual production of 15 million square meters of solar photovoltaic ultra-white glass expansion project	1,924,778.54	–	500,000.04	**1,424,778.50**	Related to assets
Jiaxing City 2012 first batch of industrial development fund grant –2*600t/d glass melting furnace flue gas waste heat power generation first phase construction's technical transformation project	383,495.34	–	100,000.00	**283,495.34**	Related to assets
TCO ultra-white conductive film project grant	5,010,862.91	–	1,500,000.00	**3,510,862.91**	Related to assets
Jiaxing City 2012 first batch of industrial development fund subsidy–annual output of 15 million square meters of solar photovoltaic ultra-white glass project 1# photovoltaic kiln	2,450,494.85	–	500,000.00	**1,950,494.85**	Related to assets
2014 industrial transformation and upgrading items (central infrastructure investment) Flat Glass annual production of 5.8 million square meters LOW-E glass deep processing project	5,580,000.00	–	930,000.00	**4,650,000.00**	Related to assets
Glass melting furnace flue gas denitrification technology project grant	7,032,777.74	–	1,006,666.67	**6,026,111.07**	Related to assets
Annual production of 5.8 million square meters LOW-E glass deep processing project	6,693,596.00	–	819,624.00	**5,873,972.00**	Related to assets
Total	45,599,630.00	–	11,056,290.71	**34,543,339.29**	

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

24. Undistributed profit

RMB

Items	**Amount for the year**	Amount for last year
Undistributed profit at the beginning of the year	**1,656,733,410.15**	1,414,743,671.11
Add: Net profit	**253,964,483.32**	268,877,487.83
Less: Accrual of statutory surplus reserves	**25,396,448.33**	26,887,748.79
Distributed profit	**140,400,000.00**	–
Undistributed profit at the end of the year	**1,744,901,445.14**	1,656,733,410.15

25. Operating revenue and operating cost

(1) Operating revenue and operating cost

RMB

	Amount for the year		Amount for last year	
Items	**Revenue**	**Cost**	Revenue	Cost
Main business	**3,390,797,857.59**	**2,873,986,059.67**	2,041,440,054.84	1,630,604,304.59
Other business	**200,741,150.44**	**127,011,398.07**	73,738,617.93	47,370,690.09
Total	**3,591,539,008.03**	**3,000,997,457.74**	2,115,178,672.77	1,677,974,994.68

Note: The Company's operating revenue is recognized at a certain point in time.

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

25. Operating revenue and operating cost (Continued)

(2) Disaggregation of operating income

Disaggregation of operating income – source of revenue

RMB

	Amount for the year					
Items	PV glass	Household glass	Architectural glass	Float glass	Other business	Total
Main business area						
China	2,031,883,793.83	163,147,123.19	450,802,067.40	211,591,060.17	200,503,150.40	3,057,927,194.99
Other Asian countries and regions (excluding China)	530,848,240.90	–	1,153,972.12	–	238,000.00	532,240,213.02
North America	–	–	246,585.66	–	–	246,585.66
Others	–	–	1,125,014.36	–	–	1,125,014.36
Total	2,562,732,034.73	163,147,123.19	453,327,639.54	211,591,060.17	200,741,150.40	3,591,539,008.03

RMB

	Amount for last year					
Items	PV glass	Household glass	Architectural glass	Float glass	Other business	Total
Main business area						
China	1,246,266,735.66	120,188,325.25	391,967,965.78	201,649,080.10	73,738,617.93	2,033,810,724.72
Other Asian countries and regions (excluding China and Japan)	76,305,325.07	–	–	–	–	76,305,325.07
North America	–	–	3,531,674.43	–	–	3,531,674.43
Others	95,937.00	38,159.00	1,396,852.55	–	–	1,530,948.55
Total	1,322,667,997.73	120,226,484.25	396,896,492.76	201,649,080.10	73,738,617.93	2,115,178,672.77

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

25. Operating revenue and operating cost (Continued)

(2) Disaggregation of operating income (Continued)

Disaggregation of operating income – Methods of sales

RMB

Items	Amount for the year					
	PV glass	Household glass	Architectural glass	Float glass	Other business	Total
Methods of sales						
Direct sales	2,559,920,043.73	159,228,516.25	391,417,868.76	153,144,498.63	200,741,150.40	3,464,452,077.77
Dealer customers	2,811,991.00	3,918,606.94	61,909,770.78	58,446,561.54	–	127,086,930.26
Total	2,562,732,034.73	163,147,123.19	453,327,639.54	211,591,060.17	200,741,150.40	3,591,539,008.03

RMB

Items	Amount for last year					
	PV glass	Household glass	Architectural glass	Float glass	Other business	Total
Methods of sales						
Direct sales	1,320,354,350.13	117,963,371.11	357,438,533.14	148,679,573.60	73,738,617.93	2,018,174,445.91
Dealer customers	2,313,647.60	2,263,113.14	39,457,959.62	52,969,506.50	–	97,004,226.86
Total	1,322,667,997.73	120,226,484.25	396,896,492.76	201,649,080.10	73,738,617.93	2,115,178,672.77

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

25. Operating revenue and operating cost (Continued)

(3) Performance obligations

The Comapany's main business activities are the production and sales of glass products. The Comapny shall ship the product to the customer's designated location or the product shall be picked up by the customer. The product is still controlled by the Company before the customer's acceptance confirmation. Only when the customer receives the product and the qualified acceptance is made, the control of the product is transferred to the customer and the Group recognises the revenue. After the customer makes the acceptance, the customer has full rights to decide the selling manner and price of the goods, and assumes the primary responsibility and the risk of loss associated with the goods. The Comapny 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.

Since all sales of the Company are within one year, according to the provisions of the new revenue standard, it is not necessary to disclose the transaction price allocated to the remaining performance obligations.

26. Taxes and surcharges

RMB

Items	**Amount for the year**	Amount for last year
Urban maintenance and construction tax	**5,695,658.73**	4,803,499.79
Educational surtax and local educational surtax	**4,068,327.66**	3,431,071.28
Property tax	**3,827,846.85**	3,288,449.33
Environmental protection tax	**1,103,693.34**	1,231,641.58
Stamp duty	**773,312.40**	518,758.80
Land use tax	**18,603.34**	–
Others	**33,074.16**	21,756.30
Total	**15,520,516.48**	13,295,177.08

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

27. Selling expenses

RMB

Items	Amount for the year	Amount for last year
Transportation expenses	**56,975,061.15**	43,366,565.47
Employee compensation and welfare	**7,362,166.89**	7,433,985.10
Pallets use expenses	**–**	2,087,603.78
Depreciation and amortization	**12,305.44**	170,877.40
Others	**4,580,423.24**	5,436,396.79
Total	**68,929,956.72**	58,495,428.54

28. Administrative expenses

RMB

Items	Amount for the year	Amount for last year
Employee remuneration and benefits	**35,975,531.61**	39,121,542.43
Depreciation and amortization	**6,001,769.32**	5,771,124.50
Greening and environmental protection costs	**5,340,462.72**	4,905,338.71
Labor costs	**1,372,588.41**	4,203,687.76
Rent expenses	**2,100,703.73**	3,994,360.32
Travelling expenses	**1,106,868.25**	2,920,738.33
Intermediary agency service fee	**8,534,231.12**	984,329.17
Audit expense	**2,700,000.00**	1,550,000.00
Office expenses	**1,469,419.97**	2,263,420.33
Transportation expenses	**1,824,927.03**	1,829,608.64
Entertainment expenses	**1,625,556.88**	1,732,415.10
Repair and maintenance fee	**345,799.45**	297,538.88
Others	**8,258,149.47**	5,822,510.97
Total	**76,656,007.96**	75,396,615.14

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Research and development expenses

RMB

Items	Amount for the year	Amount for last year
Employee remuneration and benefits	**31,536,866.27**	28,523,563.65
Direct material costs	**57,014,035.18**	43,392,425.49
Depreciation and amortization	**7,299,200.70**	8,006,058.96
Others	**4,224,912.57**	52,883.56
Total	**100,075,014.72**	79,974,931.66

30. Finance expenses

RMB

Items	Amount for the year	Amount for last year
Interest expenses	**31,980,999.88**	15,368,900.18
Less: Interest income	**12,524,684.44**	13,377,822.49
Handling fee	**750,345.60**	2,355,630.09
Exchange gains and losses	**7,704,498.84**	23,899,487.07
Total	**27,911,159.88**	28,246,194.85

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

31. Other revenues

RMB

Sources of other revenues	**Amount for the year**	Amount for last year
Deferred income amortization	**11,056,290.71**	10,373,270.73
Social security subsidy	**5,305,659.25**	–
Tax handling fee refund income	**–**	803,539.61
Total	**16,361,949.96**	11,176,810.34

32. Investment income

RMB

Items		**Amount for the year**	Amount for last year
1.	Derivative tools without the specified hedging relationship	**471,707.68**	(7,449,842.86)
	Forward foreign exchange contract investment income (loss)	**1,462,800.00**	(794,675.00)
	Interest rate swap contract investment losses	**(991,092.32)**	(1,757,729.79)
	Currency swap contract investment losses	**–**	(4,897,438.07)
2.	Gain from long-term equity investment under the cost method	**–**	95,000,000.00
Total		**471,707.68**	87,550,157.14

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

33. Gains (losses) arising from changes in fair value

RMB

Items	Amount for the year	Amount for last year
Derivative tools without the specified hedging elationship	**(3,852,732.49)**	6,338,824.71
Gains (losses) arising from changes in fair value of interest rate swap contract	**(2,839,854.11)**	3,219,346.33
Gains (losses) arising from changes in fair value of forward foreign exchange contracts	**(1,012,878.38)**	1,012,878.38
Gains arising from changes in fair value of currency swap contract	**–**	2,106,600.00
Total	**(3,852,732.49)**	6,338,824.71

34. Credit impairment losses

RMB

Items	Amount for the year	Amount for last year
Bills receivables credit impairment losses	**(765,800.00)**	–
Trade receivables credit impairment losses	**(14,599,540.85)**	(5,195,846.30)
Other receivables credit impairment losses	**(100,000.00)**	–
Total	**(15,465,340.85)**	(5,195,846.30)

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

35. Asset impairment losses

RMB

Items	**Amount for the year**	Amount for last year
Inventory impairment losses	**(2,444,410.60)**	(2,335,927.27)
Fixed assets impairment losses	**(12,253,523.91)**	–
Total	**(14,697,934.51)**	(2,335,927.27)

36. Losses on disposal of asset disposal

RMB

Item	**Amount for the year**	Amount for last year
losses on disposal of fixed assets	**(7,017,163.75)**	(133,999.89)
Total	**(7,017,163.75)**	(133,999.89)

37. Non-operating income

RMB

Items	**Amount for the year**	Amount for last year
Government grants (Note (VIII) 44)	**6,304,000.00**	3,079,536.00
Others	**1,989,509.23**	2,930,144.09
Total	**8,293,509.23**	6,009,680.09

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

38. Non-operating expenses

RMB

Items	Amount for the year	Amount for last year
Public welfare donation expenses	**45,000.00**	60,000.00
Others	**55,000.00**	–
Total	**100,000.00**	60,000.00

39. Income tax expense

RMB

Items	Amount for the year	Amount for last year
Current period income tax expenses	**27,654,393.07**	18,375,156.35
Income taxes refunded for the last year	**(678,861.71)**	(493,987.08)
Deferred income tax expenses	**4,502,875.12**	(1,613,627.46)
Total	**31,478,406.48**	16,267,541.81

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

RMB

	Amount for the year	Amount for last year
Total profits	**285,442,889.80**	285,145,029.64
Income tax expense calculated at tax rate of 15% (2018:15%)	**42,816,433.47**	42,771,754.45
Effect of non-deductible costs, expenses and losses	**599,273.88**	152,076.58
Tax effect of tax-exempt income	**–**	(14,250,000.00)
Refund of the income tax for last period	**(678,861.71)**	(493,987.08)
Effect on research and development costs plus deduction	**(11,258,439.16)**	(8,908,585.00)
Effect of deductible losses or deductible temporary difference of nrecognized deferred tax assets in the previous period	**–**	(3,003,717.14)
Income tax expenses	**31,478,406.48**	16,267,541.81

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

40. Supplementary information for income statement

RMB

Items	Amount for the year	Amount for last year
Consumed raw materials	**2,800,348,272.15**	1,476,535,128.00
Changes in finished goods and work in process inventory	**(19,741,913.53)**	4,472,724.82
Employee remuneration expenses	**149,420,168.35**	136,261,063.35
Depreciation and amortization expenses	**161,607,858.31**	141,816,179.83
Finance expenses	**27,911,159.88**	28,246,194.85
Transportation expenses	**56,975,061.15**	43,366,565.47
Audit fee	**2,700,000.00**	1,550,000.00
Non-deductible VA	**–**	7,917,050.72
Asset impairment losses	**14,697,934.51**	2,335,927.27
Credit impairment losses	**15,465,340.85**	5,195,846.30
Taxes and surcharges	**15,520,516.48**	13,295,177.08
Other expenses	**95,348,990.71**	79,923,257.83
Total	**3,320,253,388.86**	1,940,915,115.52

41. Notes to items in cash flow statement

(1) Other cash received and related to business activities

RMB

Items	Amount for the year	Amount for last year
Interest income	**12,524,684.44**	13,377,822.49
Government grants related to income	**11,609,659.25**	3,079,536.00
Government grants related to assets	**–**	6,830,200.00
Operating margin	**300,000.00**	100,000.00
Commission	**55,000.00**	–
Others	**2,002,009.23**	1,418,127.87
Total	**26,491,352.92**	24,805,686.36

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

41. Notes to items in cash flow statement (Continued)

(2) Other cash paid and related to operating activities

RMB

Items	Amount for the year	Amount for last year
Paid fees	**158,037,873.25**	130,250,034.47
Operating margin	**2,004,000.00**	550,000.00
External donation expenditure	**45,000.00**	60,000.00
Handling charge	**750,345.60**	2,355,630.09
Others	**106,364.90**	263,000.00
Total	**160,943,583.75**	133,478,664.56

(3) Other cash received and related to investment activities

RMB

Items	Amount for the year	Amount for last year
Funds borrowed to subsidiary withdrawal	**151,254,094.84**	180,008,534.52
Recovery of restricted monetary funds	**94,773,995.52**	73,020,448.51
Project margin	**744,600.00**	17,480,000.00
Total	**246,772,690.36**	270,508,983.03

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

41. Notes to items in cash flow statement (Continued)

(4) Other cash paid and related to investment activities

RMB

Items	Amount for the year	Amount for last year
Funds borrowed to subsidiary	**238,903,844.36**	628,805,426.55
Payment of restricted monetary funds	**93,535,716.39**	87,641,645.87
Cash paid for investment losses	**1,287,492.32**	9,735,392.86
Project margin	**4,490,000.00**	–
Total	**338,217,053.07**	726,182,465.28

(5) Other cash received and related to fundraising activities

RMB

Items	Amount for the year	Amount for last year
Funds borrowed from subsidiaries	**29,460,657.26**	531,326,898.17
Recovery of restricted monetary funds	**139,222,902.05**	156,156,608.74
Total	**168,683,559.31**	687,483,506.91

(6) Other cash paid and related to fundraising activities

RMB

Items	Amount for the year	Amount for last year
Payment of restricted monetary funds	**128,443,255.70**	181,361,282.90
Repayment of funds borrowed from subsidiaries	**311,597,600.00**	238,498,300.00
A-share listing fee	**4,473,114.11**	7,125,017.39
Total	**444,513,969.81**	426,984,600.29

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

42. 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	**253,964,483.32**	268,877,487.83
	Add: Asset impairment provision (reversal)	**14,697,934.51**	2,335,927.27
	Credit impairment losses	**15,465,340.85**	5,195,846.30
	Depreciation of fixed assets	**154,492,619.75**	136,292,718.61
	Amortization of intangible assets	**7,115,238.56**	5,523,461.22
	Losses for disposal of fixed assets, intangible assets and other long-term assets	**7,017,163.75**	133,999.89
	Fair value change (gains) losses	**3,852,732.49**	(6,338,824.71)
	Finance expenses	**31,980,999.88**	15,368,900.18
	Investment gain	**(471,707.68)**	(87,550,157.14)
	Decrease in deferred income tax assets (less: increase)	**4,502,875.12**	(1,613,627.46)
	Decrease in inventory (less: increase)	**(49,700,723.31)**	21,175,040.20
	Decrease of operating receivables (less: increase)	**(773,966,523.19)**	77,561,416.04
	Increase in operating coping projects	**631,828,586.09**	99,836,906.38
	Deferred income amortization	**(11,056,290.71)**	(10,373,270.73)
	Net cash flow from operating activities	**289,722,729.43**	526,425,823.88
(2)	Net changes in cash and cash equivalents		
	Closing balance of cash	**158,928,035.19**	171,799,091.46
	Less: opening balance of cash	**171,799,091.46**	176,663,254.34
	Net decrease in cash and cash equivalents	**(12,871,056.27)**	(4,864,162.88)

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

42. Supplementary information for cash flow statement (Continued)

(2) Component of cash and cash equivalents

RMB

Items		Closing balance	Opening balance
I.	Cash	**158,928,035.19**	171,799,091.46
	Including: Cash on hand	**13,313.83**	10,060.84
	Blank deposit available for payment	**158,914,721.36**	171,789,030.62
	Other monetary funds available for payment	**–**	
II.	Cash equivalents		
	Cash and cash equivalents at the end of the year	**158,928,035.19**	171,799,091.46

43. Assets with restricted ownership or use rights

RMB

Items	Closing balance of book value	Reasons for restriction
Monetary funds	**64,636,754.04**	Bills deposits,etc.
Bills receivable	**331,376,468.18**	Pledged to bank to obtain discount
Fixed assets	**201,193,709.77**	Pledged to bank to obtain credit facilities
Intangible assets	**136,927,806.30**	Pledge to bank to obtain credit facilities
Total	**734,134,738.29**	

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

44. Government grants

RMB

Items	Asset-related/ revenue-related	Listed items	**Amount for the year**
Social security subsidy	Revenue	Other revenues	**5,305,659.25**
listing incentive fees	Revenue	Non-operating revenue	**3,000,000.00**
Industrial development subsidy	Revenue	Non-operating revenue	**2,144,600.00**
Jiaxing Mayor Quality Award	Revenue	Non-operating revenue	**500,000.00**
Others	Revenue	Non-operating revenue	**659,400.00**
Total			**11,609,659.25**
Including: Government subsidies included in the period profit and loss			**11,609,659.25**

45. Related Parties and Related Party Transactions

(1) The Company's other related parties

Except for the subsidiaries mentioned in Note (V), for details of other related parties of the Company, please refer to Note (IX).

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(2) Related party transactions

1) Sales of goods

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Flat (Hong Kong)	Sales	**359,880,616.34**	231,600,633.92
Zhejiang Flat	Sales	**166,181,174.81**	135,074,877.21
Shanghai Flat	Sales	**19,356,946.26**	86,951,442.59
Zhejiang Jiafu	Sales	**97,472,108.04**	39,415,026.59
Anhui Flat Glass	Sales	**40,036,484.23**	657,010.11
Flat Import & Export	Sales	**33,431,321.78**	–
Flat (Vietnam)	Sales	**1,153,972.12**	–
Jiaxing Yihe Machinery Co., Ltd.	Sales	**11,698.89**	1,240,983.00
Total		**717,524,322.47**	494,939,973.42

2) Purchase of goods

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Anhui Flat Glass	Purchase of raw materials	**1,302,244,515.30**	279,104,346.91
Zhejiang Jiafu	Purchase of raw materials	**189,148,626.71**	100,128,582.34
Flat (Hong Kong)	Purchase of raw materials	**6,395,752.57**	31,354,789.26
Flat New Energy	Purchase of raw materials	**6,185,026.98**	6,720,781.35
Zhejiang Flat	Purchase of raw materials	**1,311,840.70**	2,442,344.56
Total		**1,505,285,762.26**	419,750,844.42

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(3) Related lease

The company as the lessor:

RMB

Lessee name	Type of leased asset	**Amount for the year Recognized rental incomes**	Amount for last year Recognized rental incomes
Zhejiang Flat	Houses	**476,190.48**	476,190.48

The company as the lessee:

RMB

Lessor name	Type of leased asset	**Amount for the year Recognized rental expenses**	Amount for last year Recognized rental expenses
Jiaxing Yihe Machinery Co., Ltd.	Houses	**4,304,772.24**	3,994,360.32

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(4) Sales of fixed assets

RMB

Related parties	Content of the related party transaction	**Amount for the year**	Amount for last year
Anhui Flat Glass	Sales of fixed assets	–	50,000.00
Zhejiang Flat	Sales of fixed assets	–	12,393.16
Total		–	62,393.16

(5) Procurement of fixed assets and engineering materials

RMB

Related party	Content of the related party transaction	**Amount for the year**	Amount for last year
Zhejiang Jiafu	Procuremen of fixed assets and engineering materials	**1,616,045.88**	466,183.32
Total		**1,616,045.88**	466,183.32

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(6) Amounts due to/from related parties

RMB

Items	Related parties	**Closing balance**	Opening balance
Trade receivables	Flat Import & Export	**37,777,393.60**	–
Trade receivables	Flat (Hong Kong)	**19,185,435.74**	77,211,572.52
Trade receivables	Zhejiang Jiafu	**5,661,096.37**	–
Trade receivables	Jiaxing Yihe Machinery Co., Ltd.	**1,453,110.99**	1,439,540.28
Trade receivables	Zhejiang Flat	**478,859.47**	2,380,497.00
Trade receivables	Flat (Vietnam)	**277,360.60**	–
Trade receivables	Shanghai Flat	**–**	21,096,133.50
Total		**64,833,256.77**	102,127,743.30
Other receivables	Zhejiang Jiafu	**135,098,615.16**	66,780,150.86
Other receivables	Anhui Flat Material	**46,620,000.00**	45,020,000.00
Other receivables	Flat (Vietnam)	**3,670,000.00**	3,090,000.00
Other receivables	Flat Import & Export	**168,405,380.06**	–
Other receivables	Jiaxing Yihe Machinery Co., Ltd.	**2,000,000.00**	–
Total		**355,793,995.22**	114,890,150.86
Other current assets	Jiaxing Yihe Machinery Co., Ltd.	**4,609,365.80**	2,199,289.07
Other non-current assets	Anhui Flat Glass	**500,000,000.00**	641,398,286.99
Other non-current assets	Flat New Energy	**20,297,150.88**	30,152,958.73
Total		**520,297,150.88**	671,551,245.72
Contract liabilities	Shanghai Flat	**10,785,418.88**	–
Other payables	Flat (Hong Kong)	**311,264,855.43**	593,401,798.17
Other payables	Zhejiang Jiafu	**8,237.38**	8,237.38
Total		**311,273,092.81**	593,410,035.55
Interest payable	Flat (Hong Kong)	**1,395,871.73**	9,505,103.89
Trade payables	Anhui Flat Glass	**396,875,487.87**	19,213,607.35
Trade payables	Zhejiang Flat	**2,732.11**	–
Trade payables	Flat (Hong Kong)	**–**	11,294,996.12
Trade payables	Zhejiang Jiafu	**–**	9,879,268.17
Total		**396,878,219.98**	40,387,871.64

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(7) Borrowing to related parties

RMB

Related parties	Amount borrowed to	Repayment amount	Commencement date	Expiry date	**Year end amount**	Particulars
During the year						
Anhui Flat Material	1,600,000.00	–	Nil	Nil	**46,620,000.00**	Interest free with no fixed term of repayment
Anhui Flat Glass	–	141,398,286.99	Nil	Nil	**–**	Interest free with no fixed term of repayment
Anhui Flat Glass	–	–	2018-07-01	2022-6-30	**500,000,000.00**	Fixed rate at 4.75%
Flat New Energy	–	9,855,807.85	Nil	Nil	**20,297,150.88**	Interest free with no fixed term of repayment
Flat (Vietnam)	580,000.00	–	Nil	Nil	**3,670,000.00**	Interest free with no fixed term of repayment
Zhejiang Jiafu	68,318,464.30	–	Nil	Nil	**135,098,615.16**	Interest free with no fixed term of repayment
Flat Import & Export	168,405,380.06	–	Nil	Nil	**168,405,380.06**	Interest free with no fixed term of repayment
During last year						
Anhui Flat Material	50,525,460.58	12,980,000.00	Nil	Nil	**45,020,000.00**	Interest free with no fixed term of repayment
Anhui Flat Glass	–	132,406,346.73	Nil	Nil	**141,398,286.99**	Interest free with no fixed term of repayment
Anhui Flat Glass	500,000,000.00	–	2018-07-01	2022-6-30	**500,000,000.00**	Fixed rate at 4.75%
Flat New Energy	1,622,620.42	25,534,993.10	Nil	Nil	**30,152,958.73**	Interest free with no fixed term of repayment
Flat (Vietnam)	790,000.00	–	Nil	Nil	**3,090,000.00**	Interest free with no fixed term of repayment
Zhejiang Jiafu	75,867,345.55	9,087,194.69	Nil	Nil	**66,780,150.86**	Interest free with no fixed term of repayment

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(8) Borrowings from related parties

RMB

Related parties	Amount borrowed	Repayment amount	Commencement date	Expiry date	**Year end amount**	Particulars
During the year						
Flat (Hong Kong)	–	137,264,000.00	2018-03-15	2019-03-14	**–**	Fixed rate at 3%
Flat (Hong Kong)	–	68,632,000.00	2018-03-29	2019-12-18	**–**	Fixed rate at 3%
Flat (Hong Kong)	–	65,200,400.00	2017-12-07	2018-12-06	**–**	Fixed rate at 2%
Flat (Hong Kong)	–	40,501,200.00	2018-05-15	2020-05-14	**41,857,200.00**	Fixed rate at 2%
Flat (Hong Kong)	29,460,657.26	–	Nil	Nil	**269,407,655.43**	Interest free with no fixed term of repayment
During last year						
Flat (Hong Kong)	137,264,000.00	–	2018-03-15	2019-03-14	**137,264,000.00**	Fixed rate at 3%
Flat (Hong Kong)	68,632,000.00	–	2018-03-29	2020-03-12	**68,632,000.00**	Fixed rate at 3%
Flat (Hong Kong)	–	52,273,600.00	2017-07-19	2018-07-18	**–**	Fixed rate at 4%
Flat (Hong Kong)	–	65,342,000.00	2017-07-16	2018-03-15	**–**	Fixed rate at 4%
Flat (Hong Kong)	–	81,677,500.00	2017-10-27	2018-10-26	**–**	Fixed rate at 4%
Flat (Hong Kong)	–	39,205,200.00	2017-11-21	2018-11-20	**–**	Fixed rate at 4%
Flat (Hong Kong)	3,125,500.00	–	2017-12-07	2018-12-06	**65,200,400.00**	Fixed rate at 2%
Flat (Hong Kong)	82,358,400.00	–	2018-05-15	2020-05-14	**82,358,400.00**	Fixed rate at 2%
Flat (Hong Kong)	239,946,998.17	–	Nil	Nil	**239,946,998.17**	Interest free with no fixed term of repayment

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(9) Interest income

RMB

Related party	Content of the related party transaction	**Amount for the year**	Amount for last year
Anhui Flat Glass	borrowing funds	**22,405,660.46**	12,138,888.89

(10) Interest expense

RMB

Related party	Content of the related party transaction	**Amount for the year**	Amount for last year
Flat (Hong Kong)	borrowing funds	**3,937,103.47**	15,088,190.60

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(11) Receiving guarantees from related parties

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2019
During the year					
Zhejiang Jiafu	The Company	16,000,000.00	2018-12-26	2019-04-02	Yes
Zhejiang Jiafu	The Company	29,000,000.00	2018-04-02	2019-03-31	Yes
Zhejiang Jiafu	The Company	29,000,000.00	2018-04-04	2019-03-20	Yes
Zhejiang Jiafu	The Company	27,000,000.00	2018-04-08	2019-04-03	Yes
Zhejiang Jiafu	The Company	20,000,000.00	2018-06-13	2019-06-11	Yes
Zhejiang Jiafu	The Company	9,506,772.12	2019-01-09	2019-12-20	Yes
Zhejiang Jiafu	The Company	29,000,000.00	2019-03-22	2019-12-04	Yes
Zhejiang Jiafu	The Company	27,000,000.00	2019-04-02	2019-12-04	Yes
Zhejiang Jiafu	The Company	27,904,800.00	2019-08-07	2020-08-01	No
Zhejiang Jiafu	The Company	7,773,417.81	2019-09-09	2020-03-06	No
Zhejiang Jiafu	The Company	8,250,891.25	2019-10-16	2020-04-13	No
Zhejiang Jiafu	The Company	55,809,600.00	2019-10-24	2020-10-23	No
Zhejiang Jiafu	The Company	50,000,000.00	2019-01-31	2020-01-21	No
Zhejiang Jiafu	The Company	30,000,000.00	2019-08-20	2020-08-19	No

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(11) Receiving guarantees from related parties (Continued)

RMB

Guarantor(s)	Guaranteed parties	Amount duaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2019
During last year					
Zhejiang Jiafu	The Company	10,000,000.00	2017-11-24	2018-11-23	Yes
Zhejiang Jiafu	The Company	10,000,000.00	2017-12-22	2018-12-21	Yes
Zhejiang Jiafu	The Company	16,000,000.00	2018-12-26	2019-12-25	Yes
Zhejiang Jiafu	The Company	29,000,000.00	2018-04-02	2019-03-31	Yes
Zhejiang Jiafu	The Company	29,000,000.00	2018-04-04	2019-03-20	Yes
Zhejiang Jiafu	The Company	27,000,000.00	2018-04-08	2019-04-03	Yes
Zhejiang Jiafu	The Company	20,000,000.00	2018-06-13	2019-06-11	Yes

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties

RMB

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2019
During the year					
The Company	Zhejiang Jiafu	49,500,000.00	2018-06-22	2019-06-19	Yes
The Company	Zhejiang Jiafu	27,317,200.00	2018-08-08	2019-08-06	Yes
The Company	Zhejiang Jiafu	12,000,000.00	2018-09-13	2019-09-10	Yes
The Company	Zhejiang Jiafu	30,000,000.00	2019-01-02	2019-07-02	Yes
The Company	Zhejiang Jiafu	49,500,000.00	2019-04-23	2019-12-09	Yes
The Company	Zhejiang Jiafu	19,533,360.00	2019-06-21	2019-12-17	Yes
The Company	Zhejiang Jiafu	20,000,000.00	2019-11-20	2019-12-11	Yes
The Company	Zhejiang Jiafu	29,500,000.00	2019-02-22	2020-02-21	No
The Company	Zhejiang Jiafu	30,000,000.00	2019-07-19	2020-07-18	No
The Company	Zhejiang Jiafu	50,000,000.00	2019-12-12	2020-08-01	No
The Company	Anhui Flat Glass	6,000,000.00	2019-01-24	2020-01-22	No
The Company	Anhui Flat Glass	40,000,000.00	2019-01-29	2020-01-28	No
The Company	Anhui Flat Glass	50,000,000.00	2019-03-27	2020-03-27	No
The Company	Anhui Flat Glass	29,000,000.00	2019-10-28	2020-04-27	No
The Company	Anhui Flat Glass	100,000,000.00	2019-11-20	2020-11-20	No
The Company	Anhui Flat Glass	19,999,550.00	2019-04-02	2019-09-26	Yes
The Company	Anhui Flat Glass	4,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	9,756,056.00	2017-06-09	2022-12-25	No
The Company	Anhui Flat Glass	31,597,604.03	2017-07-14	2022-12-25	No
The Company	Anhui Flat Glass	9,461,900.00	2017-05-04	2021-12-25	No
The Company	Anhui Flat Glass	14,009,702.95	2017-09-18	2021-04-01	No
The Company	Anhui Flat Glass	4,662,000.00	2017-05-04	2018-04-01	Yes
The Company	Anhui Flat Glass	14,413,700.00	2018-02-05	2022-04-01	No
The Company	Anhui Flat Glass	6,107,203.21	2018-02-26	2021-04-01	No
The Company	Anhui Flat Glass	7,523,628.00	2018-03-12	2021-12-25	No
The Company	Anhui Flat Glass	6,195,070.00	2018-03-21	2021-12-25	No

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties (Continued)

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2019
The Company	Anhui Flat Glass	25,000,000.00	2018-05-29	2019-05-05	Yes
The Company	Anhui Flat Glass	22,803,354.49	2018-05-30	2019-05-05	Yes
The Company	Anhui Flat Glass	16,000,000.00	2018-06-08	2019-05-05	Yes
The Company	Anhui Flat Glass	1,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,060,214.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	7,443,700.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,106,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	6,910,195.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	17,470,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,999,288.64	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,985,810.47	2018-02-09	2022-12-25	No
The Company	Anhui Flat Glass	4,900,000.00	2018-08-30	2022-12-30	No
The Company	Anhui Flat Glass	21,302,338.00	2019-09-19	2022-12-09	No
The Company	Anhui Flat Glass	50,000,000.00	2019-03-27	2022-12-20	No
The Company	Anhui Flat Glass	3,200,000.00	2019-03-28	2019-12-20	Yes
The Company	Anhui Flat Glass	50,000,000.00	2019-04-08	2022-06-20	No
The Company	Flat (Hong Kong)	711,977,777.21	2017-10-23	2020-09-19	No
The Company	Zhejiang Jiafu	49,500,000.00	2017-12-19	2018-06-17	Yes
The Company	Zhejiang Jiafu	49,500,000.00	2017-12-20	2018-06-19	Yes
The Company	Zhejiang Jiafu	12,000,000.00	2017-09-11	2018-09-10	Yes
The Company	Zhejiang Jiafu	49,500,000.00	2018-03-01	2018-08-01	Yes
The Company	Zhejiang Jiafu	49,500,000.00	2018-06-22	2019-06-19	No
The Company	Zhejiang Jiafu	27,317,200.00	2018-08-08	2019-08-06	No
The Company	Zhejiang Jiafu	12,000,000.00	2018-09-13	2019-09-10	No
The Company	Anhui Flat Glass	4,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	9,756,056.00	2017-06-09	2022-12-25	No
The Company	Anhui Flat Glass	31,597,604.03	2017-07-14	2022-12-25	No
The Company	Anhui Flat Glass	9,461,900.00	2017-05-04	2021-12-25	No
The Company	Anhui Flat Glass	14,009,702.95	2017-09-18	2021-04-01	No

(XIII) NOTES TO THE MAIN PROJECTS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

45. Related Parties and Related Party Transactions (Continued)

(12) Providing guarantees to related parties (Continued)

Guarantor(s)	Guaranteed parties	Amount guaranteed	Commencement date	Expiry date	Fulfilment of the guarantee as at 31 December 2019
The Company	Anhui Flat Glass	4,662,000.00	2017-05-04	2018-04-01	Yes
The Company	Anhui Flat Glass	14,413,700.00	2018-02-05	2022-04-01	No
The Company	Anhui Flat Glass	6,107,203.21	2018-02-26	2021-04-01	No
The Company	Anhui Flat Glass	7,523,628.00	2018-03-12	2021-12-25	No
The Company	Anhui Flat Glass	6,195,070.00	2018-03-21	2021-12-25	No
The Company	Anhui Flat Glass	25,000,000.00	2018-05-29	2019-05-05	Yes
The Company	Anhui Flat Glass	22,803,354.49	2018-05-30	2019-05-05	Yes
The Company	Anhui Flat Glass	16,000,000.00	2018-06-08	2019-05-05	Yes
The Company	Anhui Flat Glass	1,000,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,060,214.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	7,443,700.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,106,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	6,910,195.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	17,470,000.00	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,999,288.64	2017-05-04	2022-12-25	No
The Company	Anhui Flat Glass	4,985,810.47	2018-02-09	2022-12-25	No
The Company	Anhui Flat Glass	4,900,000.00	2018-08-30	2022-12-30	No
The Company	Flat (Hong Kong)	956,433,985.82	2017-10-23	2020-09-19	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 Annoucement 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	**(6,541,402.98)**
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)	**39,114,262.40**
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-fortrading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available for-sale financial assets	**1,673,730.83**
Other non-operating income and expenses other than above	**2,231,667.62**
Subtotal	**36,478,257.87**
Effects of income tax	**(7,161,593.75)**
Effects on minority interests	**–**
Total	**29,316,664.12**

Note: The government grants included in the current profit and loss for the year are: (1) Received RMB 8,594,214.92 of the social security subsidy; (2) Received RMB 4,930,600.00 of the industrial development subsidy loan interest; (3) Received RMB 4,073,800.00 of the government for land use tax; (4) Received a listing incentive award of RMB3,000,000.00; (5) Received a loan interest subsidy of 2,870,000.00; (6) Received the Jiaxing Mayor Quality Award of RMB500,000.00; (7) Asset-related government subsidies are amortized and included in the period profit or loss was RMB 13,167,910.01. The above subsidy amount does not include the subsidy of distributed PV power generation project of RMB8427301.70 and the special subsidy of natural gas of RMB 34280000.00, 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 EQUITY AND EARNINGS PER SHARE

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

RMB

Profit in the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
During the year			
Net profit attributable to ordinary shareholders of the Company	17	0.37	N/A
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	16	0.36	N/A
During last year			
Net profit attributable to ordinary shareholders of the Company	12	0.23	N/A
Net profit attributable to ordinary shareholders of the Company excluding non-recurring items	11	0.21	N/A

3. THE GROUP'S SUMMARY OF PERFORMANCE, ASSETS AND LIABILITIES IN THE PAST FIVE ACCOUNTING YEARS

RMB

Items	2019	2018	2017	2016	2015
I. Total operating income	**4,806,804,020.96**	3,063,802,709.44	2,991,497,043.77	2,967,520,841.88	2,924,294,394.54
Less: Operating costs	**3,289,735,511.36**	2,232,762,168.05	2,127,998,095.84	1,842,360,309.46	2,042,896,369.61
Taxes and surcharges	**35,026,838.85**	28,635,983.23	35,302,715.51	34,696,184.55	33,604,055.79
Selling expenses	**255,112,912.72**	128,327,434.68	137,513,244.60	107,564,939.56	104,028,486.33
Administrative expenses	**121,498,560.29**	117,786,385.22	102,913,558.25	107,703,991.34	90,501,461.22
Research and development expenses	**204,151,559.30**	113,246,196.64	96,131,544.21	103,201,559.48	102,519,947.09
Finance expenses	**53,129,460.34**	1,611,581.32	28,490,124.09	4,418,415.20	24,762,140.56
Including: Interest expense	**65,388,264.94**	25,791,618.68	10,718,343.36	28,124,478.30	61,549,333.25
Interest income	**17,902,429.34**	18,599,358.49	9,233,927.69	6,072,449.32	1,168,219.44
Add: Other revenues	**30,189,426.63**	24,929,136.86	27,057,294.77		
Investment loss	**6,908,081.15**	(16,191,214.96)	(306,840.71)	(1,984,653.85)	–
Gains (losses) from changes in fair values	**(5,234,350.32)**	13,259,290.30	(7,072,909.14)	(751,990.86)	–
Credit impairment losses	**(12,816,559.04)**	(7,363,612.81)			
Asset impairment losses (gains)	**(14,697,934.51)**	(2,589,390.06)	8,955,619.51	(69,529,094.56)	(18,025,397.41)
Gains (losses) on disposal of assets	**(6,541,402.98)**	5,040,070.63	(146,163.71)	(5,157,704.64)	(7,495.98)
II. Operating profit	**845,956,439.03**	458,517,240.26	491,634,761.99	690,151,998.38	507,949,040.55
Add: Non-operating income	**16,897,963.68**	7,757,924.37	4,777,548.10	43,732,103.14	33,538,958.11
Less: Non-operating expense	**184,158.59**	129,905.64	558,280.15	4,098,113.88	8,391,890.46
III. Total profit	**862,670,244.12**	466,145,258.99	495,854,029.94	729,785,987.64	533,096,108.20
Less: Income tax expenses	**145,426,535.45**	58,830,542.68	69,327,266.91	126,507,459.50	102,615,668.41
IV. Net profit	**717,243,708.67**	407,314,716.31	426,526,763.03	603,278,528.14	430,480,439.79
Net profit attributable to owners of the Company	**717,243,708.67**	407,314,716.31	426,526,763.03	603,278,528.14	430,480,439.79
Profit or loss attributable to minority interests	**–**	–	–	–	–
V. Other comprehensive income (net of tax)	**10,620,833.40**	11,271,623.87	(23,386,283.63)	7,429,469.19	–
Other comprehensive income (net of tax) attributable to owners of the parent company	**10,620,833.40**	11,271,623.87	(23,386,283.63)	7,429,469.19	–
(I) Other comprehensive income that will not be reclassified to profit or loss	**–**	–	–	–	–
(II) Other comprehensive income that will be reclassified to profit or loss	**10,620,833.40**	11,271,623.87	(23,386,283.63)	7,429,469.19	–
– Translation differences in foreign currency financial statements	**10,620,833.40**	11,271,623.87	(23,386,283.63)	7,429,469.19	–
Other comprehensive income (net of tax) attributable to minority interests		–	–	–	–
VI. Total comprehensive income	**727,864,542.07**	418,586,340.18	403,140,479.40	610,707,997.33	430,480,439.79
Total comprehensive income attributable to owners of the Company	**727,864,542.07**	418,586,340.18	403,140,479.40	610,707,997.33	430,480,439.79
Other comprehensive income attributable to minority interests	**–**	–	–	–	–
VII. Earnings per share:					
(I) Basic earnings per share	**0.37**	0.23	0.24	0.34	0.31
(II) Diluted earnings per share	**N/A**	N/A	N/A	N/A	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 2019**	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Total Assets	**9,392,280,569.91**	6,953,549,102.12	5,955,543,059.66	4,466,626,823.26	4,687,534,259.42
Total Liabilities	**4,879,392,181.91**	3,284,895,438.09	2,705,169,687.06	1,508,977,928.04	2,114,759,214.53
Minority interests	**-**	–	–	–	–
Total shareholders 'equity attributable to equity holders of the Company	**4,512,888,388.00**	3,668,653,664.03	3,250,373,372.60	2,957,648,895.22	2,572,775,044.89