If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) PROPOSED 2022 NON-PUBLIC ISSUANCE OF A SHARES AND RELATED MATTERS
AND
(2) NOTICE OF THE 2022 FIRST EGM
AND
NOTICE OF THE 2022 FIRST H SHARES CLASS MEETING

Notice convening the 2022 First EGM and 2022 First H Shares Class Meeting to be held at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd., 959 Yunhe Road, Xiuzhou District, Jiaxing,

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In this circular, the following expressions shall have the following meanings unless the context requires otherwise.

"2022 First A Shares Class Meeting"	the A Shares class meeting of the Company to be convened for holders of A Shares to consider and approve, among other

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Proposal"	the 2022 non-public issuance of A Shares and the total proceeds from the Non-public Issuance shall not exceed RMB6,000 million
"Proposed Issuance" or "Non-public Issuance"	the proposed 2022 non-public issuance of not more than 30% of the total number of A Shares before the issuance
"PV"	Photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Law"	the Securities Law of the PRC
"Shanghai Stock Exchange"	Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"%"	percent

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as total in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

References to the singular number include references to the plural and vice versa and references to one gender include every gender.

English names of Chinese entities marked with "" are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese names prevails.*



II. PROPOSED 2022 NON-PUBLIC ISSUANCE OF A SHARES AND RELATED MATTERS

Information on the resolutions to be proposed at the 2022 First EGM and 2022 First Class Meetings relating to the Proposed Issuance is set out below.

1. Report on the Company's Compliance of the Conditions for the proposed Non-public Issuance of A Share

Pursuant to the Securities Law, Administrative Measures for the Issuance of Securities by Listed Companies, the Implementing Rules on the Non-public Issuance of Shares by Listed Companies and other laws, regulations and normative documents, the Company has satisfied the relevant requirements for the Non-public Issuance.

The said report will be proposed at the 2022 First EGM for Shareholders' consideration and, if thought fit, to be approved by way of a special resolution.

2. Proposed 2022 Non-public Issuance of A Shares subject to individual approval

The principal terms of the Non-public Issuance proposal are as follows:

(I) Class and nominal value of the shares to be issued

The Shares to be issued under the Non-public Issuance are RMB denominated ordinary Shares (A Shares) with a nominal value of RMB0.25 each, which will be listed on the Shanghai Stock Exchange.

(II) Method and time of issuance

The Proposed Issuance will be conducted by way of Non-public Issuance of Shares to

Subject to the obtaining of approval and reply for the Non-public Issuance from the CSRC and the Shareholders' approval at the 2022 First EGM and the 2022 First Class Meetings, the Board and the sponsor institution (lead underwriter) for the issuance will determine the final identified target subscribers according to the price consultation results of the Proposed Issuance. In the event that PRC laws and regulations have new provisions on the target subscribers of non-public issuance of shares, the Company will make adjustments accordingly. The Company will announce the list of target subscribers once the final identification is made.

None of the target subscribers will be a connected person of the Company as defined under Chapter 14A of the Listing Rules.

All target subscribers of the Non-public Issuance shall subscribe the Shares under the Non-public Issuance by cash in RMB.

(IV) Price determination date, issue price and pricing principles

The price determination date of the Shares to be issued under the Non-public Issuance shall be the first day of the issue period. In accordance with the Administrative Measures for the Issuance of Securities by Listed Companies (上市公司證券發行管理辦法) issued in June 2006 and amended in February 2020 by the CSRC, the issue price shall be not less than 80% of the average trading price of the A Shares over the 20 trading days before the price determination date. The average trading price of the A Shares over the 20 trading days before the price determination date equals to the total turnover of the A Shares over the 20 trading days before the price determination date divided by the total trading volume of the A Shares over the 20 trading days before the price determination date. In the event that there is any ex-right, ex-dividend or share capital changing matter in the Shares during the period from the price determination date to the issue date of the Proposed Issuance as a result of distribution of dividends, bonus issue, repurchase and conversion of capital reserve into share capital, the base issue price of the Shares under the Non-public Issuance shall be adjusted accordingly. As the price determination date is yet to be determined, the specific minimum price for the proposed Non-public Issuance which shall be 80% of the average trading price of the A Shares over the 20 trading days before the price determination date is yet to be determined.

Based on the aforementioned base issue price, the final issue price of the Shares shall be determined by the Board together with the sponsor institution (leading underwriter) under the authorization granted at the 2022 First EGM, the 2022 First Class Meetings and based on the bid prices offered following the price priority principle, upon obtaining approval and reply from the CSRC regarding the Proposed Issuance. The price priority principle applies for determination of investors when the total subscription amount from investors is higher than the total amount of funds to be raised by the Proposed Issuance, where subscription from investors with higher bid price will enter the application queue first until the subscription amount in the application queue reaches the total funds to be raised by the Proposed Issuance.

(V) Number of Shares to be issued

As at the date of the Proposal, the total A Shares capital of the Company was 1,696,893,254 Shares. The number of Shares to be issued under the Non-public Issuance shall not be more than 30% of the total A Shares capital of the Company before the Proposed Issuance, i.e. not more than 509.068 million Shares (inclusive) and shall be subject to the approval from the CSRC. Subject to the above, the final number of Shares to be issued shall be determined through negotiation by the Board together with the sponsor institution (leading underwriter) for the Proposed Issuance under the authorization granted at the 2022 First EGM and the 2022 First Class Meetings in accordance with relevant requirements and based on the bid prices offered, upon obtaining approval and reply from the CSRC regarding the Non-public Issuance.

Assuming that a maximum of 509.068 million A Shares will be issued under the Non-public Issuance, the shareholding structure of the Company as at the date of this circular and upon completion of the Non-public Issuance is set out as follows.

Before the proposed Non-public Issuance:

	Immediately before completion of the Proposed Issuance	
	Number of shares	**Approximate percentage of the Company's total issued share capital**
A Shares	1,696,893,254	79.04%
H Shares	450,000,000	20.96%
New A Shares to be issued under the Proposed Issuance	–	–
Total	2,146,893,254	100.00%

After the proposed Non-public Issuance:

	Immediate after completion of the Proposed Issuance	
	Number of shares	**Approximate percentage of the Company's total issued share capital**
A Shares	1,696,893,254	63.89%
H Shares	450,000,000	16.94%
New A Shares to be issued under the Proposed Issuance	509,067,976	19.17%
Total	**2,655,961,230**	**100.00%**

Upon completion of the Proposed Issuance, the total number of issued shares of the Company held by the public will be 1,400,415,030 Shares, representing approximately 52.73% of the total number of issued shares of the Company at the relevant time. Therefore, the Company could meet the public float requirement under the Listing Rules after the completion of the Proposed Issuance.

In the event that there is any share capital changing matter in the Shares during the period from the date of announcement of the Board resolutions regarding the Proposed Issuance to the date of issue as a result of bonus issue, repurchase and conversion of capital reserve into share capital, the maximum number of Shares to be issued under the Proposed Issuance shall also be adjusted accordingly.

(VI) Lock-up period

The A Shares to be issued under the Non-public Issuance and subscribed for by the target subscribers of the Proposed Issuance shall not be transferable within 6 months from the date of closing of the Proposed Issuance. Target subscribers reducing their shareholding upon expiration of the above lock-up period shall also be required to comply with the relevant requirements of laws, regulations, rules and regulatory documents such as the Company Law, the Securities Law and the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, as well as the Articles of Association. During the above lock-up period, in the event that the Shares to be issued under the Proposed Issuance and subscribed for by the target subscribers are derived from matters such as bonus issue and conversion of capital reserve into share capital by the Company, the above lock-up arrangement shall also be complied with.

(VII) Place of listing

The A Shares to be issued under the Non-public Issuance will be listed and traded on the Shanghai Stock Exchange.

(VIII) Arrangement relating to the accumulated profits prior to the Non-public Issuance

All the existing and new Shareholders will be entitled to the accumulated undistributed profits prior to the Non-public Issuance according to their shareholding percentage after the Proposed Issuance.The resolutions regarding the Non-public Issuance shall be valid for 12 months from the date when the resolutions relating to the Proposed Issuance are considered and approved at the 2022 First EGM, the 2022 First Class Meetings.The total proceeds from the Non-public Issuance shall not The proceeds after deducting relevant issuance expenses will be used as follows:*Unit: RMB'0,000*

2. The proposed amount of proceeds from the Non-public Issuance will be used according to the progress of the project which is expected to begin its operation before the end of 2022.

3. The proposed amount of proceeds from the Non-public Issuance will be used according to the progress of the project which is expected to begin its operation before the end of 2023.

4. The proposed amount of proceeds from the Non-public Issuance will mainly be used for repayment of

4. Feasibility analysis report on the use of the proceeds by the 2022 Non-public Issuance of A Shares

The total proceeds from the Non-public Issuance shall not exceed RMB6,000 million. The proceeds after deducting relevant issuance expenses will be used as follows:

Unit: RMB'0,000

No.	Use	Total investment amount	Proposed amount of proceeds to be applied
1	Annual production of 1,950,000		

6. Dilution of immediate return as a result of the Non-public Issuance, the remedial measures and related entities' commitments

The Company intends to apply for the Non-public Issuance to raise no more than RMB6.0 billion. According to the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110)* (國務院辦公廳關於進一步加强資本市場中小投資者合法權益保護工作的意見(國辦發[2013]110號)), the Guiding Opinions on Matters Concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31)* (關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見(證監會公告[2015]31號)) and other relevant documents, the Company has analyzed the possible impact of the Non-public Issuance on the common stock shareholders' interests and immediate return, and put forward specific measures for making up the gap based on the situations. Relevant entities have committed themselves to the effective implementation of the Company's measures for making up the gap. Please refer to Appendix IV to this circular for details.

It will be proposed at the 2022 First EGM for the Shareholders' consideration and, if thought fit, to be approved by way of a special resolution.

7. Dividend distribution plan for the Shareholders for the next three years (2022-2024)

In order to further enhance the transparency of cash dividend distribution of the Company, strengthen the awareness of the Company to return to Shareholders, improve and perfect the decision-making and supervision mechanism for dividend distribution, maintain the continuity and stability of profit distribution policy, protect legal interests of investors, and provide convenience for investors to obtain stable expected return, the Dividend Distribution Plan for the Shareholders for the Next Three Years (2022-2024) (the "**Plan**") is formulated by the Company in accordance with relevant laws and regulations in the Opinions on Further Promoting the Issue System of New Shares (Zheng Jian Hui Gong Gao [2013] No. 42)* (《關於進一步推進新股發行體制改革的意見》(證監會公告[2013]42號)), Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No. 37)* (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號

8. Mandate of the Board at the general meeting to deal with all matters relating to the Non-public Issuance

For the purpose of completion of the Non-public Issuance in an efficient and orderly manner, according to the arrangement of the Company on the Non-public Issuance and the relevant provisions of the Company Law, the Securities Law, the Administrative Measures for the Issuance of Securities by Listed Companies* (

(3) Rights and obligations of Guotai Junan

For the purposes of the sponsorship arrangement, Guotai Junan has the right to conduct due diligence on the Company, and has the right to obtain documents and materials related to the Company for performance of the sponsorship arrangement. The Company shall fully cooperate and ensure that the documents and materials provided are true, accurate and complete. Guotai Junan shall sponsor the Company for the Proposed Issuance. Guotai Junan shall designate two sponsor representatives to be specifically responsible for the sponsorship of the Company's Proposed Issuance. If the sponsor representative designated by Guotai Junan is removed from the list of sponsor representatives of the CSRC due to his leaving from Guotai Junan or other reasons, Guotai Junan shall replace the sponsor representative designated by it.

(4) Sponsorship

The sponsorship of the Proposed Issuance involves preliminary planning, on-site work coordination and communication, preparation of application materials, issuance sponsorship and continuous supervision.

III. THE 2022 FIRST EGM AND 2022 FIRST H SHARES CLASS MEETINGS

A notice convening the 2022 First EGM and the 2022 First H Shares Class Meeting to be held at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd. 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC, at 14:00 p.m. on Friday, 29 July 2022, is set out on pages 119 to 121 and pages 122 to 124, respectively.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, all resolutions to be proposed at the 2022 First EGM and the 2022 First H Shares Class Meeting will be voted by poll. None of the Shareholders or their respective associates is required under the Listing Rules to abstain from voting on the resolutions proposed at the 2022 First EGM and the 2022 First H Shares Class Meeting.

For the purpose of determining the entitlement for attendance and voting at the 2022 First EGM and/or the 2022 First H Shares Class Meeting (as the case may be), the H Shares register of members of the Company will be closed from 25 July, 2022 (Monday) to 29 July, 2022 (Friday), both days inclusive, during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the H Share register of members of the Company on Friday, 22 July 2022 shall be entitled to attend and vote at the 2022 First EGM and the 2022 First H Shares Class Meeting. In order to attend and vote at the general meeting, H Shareholders whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Friday, 22 July 2022. H Shareholders can attend and vote in person or appoint a proxy to attend and vote at the 2022 First EGM and/or the 2022 First H Shares Class Meeting. H Shareholders who intend to appoint a proxy to attend the 2022 First EGM and/or the 2022 First H Shares Class Meeting are requested to complete the proxy form in accordance with the instructions set out therein and return it to the H Share registrar of the Company, Tricor Investor Services Limited at Level 54 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event, not less than 24 hours before the time appointed for holding the 2022 First EGM and the 2022 First H

Shares Class Meeting, or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the 2022 First EGM and/or the 2022 First H Shares Class Meeting, or any adjourned meeting (as the case may be) should you so wish.

IV. RECOMMENDATION

The Directors are of view that the Proposed Issuance to raise funds is in line with the development needs of the Company. It will help enhance the Company's core competitiveness, improve sustainable profitability, safeguard the interests of minority Shareholders and is in line with the Company's long-term development goals and Shareholders' interests. Accordingly, the Board recommends that the Shareholders vote in favor of all the resolutions to be proposed at the 2022 First EGM and the 2022 First H Shares Class Meeting.

Yours faithfully
By order of the Board
Flat Glass Group Co., Ltd.
Ruan Hongliang
Chairman

STATEMENTS OF THE ISSUER

The Company and all members of the Board warrant that contents of the Proposal are true, accurate and complete and does not contain false representation, misleading statement or material omission.

The Company shall bear its own responsibility for any changes in its operations and income following the Non-public Issuance; investors shall bear their own investment risks arising from the Non-public Issuance.

The Proposal for the Non-public Issuance of the Company is the explanation of the Non-public Issuance made by the Board of the Company. Any statements to the contrary shall be deemed as misrepresentation.

The matters described in the Proposal do not represent the substantial judgment, confirmation, approval or validation of the approving authorities in respect of relevant matters of the Non-public Issuance. The effectiveness and completion of the relevant matters of the Non-public Issuance described in the Proposal are subject to the approval by shareholders of the Company at the general meeting and the approval or validation by the relevant approving authorities.

If investors are in any doubt as to any aspect of the Proposal, they should consult their stockbrokers, solicitor, professional accountant or other professional advisers.

IMPORTANT NOTICES

The terms or abbreviations contained in this part shall unless otherwise defined, have the same meanings as those set out in "Definitions" of the Proposal.

1. Matters related to the Non-public Issuance have been reviewed and approved by the 23rd meeting of the sixth Board of Directors of the Company and are still subject to review and approval by the Company's general meeting and approval by the CSRC before implementation. After obtaining the approval of the CSRC, the Company will apply to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for matters such as share issuance, registration and listing according to law.

2. The target subscribers of the Non-public Issuance shall be not more than 35 specified investors, including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the relevant requirements of the CSRC and other corporate bodies, individuals or other institutional investors which satisfy the relevant requirements of the relevant laws and regulations. A securities investment fund management company, securities firm, qualified foreign institutional investor and RMB qualified foreign institutional investor subscribing for the Shares through two or more products under its management shall be deemed as one single subscriber. Target subscribers which are trust investment companies shall only subscribe for the Shares with their own funds.

4. The number of A Shares to be issued under the Non-public Issuance is determined based on the total amount of proceeds divided by the issue price, and according to the requirements of Questions and Answers in respect of Issuance Regulation – Regulatory Requirements Regarding Guiding and Regulating Financing Activities of Listed Companies (Revision) of CSRC, the number of A Shares to be issued under the Non-public Issuance shall not exceed 30% of the total share capital of the Company before the Non-public Issuance. The number of A Shares to be issued under the Non-public Issuance shall not be more than 30% of the total A share capital of the Company before the Non-public Issuance, i.e. not more than 509.068 million A Shares (inclusive) and shall be subject to the approval from the CSRC. Within the above range, subject to the obtaining of approval and reply for the Non-public Issuance from the CSRC by the Company, and in accordance with relevant requirements, the Board authorized at the general meeting of the Company and the sponsor institution (lead underwriter) for the Proposed Issuance will determine the final number of A Shares to be issued through negotiation according to the price consultation results of the Proposed Issuance.

7. All the existing and new Shareholders will be entitled to the accumulated undistributed profits prior to the Non-public Issuance according to their shareholding percentage after the Proposed Issuance.

8. According to the provisions of the Notice on Further Implementation on Matters Related to Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No.37)* (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and Guidelines No. 3 on the Supervision and Administration of Listed Company – Distribution of Cash Dividends of Listed Companies (CSRC Announcement [2022] No. 3)* (《上市公司監管指引第3號 – 上市公司現金分紅》(證監會公告[2022]3號)) issued by the CSRC, the Company has formulated profit distribution policies and shareholder return plans for the next three years. For details, please refer to the section headed "SECTION IV PROFIT DISTRIBUTION POLICY OF THE COMPANY AND THE IMPLEMENTATION THEREOF" in the Proposal. Investors are advised to pay attention.

9. According to requirements of the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and

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DEFINITIONS

In the Proposal, unless otherwise stated, the following expressions have the following meanings:

I. DEFINITIONS OF GENERAL TERMS

Issuer, the Company, the Listed Company, Flat, Flat Glass	Flat Glass Group Co., Ltd., A share stock code: 601865, H share stock code: 06865
Anhui Flat Glass	Anhui Flat Photovoltaic Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司)
the Non-public Issuance, the Issuance	the Non-public Issuance of A share by Flat Glass Group Co., Ltd., with proceeds no more than RMB6,000 million
the Proposal	the Proposal for 2022 Non-public Issuance of A share of Flat Glass Group Co., Ltd.
Price Determination Date	the first day of the Issuance
Base Issue Price	80% of the average trading prices of Listed Company for the twenty trading days before the Pricing Determination Date of the Non-public Issuance
Shareholder Return Plan for the Next Three Years	the Shareholder Return Plan for the Next Three Years (2022-2024) of Flat Glass Group Co., Ltd.
General Meeting	the extraordinary general meeting of the Company
Board	the board of directors of the Company
board of Supervisors	the board of supervisors of the company
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
Articles of Association	the articles of association of Flat Glass Group Co., Ltd.
CSRC	China Securities Regulatory Commission

Administrative Measures for the Issuance	Administrative Measures for the Issuance of Securities by Listed Companies (revised in 2020)
Implementing Rules	the Implementing Rules on the Non-public Issuance of Shares by Listed Companies (revised in 2020)
the Reporting Period/the Recent Three Years and the Recent 1 Period	2019, 2020, 2021,January to March 2022
RMB, RMB'000, RMB0'000, RMB'000'000'000	RMB, RMB'000, RMB0'000, RMB'000'000'000

II. DEFINITIONS OF TERMINOLOGY

PV module	a device that use the principle of photoelectric conversion to convert the sun's radiant light into electrical energy through semiconductor materials, it is the main form of solar cells currently, mainly divided into crystalline silicon batteries and thin film batteries
Double glass module	PV module with glass cover on both sides, the conventional single-sided module has a higher power generation efficiency
crystalline silicon cell	batteries that use flaky monocrystalline silicon or polycrystalline silicon cells to conduct photoelectric conversion
Silicon wafers	Square or octagonal wafers formed by cutting silicon single crystal rods or Polycrystalline silicon ingots
Silicon rods	Single crystalline silicon in the form of rods grown from polysilicon raw materials by direct drawing (CZ) and zone melting (FZ) methods, which is single crystal in shape
Silicon ingots	Polycrystalline silicon grown through vacuum inducing smelting or directional solidification process of polysilicon raw materials, which is polycrystal in shape
Thin film battery	It generally refers to a thin-film solar cell that works with devices that can convert light energy into electrical energy through photoelectric effect or optical effect than other through monocrystal/polycrystalline silicon battery

Solar cell glass/PV glass	glass used in solar cells is divided into crystalline silicon cell glass and thin film battery glass according to different types of solar cells
Patterned glass technology	a molding method for making molten glass liquid into a plate-shaped glass ribbon in a horizontal direction by a metal roller
Float glass technology	a method of producing flat glass by floating glass liquid on the surface of molten metal (tin liquid), is currently the mainstream technology of flat glass
Light transmittance rate	visible spectrum energy ratio ranges from 380 nm to 780 nm
Tempered glass	use chemical or physical methods to form stress on the surface of the glass. When the glass is subjected to external forces, it can offset the surface stress, improve the bearing capacity, and enhance the glass’s resistance to wind pressure, cold and heat, and impact
W, KW, MW, GW	Electric power unit,wdl5,ace3(f)19.9cer unerv

SECTION I SUMMARY OF THE PROPOSAL ON THE NON-PUBLIC ISSUANCE OF SHARE

I. OVERVIEW OF THE ISSUER

Chinese name: 福萊特玻璃集團股份有限公司

English name: Flat Glass Group Co., Ltd

Date of establishment: 24 June 1998

Legal representative: Ruan Hongliang

Registered capital: RMB536,723,313.50

A share listing place: Shanghai Stock Exchange

Short name of A share: Flat

A share stock code: 601865

H share listing place: The Stock Exchange of Hong Kong Limited

Short name of H share: Flat Glass

H share stock code: 06865

Domicile: 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC

Office address: 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC

Postal code: 314001

Contact: 0573-82793013

Fax: 0573-82793015

Corporate website: http://www.flatgroup.com.cn

Email: flat@flatgroup.com.cn

Business scope: general projects including manufacturing of glass, manufacturing of technical glass product, manufacturing of mirrors and processing of similar products, provision of loading, unloading and handling services, manufacturing of metal structure, manufacturing of construction material and manufacturing of specialized machinery, provision of metal cutting and processing services, manufacturing of industrial control computers and system, sales of machinery and equipment (except for projects that are subject to approval in accordance with the relevant laws, business operation shall be conducted independently with the business licence(s) in accordance with the laws); and licensed project including import and export of goods (for projects subject to approval according to the relevant laws, operating activities shall only be carried out upon approval from relevant authority(ies), and specific licensed projects shall be subject to the results of approval).

II. THE BACKGROUND AND PURPOSE OF THE NON-PUBLIC ISSUANCE

(I) Background of the Non-public Offering

1. Driven by the global call for low carbon and environmental protection, photovoltaic solar energy, as a vital part of energy transformation in the future, will boast promising development and embrace a huge market in the future

At present, with the tightening of global energy demand and the rise of low-carbon economy, the problem of traditional energy transformation has attracted worldwide attention, and countries all over the world have introduced policies to vigorously develop green renewable energy. In November 2021, the United States House of Representatives passed the Build Back Better Act, pursuant to which the United States plans to invest $555 billion in clean energy and climate change. In October, 2021, the Government of Japan approved the sixth Strategic Energy Plan, in which the government declared the development of renewable energy as a top priority for the first time, aiming to raise the percentage of renewable energy in the power source to 36-38% by 2030, of which 14-16% of electricity is targeted to be produced from solar energy by 2030. In April 2022, the Federal Minister for Economic Affairs and Climate Action of Germany proposed a package of energy measures, including the revision of the Renewable Energy Sources Act or EEG (German: Erneuerbare-Energien-Gesetz), to promote the development of renewable energy in Germany with an aim to raise the percentage of electricity from renewable energy to 80%/100% respectively from the current 42% by 2030/2035. In terms of photovoltaics, the act clarified that the cumulative installed capacity of photovoltaics will reach 215GW by 2030, which was further increased as compared with 200GW stated in the draft. At the same time, according to the annual pace, the newly installed capacity will reach 22GW by 2026 (previously 20GW by 2028). In May 2022, the European Commission announced the "REPowerEU" energy plan, raising the proportion of renewable energy from 40% to 45% by 2030. According to REPowerEU, the Commission plans to connect solar photovoltaic power capacity of 320GW into the grid by 2025 (twice over the level in 2020), and 600GW by 2030.

As an important part of renewable energy, solar energy boasts the advantages of safety, environmental protection and sustainability. Compared with other renewable energy sources, solar energy has become a major driving force to replace fossil energy in the world. In the short term, according to the forecast of China Photovoltaic Industry Association (CPIA), it is estimated that the global annual average installed PV capacity will be 232-286GW from 2022 to 2025 with the support of industrial policies introduced by countries around the world. In the long run, according to the forecast of the International Renewable Energy Agency (IRENA), the installed capacity of solar PV will reach 8,519GW by 2050, and the power generations from solar PV will account for 25% of the total power demand by 2025, which is more than 10 times of total power generations from the solar PV in 2017. Based on the above, the PV industry will boast a broad development prospect and embrace a huge market in the future.

2. China saw a rapid development of its PV industry with the increasing percentage of power generations from solar PV

In recent years, thanks to the relevant industrial policies introduced by the Chinese government, China has seen rapid development of its PV industry. A complete photovoltaic upstream, mid-stream and downstream industrial chain has taken shape, covering the whole process from procurement of silicon material, production of silicon wafers, silicon rods and ingots, fabrication of photovoltaic cells and components, and production of photovoltaic accessories and system components to integration and operation of photovoltaic power station system. China's leading PV enterprises continue to increase their production capacity by virtue of their advantages in technology and cost control, bringing about rise in both the PV capacity and percentage of China's PV production in the global counterpart. The centre of the global PV industry has further shifted to China. From the perspective of installed capacity of PV, according to the statistics of the National Energy Administration, the newly installed PV capacity in China was 54.88GW in 2021, up by 13.86% year on year, the highest annual production over the years, and ranking first in the world for nine consecutive years. By the end of 2021, the cumulative grid-connected installed capacity of PV in China has reached 305.99GW, a year on year increase of 20.94%, ranking first in the world for seven consecutive years. Since General Secretary Xi Jinping declared China's goal of "carbon peaking and carbon neutrality" at the United Nations Global Climate Ambition Summit, the country accelerated development of its PV industry. According to the forecast of CPIA, it is estimated that the annual newly installed PV capacity of China will reach 83-99GW from 2022 to 2025, implying a huge market for the PV industry.

According to the written record of the online press conference of the National Energy Administration in the first quarter of 2022, with the continuous and rapid growth of installed capacity of PV in China, the PV power generation in China was 325.9 billion kWh in 2021, up 25.1% year on year, accounting for approximately 3.9% of the total annual power generation in China, up 0.4% year on year, which indicated that the percentage of power generation from solar PV in the total power generations gradually increased. According to the "China Photovoltaic Development Outlook 2050 (2019)" published by the Energy Department of the National Development and Reform Commission, by 2050, the annual power generation from solar PV will be approximately 6 trillion kWh, accounting for 39% of the total electricity consumption in that year.

3. Strong industrial policy support promotes the technological progress and industrial upgrading of PV industry

In December 2020, General Secretary Xi Jinping announced at the Global Climate Ambition Summit that China will aim to hit peak emissions before 2030 and for carbon neutrality by 2060. In October 2021, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Full, Accurate and Comprehensive Implementation of the New Development Concept to Achieve Carbon Emission Peaking and Carbon Neutralization (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》). The opinions further clarified: (1) the percentage of non-fossil energy consumption will be approximately 20% by 2025; (2) the percentage of non-fossil energy consumption will be approximately 25% by 2030, and the total installed capacity of wind power and solar power will reach more than 1.2 billion kW; (3) the percentage of non-fossil energy consumption will be more than 80% by 2060. In the context of striving to achieve the goal of "carbon peaking and carbon neutrality", PV energy has become the backbone of China's energy transformation with its characteristics of infinite sustainability, universality, flexibility of installation location and green environmental protection. China has issued a series of policies to promote the technological progress and industrial upgrading of PV industry. On the one hand, the country guides its PV power generation industry to develop in a healthy, orderly and scientific way by providing guidance in the installed capacity and formulating industry standards; and on the other hand, the country supports the growth of new energy power generation industry through such policies as promoting the development of PV power generation industry across the county and guaranteeing connection of PV power generation into the grid, finally achieving the goal of grid parity. In context of "Dual Carbon" policy, the active guidance and strong support of the national industrial"Dual

Secondly, the double-sided module has a higher power generation than the single-sided module because the back surface can absorb light reflected on the ground and light scattered in space, and the power generation gain is approximately 5-30%. According to the statistics of CPIA, the market penetration rate of double-sided modules increased to 37.4% in 2021 with the recognition of the power generation gain of double-sided modules by downstream applications. It is estimated that by 2023, the market share of single-sided modules will be basically equal to that of double-sided modules.

In addition, with the increasing demand for cost reduction of modules, the trend of glass thinning has gradually become prominent.

The structure optimisation of PV modules affects the development of PV glass industry. With the continuous development of large-sized, light-weight, and double-glass modules and new technologies, PV glass is gradually developing to large size and thin wafer on the premise of ensuring the reliability of modules.

(II) Purpose of the Non-public Offering

1. Further expand the production capacity to consolidate and enhance the market position

Driven by the policy of "Grid Parity", the market increasingly call for high-efficiency and low-cost products, and the backward production capacity in the PV industry is being eliminated, leading to higher industry concentration, and promoting high-quality development of PV industry.

PV glass is a necessary raw material for the manufacture of photovoltaic modules, which is closely related to the installed capacity and production of photovoltaic modules. According to the research report of Global Industry Analysts, thanks to the rapid development of PV industry, the global solar PV glass market is projected to be USD 7.6 billion in 2020 and to reach USD 44.7 billion by 2027, with the CAGR of 28.8%. Therefore, the market will embrace great potential for development.

Ongoing efforts of the Company to expand advanced production capacity of PV glass conforms to the requirements of technological progress and industrial upgrading in the PV industry, and also keeps pace with the trend of increasing demand in the PV market. Through the project for which proceeds from the non-public offering will be used, the Company will further increase its capacity scale to meet the growing market demand of PV industry, provide customers with better products and efficient and timely services, and further improve the Company's comprehensive competitive strength, thus consolidating and enhancing market position of the Company.

2. Meet working capital needs of the Company to improve its comprehensive competitiveness and risk resistance

Benefiting from the continuous growth of market size of the PV industry and the rapid improvement of the Company's production capacity, the Company saw a trend of rapid growth of operating scale. In the last three years, the revenue from main business has increased rapidly from RMB4.756 billion to RMB8.674 billion, and accordingly, the demand for working capital has increased substantially. Raising funds through the non-public offering of A shares will further optimise the Company's financial structure, reduce financial risks and improve the Company's ability to resist risks. In addition, after its financial strength has been greatly improved, the Company will lay a solid foundation for sustainable development in many aspects, such as business layout, financial capability, and long-term strategy, thus creating favourable conditions for enhancing core competitiveness of the Company and realising its leap-forward development.

III. TARGET SUBSCRIBERS AND ITS RELATIONSHIP WITH THE COMPANY

The target subscribers of the Non-public Issuance shall be not more than 35 specified investors, including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors which satisfy the relevant requirements of the CSRC and other corporate bodies, individuals or other institutional investors which satisfy the relevant requirements of the relevant laws and regulations. A securities investment fund management company, securities firm, qualified foreign institutional investor and RMB qualified foreign institutional investor subscribing for the Shares through two or more products under its management shall be deemed as one single subscriber. Target subscribers which are trust investment companies shall only subscribe for the Shares with their own funds.

Subject to the obtaining of approval and reply for the Non-public Issuance from the CSRC, the Board authorized at the general meeting of the Company and the sponsor institution (lead underwriter) for the Proposed Issuance will determine the final identified target subscribers according to the price consultation results of the Issuance. In the event that PRC laws and regulations have new provisions on the target subscribers of non-public issuance of shares, the Company will make adjustments accordingly.

As at the announcement date of the Proposal, the Non-public Issuance has no definite target subscribers, therefore, the relationship between the target subscribers and the Company can not be determined. The relationship between the target subscribers and the Company will be disclosed in the Issuance report published upon the completion of the Issuance.

IV. THE PRINCIPAL TERMS OF THE PROPOSAL FOR THE NON-PUBLIC ISSUANCE

(i) Class and nominal value of the shares to be issued

The shares to be issued under the Non-public Issuance are RMB denominated ordinary Shares (A Shares) of with a nominal value of RMB0.25 each, which will be listed domestically.

(ii) Method and time of the Issuance

The Issuance will be conducted by way of Non-public Issuance of shares to specific target subscribers. The issuance will be implemented by the Company in due course within the validity period upon obtaining approval and reply from the CSRC.

(iii) Target subscribers and subscription method

The target subscribers of the Non-public Issuance shall be not more than 35 specified investors, including securities investment fund management companies, securities firms, trust companies, finance companies, insurance institut97.1(coccuainstitqu5.1pecif)19.9(es,)-49736(ignance)-497.1(ins

(v) Number of shares to be issued

The number of A Shares to be issued under the Non-public Issuance is calculated in accordance with the total amount of funds raised from the offering divided by the issue price. As calculated by the total share capital of the Company on the date of announcement of the plan, the number of A Shares to be issued in the Non-public Issuance shall not exceed 30% of the total number of A Share of the Company prior to the offering, i.e. not more than 509.068 million A Shares (inclusive), and shall be subject to the approval of the CSRC. Within the above range, subject to the obtaining of approval and reply for the Non-public Issuance from the CSRC by the Company, the Board authorized at the general meeting of the Company and the sponsor institution (lead underwriter) for the Issuance will determine the final number of Shares to be issued through negotiation in accordance with relevant requirements and the price consultation results of the Issuance.

In the event that there is any share capital changing matter in the shares during the period from the date of announcement of the Board resolutions regarding the Issuance to the date of issue as a result of bonus issue, repurchase and conversion of capital reserve into share capital, the maximum number of shares to be issued under the Issuance shall also be adjusted accordingly.

(vi) Lock-up period

The Shares to be issued under the Non-public Issuance and subscribed for by the target subscribers of the Issuance shall not be transferable within 6 months from the date of closing of the Issuance. Target subscribers reducing their shareholding upon expiration of the above lock-up period shall also be required to comply with the relevant requirements of laws, regulations, rules and regulatory documents such as the Company Law, the Securities Law and The Rules Governing the Listing of Securities on the Shanghai Stock Exchange, as well as the Articles of Association. During the above lock-up period, in the event that the Shares to be issued under the Proposed Issuance and subscribed for by the target subscribers are derived from matters such as bonus issue and conversion of capital reserve into share capital by the Company, the above lock-up arrangement shall also be complied with.

(vii) Place of listing

The A Shares to be issued under the Non-public Issuance will be listed and traded on the Shanghai Stock Exchange.

(viii) Arrangement relating to the accumulated profits prior to the Non-public Issuance

All the existing and new Shareholders will be entitled to the accumulated undistributed profits prior to the Non-public Issuance according to their shareholding percentage after the Proposed Issuance.

(ix) Validity period of the resolutions regarding the Non-public Issuance

The resolutions regarding the Non-public Issuance shall be valid for 12 months from the date when the resolutions relating to the Proposed Issuance are considered and approved at the general meetings of the Company.

(x) Use of proceeds

V. WHETHER THE PROPOSED ISSUANCE CONSTITUTES A CONNECTED TRANSACTION

The object to Proposed Issuance is to be determined for the Issuance, and the situation whether the Issuance will constitutes a connected transaction due to subscription by related parties of the Non-public Issuance will be disclosed in the issuance report announced upon completion of the Proposed Issuance.

VI. WHETHER THE PROPOSED ISSUANCE WILL RESULT IN THE CHANGE OF THE COMPANY'S CONTROL RIGHT

As at the announcement date of the Proposal, the actual controllers of the Company are Ruan Hongliang, Jiang Jinhua, Ruan Zeyun and Zhao Xiaofei. Ruan Hongliang is the spouse of Jiang Jinhua, Ruan Zeyun is the daughter of Ruan Hongliang and Jiang Jinhua; Zhao Xiaofei is the spouse of Ruan Zeyun. All of them hold a total of 1,120,341,000 shares of the Company, accounting for 52.18% of the total share capital of the Company, of which they hold a total of 1,118,772,000 shares of the Company's A Shares, accounting for 65.93% of the Company's A share capital. The number of Shares to be issued under the Non-public Issuance shall not be more than 450 million Shares (inclusive), if it is implemented according to the upper limit of the number of shares to be issued, the proportion of shares held by Ruan Hongliang, Jiang Jinhua, Ruan Zeyun and Zhao Xiaofei in the Company's total share capital is diluted to 42.18%, and the proportion of the Company's A Shares held in the Company's A share capital is diluted to 50.72% upon the completion of the Issuance, but it does not affect the controlling status of Ruan Hongliang, Jiang Jinhua, Ruan Zeyun and Zhao Xiaofei.

II. BASIC INFORMATION ON THE PROCEEDS INVESTMENT PROJECTS

(I) Annual production of 1.95 million tons of new energy equipment thin and high-transparent panel manufacturing project

The annual production of 1.95 million tons of new energy equipment thin and high-transparent panel manufacturing project is classified as two sub-projects according to the different implementation areas, i.e. the "annual production of 750,000 tons of new energy equipment thin and high-transparent panel manufacturing project" and the "annual production of 1.20 million tons of PV module cover glass project", with an intended investment of RMB4,349,335,600 in total to build 5 PV glass production lines with a kiln melting capacity of 1,200 tons/day. The two sub-projects are intended to be invested and constructed in the adjacent plots according to the principle of "unified planning and overall construction", and the construction progress and subsequent operation of the project are aggregated. The implementation of this project is conducive to the expansion of PV glass production capacity of the Company, optimization of PV glass product structure, cost reduction through scale effect, improvement of the Company's net profit margin and promotion of sustainable business development.

1. Specific information of the Project

Project name: annual production of 1.95 million tons of new energy equipment thin and high-transparent panel manufacturing project

Subject of project implementation: Anhui Flat Photovoltaic Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司)

Site of project implementation: Fengning Industrial Park, Fengyang County, Anhui Province

Total investment: RMB4,349,335,600

Content of project construction: The Company proposes to invest RMB4,349,335,600 for the construction of annual production of 1.95 million tons of new energy equipment thin and high-transparent panel manufacturing project and 5 new PV glass production lines with a kiln melting capacity of 1,200 tons/day.

Period of project implementation: The construction period of the Project is 18 months, and the Project will reach production capacity 6 months after completion and operation.

2. Budgetary estimate of project investment

Total planned investment amount of the Project is RMB4,349,335,600, of which RMB1,212,023,300 will be used for land construction, RMB2,498,588,500 for equipment acquisition, RMB185,530,600 for basic reserve, RMB453,193,200 for initial working capital. RMB1,930,000,000 from the proceeds will be used for investment.

3. Economic benefits of the Project

(II) Annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project

The Company intends to invest RMB3,752,960,000 for annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project, and build 4 new production lines with a kiln melting capacity of 1,200 tons/day. The project will be implemented by stages. Three new production lines with a kiln melting capacity of 1,200 tons/day will be built in the Phase I, with an intended investment of RMB2,531,041,600 and a proceed invested of RMB2,270,000,000; One new production line with a kiln melting capacity of 1,200 tons/day will be built in the Phase II, with an intended investment of RMB1,221,918,400 through the Company's own funds. The implementation of the Project is conducive to the expansion of PV glass production capacity of the Company, optimization of PV glass product structure, cost reduction through scale effect, improvement of the Company's net profit margin and promotion of sustainable business development.

1. Specific information of the Project

Project name: annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project (Phase I)

Subject of project implementation: Anhui Flat Solar Glass Co., Ltd.

Site of project implementation: Fengning Industrial Park, Fengyang County, Anhui Province

Total investment: RMB2,531,041,600

Content of project construction: The Company proposes to invest RMB2,531,041,600 for the construction of annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project (Phase I) and 3 production lines with a kiln melting capacity of 1,200 tons/day.

Period of project implementation: The construction period of the Project is 18 months, and the Project will reach production capacity 6 months after completion and operation.

2. Budgetary estimate of project investment

Total planned investment amount of the Project is RMB2,531,041,600, of which RMB726,395,700 will be used for land construction, RMB1,547,172,500 for equipment acquisition, RMB113,678,400 for basic reserve, RMB143,795,100 for initial working capital. RMB2,270,000,000 from the proceeds will be used for investment.

3. Economic benefits of the Project

Internal rate of return of the Project is 16.74% (after income tax), and the investment payback period (including 18 months of construction period) is 6.62 years. After the project is put into operation, the annual average gross sales to be achieved is RMB2,956,855,800 during the full production period, and annual average net profit is RMB345,880,300. The project has high economic benefits.

4. Acquisition of project land

The land use rights grant contract (國有建設用地使用權出讓合同) (No. 341126 Gua Pai [2021] No. 134) was entered into by Anhui Flat Glass with Fengyang County Natural Resources and Planning Bureau on 23 February 2022.

III. NECESSARY ANALYSIS OF THE PROCEEDS INVESTMENT PROJECT

(I) Annual production of 1.95 million tons of new energy equipment ultra-high-transparent panel manufacturing project and annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project

1. Meet the fast-growing market demand of the PV industry and seize the development opportunities of the industry

With environmental pollution, energy shortages and other issues increasingly prominent, positive promotion of new energy strategies and acceleration of the promotion and application of new energy have become the focus of universal attention around the world. Solar PV power generation, with its merits in reliability, safety and environmental friendliness, is accelerating the replacement of traditional fossil energy sources and completing the transformation from a supplementary energy source to the mainstay of global energy supply. Countries/regions around the world have therefore introduced relevant policies to promote the development of the PV industry. According to the International Renewable Energy Agency (IRENA), the cumulative global installed capacity of solar PV is expected to reach 2,840GW in 2030, with huge market potential.

As a necessary material for the production of crystalline silicon PV modules, PV glass is an integral part of solar power generators. Benefiting from the rapid development of the PV industry and the increasing penetration of double-glazed modules, the PV glass industry sees a stable growth trend. According to a research report by Zion Market Research, the global solar PV glass market value is expected to reach USD52 billion by 2028, growing at a CAGR of 33.46%, with continued growth in the scale of the industry.

Implementation of the Project will be beneficial to significant improvement of the Company's supply capacity, meet the increasing market demand, further increase the Company's market share, and have great significance to the sustainable development of the Company.

2. Improve production capacity and enlarge advanced capacity

Over the years, the Company has always adhered to the development strategy of "long-term layout and rational planning", firmly seized the market development opportunity of the downstream industry, fully integrated the Company's advantageous resources, and continuously strengthened the Company's competitiveness in and beyond China.

In the new industry environment, the Company as a leading PV glass supplier in China sees unanimous recognition for its quality products, increasing product orders, steady expansion of production and sales volume, and ever-growing capacity utilization rate year by year. If capacity utilization rate of the existing product line remains saturated, as China continues utilizing renewable resources such as solar energy and demands for low-cost, high-quality and large-scale production capacity in the PV glass market expand, the Company will miss a good opportunity for development, which will seriously affect its market share, thus affecting its sustainable development. Therefore, to expand production capacity and improve supply capacity with the starting point of strengthening technological innovation, improving product quality and reducing production costs, it is necessary for the Company to further expand production line construction for sustainable business development.

Implementation of the Project will be beneficial for the Company to drastically enhance its supply capacity, significantly improve its existing production capacity and production level, increase the output of finished PV glass, consolidate and boost its market share, strengthen its profitability, and facilitate the Company to enable a rapid development on a large scale.

3. Follow the industry development trend and accelerate the presence in the large-size/ultra-thin ultra-high transparent PV glass industry

PV glass is the upstream raw material of PV module, its strength and transmittance directly determine the life of PV module and power generation efficiency. According to the anti-driving mechanism of the industry chain following the grid parity, the PV industry has embarked on a new round of cost reduction and efficiency improvement, and the application of new technologies has shown a development trend beyond expectation. Taking PV modules as an example, large-size 182mm silicon wafers and 210mm silicon wafers are developing rapidly because of the merits of improving the power and conversion efficiency of modules and diluting the unit system cost. According to the China Photovoltaic Industry Association, large-size 182mm wafer and 210mm wafer market share is expected to reach 75% by 2022. As China and foreign PV module manufacturers have begun to use large-size wafers, the packaged PV glass is no longer satisfied with the original small size.

In addition, considering that the solar cell photoelectric conversion efficiency can effectively reduce the cost of power generation, the key to improvement of the photoelectric conversion efficiency is to improve transmittance of and reduce thickness of PV glass. Therefore, thinner and high transmittance PV glass products will meet the needs of module companies for the pursuit of “higher quality, higher efficiency and lower cost” of advanced PV products.

The Company has years of research experience in reducing the thickness of PV glass and producing large-size PV glass because of its early presence in the large-size thin glass sector. At the same time, the Company has also implemented state-of-the-art technology to improve transmittance of PV glass, such as anti-reflection high transmittance ultra-white

The Project is based in Chuzhou City, Anhui Province. In recent years, Chuzhou's PV industry has continued quality improvement and quantitative increase for rapid development and formed a fairly complete industry chain, with leading mid- and downstream enterprises such as LONGi Green Energy, Jinko Solar, Flat, Risen Energy settling in Chuzhou. According to "Anhui Province's 14th Five-Year Plan on High-Quality Development of Manufacturing Industry (for Building a Manufacturing Powerhouse)* (《安徽省「十四五」製造業高品質發展(製造強省建設)規劃》), efforts will be made to build the province into a China-leading PV industry chain cluster with a global presence, with two bipolar cities of Hefei and Chuzhou being bellwethers.

The implementation of the proceeds investment project will be conducive to the Company to capitalize on the industrial chain policy of the city where the Project is implemented, optimize its industrial chain layout, consolidate its position in the PV industry chain, raise its market response speed and capability, providayout,Accor7(consolidate-261.3(pro)ucis)-261.3(

IV. FEASIBILITY ANALYSIS OF THE PROCEEDS INVESTMENT PROJECT

(I) The favorable national industrial policies provide support for project implementation

With the intensification of global climate change, the trend of replacing traditional energy sources with renewable energy sources is becoming increasingly serious, and accelerating the development of renewable energy generation has gradually become a global consensus. Solar energy has the merits of large total power generation, high security and reliability, contribution to the reduction of carbon dioxide emissions, and wide range of applications, etc. It is therefore favored by most countries/regions and has become the primary renewable energy source to replace the traditional fossil energy. Since the announcement of China's "carbon peak and carbon neutral" goals in 2020, the strategic direction of China's energy development and change has become clearer, the new blueprint for China's renewable energy development has been set, and a host of favorable policies have been introduced. With the issuance of various favorable polices, PV and other renewable energy sources have regained acceleration. Set below are the main polices:

Name	Time	Main principles
Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era* (《關於促進新時代新能源高質量發展的實施方案》)	May 2022	Proposed 21 specific policy initiatives in seven areas, with an aim to secure China's total installed capacity of wind and solar power generation to reach more than 1.2 billion kWh by 2030, and to accelerate the development of a clean, low-carbon, safe and efficient energy system.
Opinions on Promoting the Green Development of "Belt and Road Initiative"* (《關於推進共建「一帶一路」綠色發展的意見》)	March 2022	Encourage solar power, wind power and other enterprises to "go global" and promote the completion of a number of best practice projects for green energy progress.
Guiding Opinions on Further Promoting Electricity Alternatives* (《關於進一步推進電能替代的指導意見》)	March 2022	Vigorously promote the electrification of industrial and construction areas, and further expand the breadth and depth of electricity alternatives, and by 2025, the proportion of electrical energy in terminal energy consumption will reach about 30%.
Guiding Opinions on Energy Work in 2022* (《2022年能源工作指導意見》)	March 2022	Efforts must be made to steadily promote the transformation of energy structure to ensure that wind power and PV power generation account for about 12.2% of total electricity consumption.

Name	Time	Main principles
The 14th Five-Year Plan for the Development of Building Energy Efficiency and Green Building* (《「十四五」建築節能與綠色建築發展規劃》)	March 2022	By 2025, China's new building solar PV installed capacity will be more than 50 million kWh.
Notice on the Issuance of Several Policies to Promote Stable Growth of Industrial Economy* (《關於印發促進工業經濟平穩增長的若干政策的通知》)	February 2022	Efforts must be made to organize and implement targeted actions for innovative development across the PV industry, construct large-scale wind power and PV bases in desert and Gobi areas, encourage the development of distributed PV in the central and eastern China regions, promote the development of offshore wind power projects in Guangdong, Fujian, Zhejiang, Jiangsu, Shandong and other coastal areas, and drive investment in solar cells and wind power equipment industry chain.
The 14th Five-Year Plan for Modern Energy System* (《「十四五」現代能源體系規劃》)	January 2022	Proposed to comprehensively promote the large-scale and high-quality development of wind and solar power generation, give priority to local and nearby development and utilization, accelerate the construction of decentralized wind power and distributed PV in load centers and surrounding areas, and ensure, by 2035, decisive progress will be made in high-quality energy development and a modern energy system will be basically in place.
Action Plan for the Innovative Development of Smart PV Industry (2021-2025)* (《智能光伏產業創新發展行動計劃(2021-2025年》))	December 2021	By 2025, a complete silicon, wafers, equipment, materials, devices and other supporting capabilities will be enabled, a more intelligent PV industry will be seen, and breakthroughs in industrial technology innovation will be made.

Name	Time	Main principles
The 14th Five-Year Plan for Scientific and Technological Innovation in the Energy Sector* (《「十四五」能源領域科技創新規劃》)	November 2021	Focus on large-scale and high-proportion renewable energy development and utilization, conduct research and development of advanced power generation and comprehensive utilization technologies to deliver more efficient, more economical, more reliable solar and other renewable energy sources, and support the development and utilization of the renewable energy industry of high quality.
Opinions on the Complete, Accurate and Comprehensive Implementation of the New Development Concept for		

As a leading PV glass manufacturer, the Company has obtained nearly200 patents related to PV glass, and is an industry forerunner in key technologies such as formulation, production engineering and spontaneous breakage control for PV glass. At the same time, the Company attaches great importance to technological innovation and product development, with continued investment increase in R&D during the reporting period, and has begun to form a virtuous cycle of "projects under research – mature projects – industrialization projects" on a layer-by-layer basis, and has accumulated some reserve products with market development prospects. In addition, the Company strives to build a first-class R&D center and intensify R&D cooperation with academia-affiliated firms and famous enterprises in the industry to enhance the competitiveness of the Company's products.

In conclusion, supported by core technologies independently developed by the Company, the products of the Project are consistent in quality and perform better than similar products. Meanwhile, the core technologies independently developed by the Company have high safety and can deal with various technical challenges in a timely and targeted manner and reduce operational risk, providing reliable technical support for the smooth implementation of the Project.

(III) Broader production expertise provides a strong guarantee for project implementation

As a leading brand in the PV glass manufacturing industry, the Company has mature technology, rich construction, production and management experience, laying a good foundation for a smooth implementation of the Project.

In terms of technology, the Company has continuously updated and optimized the production process and improved the advanced level of technology after years of repeated verification. The Company has improved product quality, reduced energy consumption and cut down production costs through precise batch formula design, kiln temperature control and superior process systems, etc.

In terms of project construction, the Company has built production bases in Zhejiang, Anhui, Vietnam and other places, and successively built a number of large PV glass kilns and production lines for the production of PV glass. The Company has gained massive experience in the design, construction, operation and maintenance of large kilns, which provides experience guarantee for the implementation of the Project.

In terms of production experience, the Company, being one of the earliest to engage in the PV glass industry, will rely on the existing production process and closely cooperate with Production, Technology, Inspection and other departments to develop strict production assessment systems and quality control procedures for smooth implementation of production.

In terms of production management, the Company has established well-developed control standards in production, technology, quality, planning, staffing and equipment. Currently, the Company has passed the review of the ISO9001 quality management system and ISO14001 environmental management system, and has obtained 3C certification in China and SPF certification in Switzerland for its products. The Company will continue to optimize the standardization construction of the internal management system, and strengthen the coordination and cooperation between production management departments, and promote the sustainable development of the Company.

To summarize, during the long-term operation of the existing production base, the Company has accumulated rich experience in project construction, technology, production management, quality control and other aspects, can ensure that each work during the production and operation of the Company has rules to follow, and lay a solid foundation for the Company's rapid expansion, and provide a strong institutional and system guarantee for the smooth implementation of the Project.

(IV) High-quality customer resources and a well-established marketing network provide a guarantee for project implementation

There is a higher barrier to enter the industry, since large PV module manufacturers place a high premium on the evaluation of suppliers and their requirements for suppliers' comprehensive strength and industry experience are higher, and the process of getting PV panel products certified by authoritative bodies in export countries is time-consuming and expensive. Therefore, once a PV glass manufacturer successfully makes it onto the list of approved suppliers of large PV modules, the two sides will reach a more stable and lasting partnership.

Since its inception, the Company has been committed to PV glass production and R&D, and accumulated a wealth of industry experience and strong technical strength. Thanks to its industry-leading product quality and performance, "Flat" has also become a well-known brand recognized by customers. Relying on its excellent technical R&D capabilities and stable product performance, the Company has won overwhelming word-of-mouth among customers and has been highly recognized by the market, and has amassed rich customer resources. It has established stable strategic cooperative relationships and signed long-term sales contracts with many world-renowned PV module companies, such as Jinko Solar, LONGi Green Energy, JA Solar, Risen Energy, etc.

In addition, the Company has established a more comprehensive sales network and channels. The Company's sales team directly contacts customers and potential customers in order to reach agreement on product sales. The Company increases product exposure and promotes its products by participating in domestic and international seminars, exhibitions or fairs; maintains awareness of industry needs and strengthens networking with customers and potential customers by joining industry associations, etc.; and maintains close contact with existing customers to secure after-sales service.

The proceeds investment project revolves around the Company's existing major business to expand the production capacity of PV glass. The abundant customer reserve amassed by the Company after years of operation will be conducive to the virtuous circular development of the Company and speedy formation of strengths in the market, thereby shortening the business cultivation cycle, reducing operational risks and providing sufficient market space for the development of the Project.

V. IMPACT OF THE ISSUANCE ON THE OPERATION MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY

(i) Impact of the Non-public Issuance on the Company's operation management

The proceeds investment projects conforms to the national industrial policy and the overall strategic direction of the Company in the future, with good market development prospects and economic benefits. After the project is completed and put into operation, it will help the Company to consolidate its position in the field of PV glass, enhance its core competitiveness and improve its profitability. The use of the proceeds from the Non-public Issuance is reasonable and feasible, which is in line with the interests of the Company and all shareholders.

(ii) Effects of the Non-public Issuance on financial position of the Company

1. Effects on the financial position of the Company

After the completion of the Issuance, the size of the total assets and net assets of the Company will be greatly increased, while the gearing ratio of the Company will be decreased, the asset structure will be further optimized and the overall financial position will be improved. After the supplement of the working capital by the proceeds, it can be used to repay bank borrowings, financial costs and financial risks, as a result, the overall strength and anti-risk ability of the Company will be dramatically enhanced, thereby enhancing its future ability of going concern.

2. Effects on the profitability of the Company

The implementation of the proceeds investment projects will facilitate the Company to improve its overall profitability by further expanding its business scale of PV glass and consolidating its position of PV glass in the field. With the investment, construction and operation of the above projects, the Company's market competitiveness and overall profitability will be improved, which can effectively consolidate the Company's market position and provide reliable support for its further development.

After the Issuance, the total share capital of the Company will increase. As it will take certain time for the proceeds investment project to produce economic benefits, the Company's return on equity, earnings per share and other indicators will be diluted to some degree in short time. With the investment construction and benefits realization of proceeds investment project, the profitability of the Company will be greatly improved.

3. Effects on cash flow of the Company

Cash inflow from financing activities and cash outflow from investment activities of the Company will greatly increase due to the financing by the Non-public Issuance of A shares. In the future, with the operation of the proceeds investment projects, the profitability of the Company's main business will be improved, and the cash inflow from operating activities brought by the investment project will be increased, thus improving the Company's cash flow situation.

In conclusion, the Issuance helps to optimize the Company's financial structure, and reduce the level of the Company's asset liability ratio, and improve the Company's ability to resist risks as well as effectively relieve the Company's pressure arising from liquidity, providing a strong support for the Company's development and ensuring a smooth and healthy operation, and improving the Company's market competitiveness by reducing its operational risk, and having obvious comprehensive economic benefits.

SECTION III DISCUSSION AND ANALYSIS OF THE BOARD ON THE IMPACT OF THE PROPOSED ISSUANCE ON THE COMPANY

I. WHETHER THERE EXISTS ANY INTEGRATION PLAN FOR THE COMPANY'S BUSINESS AND ASSETS AFTER THE PROPOSED ISSUANCE; WHETHER THE ARTICLES OF ASSOCIATION OF THE COMPANY WILL BE ADJUSTED; EXCEPTED CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AND THE SENIOR MANAGEMENT STRUCTURE

(i) Whether there exists any integration plan for the company's business and assets after the issuance

The Company is a leading glass manufacturer in China. The principal activities of the Company are research and development, manufacturing and sales of PV glass products, float glass products, architectural glass products, household glass products. The Non-Public proceeds is used for the annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project, annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project and working capital projects, which comply with the industrial policies of the state and the Company's future strategic development plan. The implementation of the proceeds investment project will continue to maintain the Company's advantage in scale, and further increase the Company's market share and effectively enhance the Company's competitiveness and ability of going concern, and is conducive to the long-term and stable development of the Company.

The investment projects funded with the proceeds from the Non-public Issuance of the Company does not involve the acquisition of assets, therefore, there is no integration plan for the Company's business and assets after the Issuance.

(ii) Whether the articles of association of the company will be adjusted

Upon the completion of the Non-public Issuance, the Company's total share capital and share capital structure will change. The Company will amend matters in the Company's Articles of Association regarding to the share capital structure, registered capital, etc. related to the Issuance in accordance with the relevant regulations, and proceed with the industrial and commercial registration of changes. In addition, the Company has no other plan to amend or adjust the Company's Articles of Association.

(iii) Changes in the shareholding structure of the Company

As at the announcement date of the Proposal, the actual controllers of the Company are Ruan Hongliang, Jiang Jinhua, Ruan Zeyun and Zhao Xiaofei. Ruan Hongliang is the spouse of Jiang Jinhua, Ruan Zeyun is the daughter of Ruan Hongliang and Jiang Jinhua; Zhao Xiaofei is the spouse of Ruan Zeyun. All of them hold a total of 1,120,341,000 shares of the Company, accounting for 52.18% of the total share capital of the Company, of a3APs9i-521.3(a3ompan)14.8(y)64.85401.

(iv) Changes in the senior management structure

Non-public Issuance will not result in changes in the Company's senior management structure. As at the announcement date of the Proposal, there is no plan for the Company to adjust the senior management structure.

(v) Change of business structure

The investment project of the proceeds raised from the non-public offering is closely focused on the principal business of the Company, which will enhance the profitability of the principal business of the Company after the implementation of the project and will not lead to significant changes in the business revenue structure of the Company.

II. CHANGES IN THE FINANCIAL POSITION, PROFITABILITY AND CASH FLOW OF COMPANY AFTER THE PROPOSED ISSUANCE

(i) Effects on the financial position of the Company

After the completion of the Issuance, the size of the total assets and net assets of the Company will be greatly increased, while the gearing ratio of the Company will be decreased, the asset structure will be optimized. After the supplement of the working capital by the proceeds, it can be used to repay bank borrowings and financial expenditure, as a result, the overall strength and anti-risk ability of the Company will be dramatically enhanced.

(ii) Effects on the profitability of the Company

The implementation of the proceeds investment project in the Issuance will further improve the production capability of PV glass, and help to improve the Company's market competitiveness, consolidate the Company's market position and enhance the overall profitability of the Company, providing a reliable guarantee for the long-term and stable development of the Company in the end.

After the Issuance, the total share capital of the Company will increase. As it will take certain time for the proceeds investment project to produce economic benefits, the Company's return on equity, earnings per share and other indicators will be diluted to some degree in short time. With the investment construction and benefits realization of proceeds investment project, the profitability of the Company will be further improved in the future.

(iii) Effects on the cash Flow of the Company

After the completion of the Non-public Issuance, the cash flow of the fund-raising activity of the Company will be significantly increased. With the proceeds invested step by step, cash outflow generated from investment activity will increase gradually. In the future, with the completion and operation of proceeds investment project, the profitability of the main business of the Company will be improved, the cash inflow generated from operating activity brought by investment project will also be improved, thereby future enhancing the cash flow of the Company.

III. CHANGES IN BUSINESS RELATIONSHIP, MANAGEMENT RELATIONSHIP, CONNECTED TRANSACTIONS, HORIZONTAL COMPETITION, ETC. BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER AND ITS ASSOCIATES

The implementation of proceeds investment project will not result in changes in the business relationship and management relationship between the Company and controlling shareholder, actual controller and its associates, and will not produce new connected transactions, nor will the horizontal competition be formed.

IV. UPON THE COMPLETION OF THE ISSUANCE, WHETHER THE FUNDS AND ASSETS OF THE COMPANY ARE OCCUPIED BY THE CONTROLLING SHAREHOLDER AND ITS ASSOCIATES OR WHETHER THE COMPANY PROVIDES GUARANTEE FOR THE CONTROLLING SHAREHOLDER AND ITS ASSOCIATES

As at the announcement date of the Proposal, the use of cash and the external guarantees of the Company will strictly follow the laws and rules and the relevant regulations of the Company's Articles of Association to perform corresponding authorization deliberation procedures and fulfill the obligation of information disclosure in a timely manner. There is no such situation in which the funds and assets are occupied by the major shareholders and its associates, nor is there a situation in which the major shareholders and its associates are provided with illegal guarantees.

After the completion of the Issuance, there is no changes in the actual controller and controlling shareholder, and there is no such situation in which the funds and assets are occupied by the controlling shareholders and its associates because of the Issuance, nor is there a situation in which the controlling shareholders and its associates are provided with illegal guarantees by the Company.

V. EFFECT OF THE PROPOSED ISSUANCE ON THE LIABILITY OF THE COMPANY

As of 31 December 2021, the Company's asset-liability ratio on a consolidated basis was 41.19%. After the completion of the Issuance, the total assets and net assets of the Company will be further increased, and the gearing ratio will be accordingly decreased, the financial structure will be further optimized. The Issuance will not render the Company to increase the liabilities or contingent liabilities, nor will it cause the Company's debt ratio to be too low and the financial cost unreasonable.

VI. RISKS IN RELATION TO THE PROPOSED ISSUANCE

(i) Risks in operating performances

The operating income of the Company mainly derives from the sales of PV glass, the main products. The Reporting Period, the Company's main business income was RMB4,755.887 million, RMB6,222.273 million, RMB8,673.66.0 million and RMB3,501.584 million respectively; net profits attributable to the shareholder of the parent company were RMB717.244 million, RMB1,628.784 million, RMB2,119.919 million and RMB436.710 million respectively; net profit attributable to the owners of the Company excluding non-recurring items were RMB687.927 million, RMB1,619.339 million,RMB2,055.206 million and RMB419.703 million respectively, and the business margins were 31.03%, 42.17%, 35.57% and 21.33% respectively.

During the Reporting Period, the Company's overall sales revenue and net profit were on an upward trend. If the macroeconomic situation continues to decline in the future, the development trend and industrial policies of the industry in which the Company operates change materially and adversely, and the supply and demand of products and raw materials become seriously imbalanced, it may lead to a further decline in the Company's gross profit margin, and in extreme circumstances, there is a risk that the Company's operating profit will decline by more than 50% during the year.

(ii) Fluctuation risks in PV industry

The development of PV industry is of certain periodic, and the demand for PV glass depends on the demand for PV modules, which is subjected to numerous factors such as macroeconomics and business polices.

If countries launch relevant polices that have a significant impact on PV power generation or the industries are affected but other macroeconomics risk factors, the supply and demand of market will become imbalance, resulting in fluctuation risks in the overall development of the industry.

(iii) Trade dispute risks

On July 23, 2020, the European Commission made the first anti-dumping sunset review affirmative final ruling on Chinese photovoltaic glass and decided to continue to impose anti-dumping duties and countervailing duties on Chinese photovoltaic glass enterprises for a

On May 13, 2022, the U.S. Department of Commerce released the names of the mandatory respondents in the AD/CVD circumvention investigation and identified eight companies from the respondents in Thailand, Vietnam, Malaysia, and Cambodia for an in-depth investigation to confirm the manufacturing and exporting processes at these eight companies, to look into whether any Chinese wafers, silane, silver paste, solar glass, aluminum frames, junction boxes, EVA sheets and backsheets were used in their exported cells and modules, and whether the eight companies have direct relationships with Chinese manufacturers that would allude to attempts at AD/CVD circumvention.

During the Reporting Period, though, the sales of the Company to EU, India and America accounted for a relatively low part of the Company's income, and the Company has invested in the construction of PV glass production line in Vietnam; however, the above continuous trade disputes or the similar trade disputes in other exporting countries of the Company's products may still affect the sales price of products from these exporting countries, reducing the products competitiveness of the Company.

(iv) Risks in environmental protection

The Company is principally engaged in research and development, manufacturing and sales of various glass products, and exhausted gas and waste water and other pollutant emissions will be produced during the process of production. In 23 April 2019, the law enforcement personnel discoveredengage2 thage2laage2laage2

(ix) Accounts receivable risk

As the Company's business is in the stage of rapid development, the balance of accounts receivable of the Company is also increasing with the increase in the Company's operating revenue. At the end of each reporting period, the book balance of accounts receivable of the Company was RMB1,157,602,700, RMB1,469,627,100, RMB1,159,559,500 and RMB2,283,489,700, accounting for 12.33%, 11.98%, 5.77% and 9.76% of the total assets at the end of each period, respectively. Although the recovery of the Company's current accounts receivable is smooth, there is a risk of bad debt loss on accounts receivable if the macroeconomic environment changes or the business conditions of customers change.

(x) Risk in proceeds investment project

According to the plan for the use of proceeds, the proceeds from the Issuance is principally used to construction engineering, equipment purchase and installation projects and so on. The significant increase in the amount of investment in fixed assets will increase the fixed assets depreciation, intangible asset amortization of the Company, which will in turn increase the operating cost and fees of the Company.

The Company has already conducted full market investigation and feasibility analysis on the development trend of the industry, market outlook, supply of raw materials and other factors that the proceeds invested in, however, if there are adverse changes in the market demand of PV, and the expansion of market of the Company fails to meet the expectations, causing new production capacity from proceeds project can not be completely made full use of, and further lead to low

SECTION IV PROFIT DISTRIBUTION POLICY OF THE COMPANY AND THE IMPLEMENTATION THEREOF

I. THE PROFIT DISTRIBUTION POLICY OF THE COMPANY

According to the Notice on Further Implementation on Matters Related to Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No.37)* (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies (CSRC Announcement [2022] No.3)* (《上市公司監管指引第3號 – 上市公司現金分紅》(證監會公告[2022]3號)), as well as the related provisions of the articles of association, the existing profit distribution policy of the Company is as follows:

"1. The Company shall implement a continuous and stable profit distribution policy. It attaches importance to providing reasonable and stable investment returns for its Shareholders and maintaining the Company's long-term and sustainable development. The distribution of profits shall not exceed the limit of cumulative distributable profits.

2. The Company's profit distribution policy and specific dividend distribution scheme shall be formulated and examined by the Board and approved through the general meeting; The Board shall fully take into account the opinions of independent directors, Supervisory Committee and public investors when stipulating the profit distribution policy and dividend distribution scheme.

3. The Company may distribute its dividends by ways of cash, shares or a combination of both.

4. The Company shall distribute its distributable profit (i.e. the remaining profits after tax after the Company has made up its losses and allocated to its reserve funds) on a yearly basis. Subject to the Company's profits, an interim cash dividends distribution may be made by the Company, without audit.

5. The Company proactively implement a cash dividends distribution method. The profit distribution in cash on a yearly basis shall not be less than 20% of the distributable profits for the year. In determining the specific amount for distributing profits in cash, the Company should give due regard to whether cash flow after profit distribution satisfies the Company's normal operations and the long-term growth, so to ensure that the profit distribution plan is in line with the overall interests of Shareholders as a whole.

   (1) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividend shall be at least 80% in the profit distribution;

   (2) If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividend shall be at least 40% in the profit distribution;

(3) If the Company is at the growing development stage and has a significant capital expenditure plan, the proportion of cash dividend shall be at least 20% in the profit distribution.

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules previously stated.

Under special circumstances, if the profit distribution plan for the current year may not be determined according to the established cash dividend policy or the minimum cash dividend ratio, the Company shall disclose the specific reasons and clear opinions of independent directors in regular report. If the stock exchange where the Company's shares are listed has special provisions on the voting system and mode of the Shareholders' general meeting approving such profit distribution plan, such provisions shall be complied with.

6. If there is any distributable profit remaining after cash-based distribution is made and the Board considers that stock-based distribution may meet the overall interests of all Shareholders, the stock-based distribution may be adopted. When the Company determines the specific amount of such distribution, it should fully consider whether the total capital after such distribution will match the present scale of operation of the Company and consider the effect on future cost of debt and financing in order to ensure that the distribution plan aligns with the overall interests of all Shareholders.

7. If the Company recorded profits in last fiscal year but the Board did not propose cash profit distribution plan after the end of last fiscal year, explanation shall be made in regular report on the reasons not distributing profit and the usages of the profits not distributed and retained by the Company. The independent directors shall give independent opinions on this.

8. The Company shall explain in detail in the annual report of the formulation and implementation of the cash dividend policy.

9. If the profit distribution policy is adjusted by the Company according to the external business environment or its own operating conditions, the adjusted policy shall not violate the relevant provisions released by the CSRC and the stock exchange; the proposal in respect of policy adjustment must be approved by the Company's Board and the board of supervisors before submitting to the Shareholders' general meeting for approval. The Shareholders' general meeting may be convened on site or via the network. The independent director shall give independent opinions on this.

10. If any Shareholder illegally occupies the Company's funds, the Company shall deduct the cash profit allocated to such Shareholder to repay the amount taken."

II. THE CASH DISTRIBUTION AND THE USAGE OF THE UNDISTRIBUTED PROFITS OF THE COMPANY FOR THE LAST THREE YEARS

(i) The Cash Distribution of the Company for the Last Three Years

The Company's total profit allocated in cash for last three years amounted to RMB501.528 million, representing 33.7% of the annual average distributable profit of RMB1,488.649 million achieved for the last three years, exceeding 30%. The Company's profit distribution policy conforms to the relevant provisions of the CSRC. The specific cash distribution is as follows:

Year	**Cash dividend distribution** *(RMB0'000)*	**The net profit attributable to the parent company under consolidated statements** *(RMB0'000)*	**Percentage**
2019	5,265.00	71,724.37	7.34%
2020	44,897.80	162,878.38	27.57%
2021	–	211,991.93	–
The average annual net profit for the last three years (RMB0'000)			**148,864.89**
Accumulated cash dividends for the last three years attributable to the average annual net profit for the last three years			**33.70%**

On 26 November 2019, the Company convened the first extraordinary general meeting for the year 2019, considered and approved the Proposals on the Profit Distribution for the half year of 2019. The Company allocated a dividend of RMB52.65 million to the Shareholders.

On 9 October 2020, the Company convened the second extraordinary general meeting for the year 2020, considered and approved the Proposals on the Profit Distribution for the half year of 2020. The Company allocated a dividend of RMB127.049 million to the Shareholders.

On 20 May 2021, the Company convened the annual general meeting for the year 2020, considered and approved the Proposals on the Profit Distribution for the year 2020. The Company allocated a dividend of RMB321.929 million to the Shareholders.

Having comprehensively considered the actual operation of the Company, the demand for its own funds for the projects under construction, the issuance of convertible bonds and the impact of the epidemic, in order to achieve stable and sustainable development of the Company, create greater performance in return to shareholders and better safeguard the long-term interests of the

(iii) Formulation cycle and related decision-making mechanism of the Dividend Distribution Plan for the Shareholders

The Board of the Company shall formulate a Shareholder dividend distribution plan in accordance with the profit distribution policy determined by the Articles of Association. If the Company, in accordance with its production and operation conditions, investment planning, the need of long-term development, or changes caused by external business environment or operation situation, needs to adjust the profit distribution policy, The Board of the Company shall, starting from protection of the Shareholders' interests and based on actual situation of the Company, put forward a plan for adjustment of the profit distribution policy. Such adjustment plan shall, in advance, seek advice from the independent director, board of supervisors and Shareholders (especially the small and medium Shareholders), and communicate on such plan with Shareholders, especially the minority Shareholders through various channels including telephone, fax, e-mail and interactive investor platform. After being reviewed by the Board, such plan shall be submitted to Shareholder's general meeting, and shall only, with two thirds of the voting power by Shareholders present at the meeting, be approved. The adjusted profit distribution policy shall not violate any relevant laws and regulations, as well as provisions in regulatory documents.

The Company shall review the Dividend Distribution Plan for the Shareholders at least once every three years, and shall, in conjunction with the opinions of independent director, board of supervisors and Shareholders (especially the minority Shareholders), make appropriate and necessary modifications in the existing profit distribution policy, to determine the dividend distribution plan for the Shareholders for the time period.

(iv) Detailed shareholders dividend distribution plan for the next three years (2022-2024)

1. Profit distribution form and interval

(1) The Company distributes profits by means of a combination of cash, stock or cash stock and gives priority to profit distribution by cash. On the premise of a guarantee for cash dividend distribution, the Company can distribute profits through stock dividends. Where such stock dividends are adopted for profit distribution, authentic and reasonable factors such as corporate growth and dilution of net asset value per share shall be taken into account.

(2) The Company shall carry out annual profit distribution under the satisfaction of the conditions for profit distribution, and may also carry out interim cash dividends.

(3) Profit distribution carried out by the Company shall not exceed the scope of accumulative profit available for distribution. On the premise of meeting the fund demand for raw material purchasing, predictable important investment plan or large capital expense, Board of Directors in the Company can, in accordance with the operating profit and cash flow of the current period, carry out the semi-annual dividend distribution, and the specific plan shall be submitted to Shareholder's general meeting for approval after being reviewed by The Board. If any Shareholder illegally occupies the Company's funds, the Company shall deduct the cash dividend of the Shareholder to compensate for the funds occupied.

2. Specific conditions and minimum percentage of cash dividends

TheCompanyshallatleastsimultaneouslysatisfythefollowingconditionswhenit intends to implement cash dividend:

(1) The distributable profit (i.e. the after-tax profit after the Company makes up the loss and withdraws the housing accumulation fund) of the Company in the current year is positive, and the Company is flush with cash, and the implementation of cash dividend will not affect the subsequent continuous operation of the company;

(2) The audit institution shall issue a standard unqualified audit report on the Company's annual financial report;

(3) The Company has no main investment plan;

(4) The Company's cash dividends will not violate laws, regulations, rules, governmental normative documents, applicable rules and binding agreements and documents of the Company or its subsidiaries.

If the Company makes distribution in bonds share, the Board shall comprehensively considertheindustryfeatures,developmentstages,itsownbusinesspattern,profit level and whether there is major capital expenditure arrangement. The following situations shall be distinguished and differentiation cash dividend policy shall be put forward:

(1) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividend shall be at least 80% in the profit distribution;

(2) If the Company is at the mature stage of development and has a significant capital expenditureplan,theproportionofcashdividendshallbeatleast40%inthe profit distribution;

(3) If the Company is at the growing development stage and has a significant capital expenditureplan,theproportionofcashdividendshallbeatleast20%inthe profit distribution.

If the Company's development stage is difficult to distinguish while there is a significantcapitalexpenditurearrangement,itcanbehandledinaccordancewiththe provisions of the preceding paragraph.

The proportion of each dividend in the profit distribution is calculated based on the cashdividenddividedbytheaggregateofcashdividendandsharedividend.

If the Company is currently in the growth stage, the conditions of cash dividends are as follows: if the Company makes profits in the current year and it still has profits for distribution after making up for loss and drawing housing accumulation fund and surplus accumulation fund in accordance with the law, the Company should carry out cash dividend; the profit distribution of the Company shall not exceed the scope of accumulated distributable profit, and the profit distributed in cash in a single year shall not be less than 20% of the distributable profit realized in the current year if there is no major investment plan or major cash expenditure.

3. Formulation and implementation of profit distribution plan

After the end of each fiscal year, the Board of the Company shall propose a profit distribution plan and submit it to the general meeting for review. As for the review at the general meeting, it shall give full consideration to the opinions of independent directors, Board of Supervisors and Shareholders (especially minority Shareholders), shall be by telephone, fax, e-mail, investor relations interactive platform and other channels to take the initiative to communicate with Shareholders, especially small and medium Shareholders, fully listen to the opinions and demands of small and medium Shareholders, and timely answer the concerns of the small and medium Shareholders. After the resolution on the profit distribution plan at the general meeting, the Board of the Company shall complete the distribution of dividends (or shares) within 2 months after the general meeting.

SECTION V ANALYSIS ON DILUTION OF IMMEDIATE RETURN AS A RESULT OF NON-PUBLIC ISSUANCE OF A SHARES

According to the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110)* (國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見(國辦發[2013]110號)), the Guiding Opinions on Matters Concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31)* (關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見(證監會公告[2015]31號)) and other relevant documents, the Company has analyzed the possible impact of the Non-public Issuance on the common share shareholders' interests and immediate returns,

5. The predication of the total share capital of the Company is based on the total share capital of 2146.893 million shares on the date of the announcement of the Proposal, assuming that the convertible corporate bonds of the Company will be listed in June 2022 and the holders will not exert the rights before the end of the Issuance. Assuming that the portion of the Company's 2021 A share stock options exercisable during the first exercise period is fully exercised by the end of November 2022, without considering other factors (such as conversion of capital reserve, distribution of stock dividends, and repurchase and cancellation of restricted shares) that lead to changes in the Company's total share capital.

6. Assuming that the number of shares to be issued is not more than 509.068 million shares, and the number of shares to be issued shall be subject to the number approved by the CSRC.

7. The net profit attributable to owners of the parent in 2021 is RMB2,119,919,326.43. Assuming that the Company's net profit attributable to the shareholders of the parent in 2022 has the following three situations respectively: (1) up 10% from 2021; (2) flat with 2022; (3) down 10% from 2021.

   The profit level assumptions are only used for the measurement of the impact of the dilution of immediate returns caused by the Non-public Issuance on the Company's key financial indicators and do represent the Company's judgment about operating conditions in 2022, nor do they constitute a profit forecast.

8. The above assumption is only to test the impact of the dilution of immediate returns caused by the Non-public Issuance on the company's key financial indicators, and does not constitute profit forecast and performance commitment. Investors should not make investment decisions based on this, otherwise the Company will not be liable for any resulting losses.

(ii) Impact on key financial indicators

Item	2021/ 31 December 2021	2022/31 December 2022 Before the Issuance	2022/31 December 2022 After the Issuance
Total share capital ('0,000 shares)	214,689.33	214,794.23	265,701.03
Net assets attributable to owners of the Company at the beginning of the period (RMB'0,000)	723,474.26	1,181,016.91	1,181,016.91
Net proceeds from previous convertible corporate bonds (RMB'0,000)		397,692.12	
Total proceeds from the Issuance (RMB'0,000)		600,000.00	
Assume that the net profit attributable to owners of the Company in 2022 will increase by 10% compared with 2021			
Net profit attributable to owners of the Company (RMB'0,000)	211,991.93	233,191.13	233,191.13
Net assets attributable to owners of the Company at the end of the period (RMB'0,000)	1,181,016.91	1,482,437.70	2,082,437.70
Basic EPS (RMB/share)	0.99	1.09	1.07
Diluted EPS (RMB/share)	0.99	1.06	1.04
Weighted average return on net assets (%)	19.57	17.47	16.84
Assume that the net profit attributable to owners of the Company in 2022 will be flat compared with 2021			
Net profit attributable to owners of listed companies (RMB'0,000)	211,991.93	211,991.93	211,991.93
Net assets attributable to owners of the Company at the end of the period (RMB'0,000)	1,181,016.91	1,461,238.50	2,061,238.50
Basic EPS (RMB/share)	0.99	0.99	0.97
Diluted EPS (RMB/share)	0.99	0.97	0.95
Weighted average return on net assets (%)	19.57	16.01	15.43
Assume that the net profit attributable to owners of the Company in 2022 will decrease by 10% compared with 2021			
Net profit attributable to owners of listed companies (RMB'0,000)	211,991.93	190,792.74	190,792.74
Net assets attributable to owners of the listed company at the end of the period (RMB'0,000)	1,181,016.91	1,440,039.31	2,040,039.31
Basic EPS (RMB/share)	0.99	0.89	0.87
Diluted EPS (RMB/share)	0.99	0.87	0.85
Weighted average return on net assets (%)	19.57	14.53	13.99

As can be seen from the above table, after the completion of the Non-public Issuance, it is expected that the Company's basic earnings per share and weighted average return on net assets will decline to a certain extent in the short term. Therefore, the Company's immediate return will be diluted to a certain extent in the short term.

II. RISK DISCLOSURE CONCERNING THE DILUTION OF IMMEDIATE RETURNS CAUSED BY THE NON-PUBLIC ISSUANCE

After the proceeds in the Issuance is available, the Company's total share capital and net assets will increase to a certain degree. As the proceeds project has a certain construction cycle and it will take some process and time from the completion of the project to the production and to the production of benefits, under the circumstance that both the total share capital and net assets of the Company increase, if the Company's income scale and profits can not achieve corresponding increase, the earnings per share and the weighted average return on equity and other indicators will face a risk of decline to a certain extent.

III. EXPLANATION OF THE BOARD OF DIRECTORS ON THE NECESSITY AND RATIONALITY OF SELECTING THE PROPOSED ISSUANCE

For the necessity and rationality of the Issuance, please refer to "SECTION II NECESSARY ANALYSIS REPORT OF THE BOARD ON THE USE OF THE PROCEEDS – III. Feasibility Analysis of the Proceeds Investment Project".

IV. RELATIONSHIP BETWEEN THE PROCEEDS INVESTMENT PROJECT AND THE COMPANY'S EXISTING BUSINESS AND THE COMPANY'S PERSONNEL, TECHNICAL AND MARKET RESERVES FOR THE PROJECT

(i) Relationship between the proceeds investment project and the Company's existing business

The proceeds from the Non-public Issuance after deducting issuance costs will be used for the annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project, annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project and the working capital project.

1. Annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project and annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project

The Company is a leading glass manufacturer in China. The principal activities are research and development, manufacturing and sale of PV glass products, float glass products, architectural glass products and household glass products. Annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project and annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project matches the Company's main business and development goals. It is an expansion of the Company's existing PV glass business, which helps the Company to maintain large-scale advantages, further improve the market share, effectively enhance competitiveness and sustainable operation ability, and thus support long-term stable development.

2. Working capital project

Working capital project is conducive to easing the pressure on the Company's capital demand, reducing the asset-liability ratio, enhancing the Company's ability to prevent financial risks, and ensuring continuous investment in technology, equipment, and talents. Ultimately, they are conducive to improving the Company's profitability and conform to the Company's existing business planning and long-term development strategy.

(ii) The Company's personnel, technical and market reserves for the proceeds investment project

1. Personnel reserve

The Company is currently the leading glass manufacturing enterprise in China. After years of deep development in the industry, it has cultivated and formed a leadership team that is proficient in management and technology and has strategic vision. At the same time, it has developed a large number of professional and technical personnel and production and operation teams with solid theoretical knowledge and rich practical experience, laying a solid foundation for the sustainable development of the Company.

The Company has already reserved sufficient core technology and production personnel to meet the implementation of the proceeds investment projects. In the future, with the gradual construction and production of the projects, the Company will reserve sufficient human resources for the implementation of the proceeds investment projects by adhering to the principle of introduction and training of talents based on needs.

2. Technical reserve

After years of rapid development, the Company is currently an industrial leader in key technologies such as formula, process and self-explosion rate control of PV glass, and is one of the makers of China's PV glass industry standards.

As early as 2006, the Company became the first domestic enterprise to break the monopoly of international giants on PV glass technology and market through independent research and development, and successfully realized the localization of PV glass. In 2008, the Company's PV glass was tested and used by the Japanese company Sharp (a world-renowned PV cell module company), and its product quality reached the same level as that of the internationally renowned PV glass manufacturers including AGC, Pilkington and Saint-Gobain. At the same time, the Company is also the first in China and the fourth in the world to pass Switzerland's SPF certification.

At present, the Company has obtained nearly 200 patents related to PV glass, and also won the National Key New Product Award issued by the Ministry of Science and Technology. The Company has the industry-leading technical strength and provides reliable technical guarantee for the implementation of the Issuance.

3. Market reserve

Over the years, the Company has accumulated rich industry experience and customer resources, with a leading position in the industry. “Flat” has also become a well-known brand recognized by customers.

At present, the Company has established cooperative relations with many world-renowned PV module enterprises (including Jinko, Hanwha Group, Sunpower, LONGi), which have been highly recognized by customers. At the same time, large-scale PV module enterprises attach great importance to the evaluation of suppliers and have higher requirements on their comprehensive strength and industry experience. Moreover, it spends a lot of time and money to obtain the certification of PV glass products from authoritative institutions in exporting countries due to higher industry barriers. Therefore, once PV glass enterprises are successfully included in the list of qualified suppliers for large-scale PV modules, the two parties will reach a more stable and lasting cooperative relationship.

Abundant customer resources ensure the digestion of the Company’s production capacity, which can help the Company’s new products to quickly establish market advantages and reduce market risks. This is conducive to the Company’s healthy and ongoing development, and provides a reliable guarantee for the proceeds investment projects in the Issuance.

(ii) Accelerate the progress of proceeds investment projects and accelerate the realization of expected project benefits

The proceeds investment projects of the Company conform to the national industrial policy and the Company's development strategy, has good market prospects and economic benefits, and helps to improve the Company's market competitiveness, profitability and anti-risk ability. After the proceeds of the Issuance are in place, the Company will speed up the implementation and construction of proceeds investment projects, and strive to start production as soon as possible and achieve the expected benefits. With the smooth implementation of the proceeds investment projects, the Company will enhance its profitability and make up for the dilution of immediate returns caused by the Issuance.

(iii) Ensure a sustainable and stable profit distribution system and strengthen the investment return mechanism

In order to improve and perfect the Company's reasonable, continuous and stable dividend decision-making and supervision mechanism, increase the transparency and operability of profit distribution decision-making, actively provide return to investors, and guide investors to set up long-term and rational investment concepts, the Company has formulated the Shareholder Dividend Distribution Plan for the Next Three Years (2022-2024) of Flat Glass Group Co., Ltd. to establish a sound and effective shareholder return mechanism in accordance with the Notice on Further Implementation on Matters Related to Cash Dividends of Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》) and Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies (CSRC Announcement [2022] No.3)* (《上市公司監管指引第3號 – 上市公司現金分紅》(證監會公告[2022]3號)) issued by CSRC. After the completion of the Issuance, the Company will actively promote the distribution of profits to shareholders in accordance with laws and regulations and on the premise of meeting the conditions for profit distribution, so as to effectively maintain and increase the returns to shareholders.

(iv) Improve the corporate governance structure and provide isstructropi4eva.3(teuctr)17.lystru10(porate)-

VI. COMMITMENT OF THE COMPANY'S CONTROLLING SHAREHOLDER, ACTUAL CONTROLLER, DIRECTORS AND SENIOR MANAGEMENT TO TAKE REMEDIAL MEASURES FOR THE DILUTED IMMEDIATE RETURN CAUSED BY THE NON-PUBLIC ISSUANCE

(i) Commitment of directors and senior management

The directors and senior management of the Company promise to faithfully and diligently perform their duties, safeguard the legitimate rights and interests of the Company and all shareholders, and make the following commitments to ensure that the Company's remedial measures can be effectively implemented in accordance with the relevant provisions of CSRC:

(ii) Commitments of the Company's controlling shareholders and actual controllers

According to the relevant regulations of CSRC, the controlling shareholders and actual controllers of the Company make the following commitments to ensure that the Company's remedial measures can be effectively implemented:

1. Promise to exercise shareholders' rights in accordance with relevant laws, regulations and the Articles of Association, and promise not to interfere in the Company's operation and management activities beyond its authority or usurp the Company's interests;

2. From the date of issuance of this commitment to the completion of the Company's Non-public Issuance, if CSRC makes other new regulatory provisions on remedial measures and commitments, and the above commitments cannot meet the requirements of the CSRC, the directors and senior management will promise to issue a supplementary commitment according to the then latest regulations of the CSRC;

3. The controlling shareholders and actual controllers promise to earnestly implement the relevant remedial measures and any commitments they have made regarding the remedial measures, and they are willing to bear the compensation responsibility to the Company or investors according to laws in case of violation of these commitments which causes losses to the Company or investors.

If we, as one of the responsible parties of the remedial measures for returns, violate the aforesaid undertakings or refuse to fulfill the aforesaid undertakings, we agree that the CSRC, the Shanghai Stock Exchange or other security regulators can penalize us or take relevant administrative measures against us in accordance with relevant rules promulgated or issued by them.

VII. CONSIDERATION PROCEDURES OF FILLING MEASURES AND COMMITMENTS ON DILUTING IMMEDIATE RETURN OF THE PROPOSED ISSUANCE

The analysis of the dilution of immediate return of the financing, the measures to fill the

I. PLAN ON USE OF PROCEEDS

The total proceeds from the Non-public Issuance shall not exceed RMB6,000 million. The proceeds after deducting relevant issuance expenses will be used as follows:

Unit: RMB0'000

No.	Use		Total investment amount	Proposed amount of proceeds to be applied
1	Annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project	Annual production of 750,000 tons of new energy equipment high-transparent panel manufacturing project Annual production of 1,200,000 tons of glass as covers for PV modules project	434,933.56	193,000.00
2	Annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project		375,296.00	227,000.00
3	Working capital		180,000.00	180,000.00
Total			**990,229.56**	**600,000.00**

Note: The annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project listed in item 2 above will be implemented in different phases, and the proposed proceeds from the Non-public Issuance will be used for its first phase only.

The Board shall, without altering the proposed use of proceeds from the Proposed Issuance, adjust the amount of proceeds to be applied to one or more uses according to the authorization at the general meetings of the Company. In the event that the actual amount of proceeds from the Non-public Issuance after deducting issuance expenses is less than the total amount to be used for the projects above, the Company will, based on the actual amount of net proceeds, adjust the application arrangement such as the priority of the projects to be invested and the specific investment amount to each project in accordance with the importance and urgency of the projects. Any shortfall will be made up by the Company with its self-raised funds. Before the receipt of the proceeds from the Non-public Issuance, the Company will invest with its own funds or self-raised funds as required based on the actual progress of the projects to be invested. When the proceeds are available, such funds used will be replaced by the proceeds so raised in accordance with relevant procedures required.

3. Economic benefits of the Project

Internal rate of return of the Project is 17.04% (after income tax), and the investment payback period (including 18 months of construction period) is 6.56 years. After the project is put into operation, the annual average gross sales to be achieved is RMB4,928,093,000 during the full production period, and annual average net profit is RMB578,136,800. The project has high economic benefits.

4. Land acquisition of the Project

"Annual production of 750,000 tons of new energy equipment thin and high-transparent panel manufacturing project" has obtained Wan (2020) Fengyang Xian Bu Dong Chan Quan No. 0002806 Real Estate Certificate* (皖(2020)鳳陽縣不動產權第0002806號《不動產權證書》) issued by Fengyang County Natural Resources and Planning Bureau* (鳳陽縣自然資源和規劃局). The right holder is Anhui Flat Solar Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司), located in Fengning Industrial Park, Fengyang County, Anhui Province, with a land right use area covering 371,914.00 square meters, the nature of such right is transfer, and the land is used for industrial land.

On 31 December 2021, the Company and Fengyang County Natural Resources and Planning Bureau entered into the land use rights grant contract (國有建設用地使用權出讓合同) (No. 341126 Gua Pai [2021] No. 128) for the "annual production of 1.20 million tons of PV module cover glass project".

5. Matters on filing and environmental impact assessment

(1) Filling

The project has been filed with Fengyang County Development and Reform Commission* (鳳陽縣發展和改革委員會), including file No. 2019-341126-30-03-029040 of "Annual production of 750,000 tons of new energy equipment thin and high-transparent panel manufacturing project" and file No. 2020-341126-30-03-017001 of "annual production of 1.20 million tons of PV module cover glass project".

(2) Environmental impact assessment

We have obtained the Opinion on Approval of the Environmental Impact Report on Annual Production of 750,000 Tons of New Energy Equipment Thin and High-Transparent Panel Manufacturing Project of Anhui Flat Solar Glass Co., Ltd. (Feng Huan Ping [2021] No. 25) issued by the ecological environment branch at Fengyang County, Chuzhou City for the "annual production of 750,000 tons of new energy equipment thin and high-transparent panel manufacturing project"; and we have obtained the Opinion on Approval of the Environmental Impact Report on Annual Production of 1.20 million tons of PV Module Cover Glass Project of Anhui Flat Solar Glass Co., Ltd. (Feng Huan Ping [2020] No. 106) issued by the ecological environment branch at Fengyang County, Chuzhou City for the "annual production of 1.20 million tons of PV module cover glass project".

(II) Annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project

The Company intends to invest RMB3,752,960,000 for annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project, and build 4 new production lines with a kiln melting capacity of 1,200 tons/day. The project will be implemented by stages. Three new production lines with a kiln melting capacity of 1,200 tons/day will be built in the Phase I, with an intended investment of RMB2,531,041,600 and a proceed invested of RMB2,270,000,000; One new production line with a kiln melting capacity of 1,200 tons/day will be built inIy with intendet investment

3. Economic benefits of the Project

Internal rate of return of the Project is 16.74% (after income tax), and the investment payback period (including 18 months of construction period) is 6.62 years. After the project is put into operation, the annual average gross sales to be achieved is RMB2,956,855,800 during the full production period, and annual average net profit is RMB345,880,300. The project has high economic benefits.

4. Acquisition of project land

The land use rights grant contract (國有建設用地使用權出讓合同) (No. 341126 Gua Pai [2021] No. 134) was entered into by Anhui Flat Glass with Fengyang County Natural Resources and Planning Bureau on 23 February 2022.

5. Matters on project filing and environmental impact assessment

(1) Filling

The project has been filed with Fengyang County Development and Reform

III. NECESSARY ANALYSIS OF THE PROCEEDS INVESTMENT PROJECT

(I) Annual production of 1.95 million tons of new energy equipment ultra-high-transparent panel manufacturing project and annual production of 1.50 million tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project

1. Meet the fast-growing market demand of the PV industry and seize the development opportunities of the industry

With environmental pollution, energy shortages and other issues increasingly prominent, positive promotion of new energy strategies and acceleration of the promotion and application of new energy have become the focus of universal attention around the world. Solar PV power generation, with its merits in reliability, safety and environmental friendliness, is accelerating the replacement of traditional fossil energy sources and completing the transformation from a supplementary energy source to the mainstay of global energy supply. Countries/regions around the world have therefore introduced relevant policies to promote the development of the PV industry. According to the International Renewable Energy Agency (IRENA), the cumulative global installed capacity of solar PV is expected to reach 2,840GW in 2030, with huge market potential.

As a necessary material for the production of crystalline silicon PV modules, PV glass is an integral part of solar power generators. Benefiting from the rapid development of the PV industry and the increasing penetration of double-glazed modules, the PV glass industry sees a stable growth trend. According to a research report by Zion Market Research, the global solar PV glass market value is expected to reach USD52 billion by 2028, growing at a CAGR of 33.46%, with continued growth in the scale of the industry.

Implementation of the Project will be beneficial to significant improvement of the Comp-12emoduJ2.4-2.8TDrT53(m2duJ(ty)-319(o)-418.4(m2duJ(m50(thm2duJ(45.4(w)0.easing)-319(pem2d

In the new industry environment, the Company as a leading PV glass supplier in China sees unanimous recognition for its quality products, increasing product orders, steady expansion of production and sales volume, and ever-growing capacity utilization rate year by year. If capacity utilization rate of the existing product line remains saturated, as China continues utilizing renewable resources such as solar energy and demands for low-cost, high-quality and large-scale production capacity in the PV glass market expand, the Company will miss a good opportunity for development, which will seriously affect its market share, thus affecting its sustainable development. Therefore, to expand production

The Company has years of research experience in reducing the thickness of PV glass and producing large-size PV glass because of its early presence in the large-size thin glass sector. At the same time, the Company has also implemented state-of-the-art technology to improve transmittance of PV glass, such as anti-reflection high transmittance ultra-white patterned glass and ultra-hard PV coated glass. The smooth implementation of the Project will help the Company meet the market demand for large size and ultra-thin ultra-high transmittance PV glass in accordance with the development trend of the industry and enhance the market share of the Company's PV glass products, which is of great significance to the sustainable development of the Company.

4. Establish large-scale production advantages and enhance the Company's profitability

The production of PV glass has rigid characteristics, and the structural design of the kiln directly affects the production efficiency and production costs. Large kilns have higher melting and yield rates, more stable internal combustion and temperature, and less raw materials and energy consumption required. These merits enable higher production efficiency and lower production costs for PV glass production. Therefore, considering that market competition is becoming increasingly fierce as an increasing number of companies enter the PV glass industry, the only way for a PV glass manufacturer, as the case with other capital-intensive manufacturing industries, to effectively reduce operating costs, resist the risk of market fluctuations and enhance the competitiveness of the product market is to continue to operate on a larger scale.

The Company is currently one of the few PV glass manufacturers in the industry with production lines with a daily melting capacity of over 1,000 tons, and has obvious competitive advantages in terms of production scale, production efficiency and production cost. Based on the previous successful operation experience, the Project will continue to be equipped with advanced PV glass production lines and adopt the new generation of Chinese PV rolled glass technology with independent intellectual property rights. In the future, the continuous release of the production capacity of the Project will further consolidate and even enlarge the scale advantage of the Company, enhance the market competitiveness as well as the anti-risk ability of the Company, which is conducive to the long-term and stable development of the Company and consolidation and improvement of its leading position in the PV glass industry.

5. Optimize the Company's industrial chain layout and strengthen product service capability

With the auspice of favorable national industrial policies in recent years, China's PV industry has scored rapid development and gradually formed a complete industry chain, presenting a tendency of industrial agglomeration.

The Project is based in Chuzhou City, Anhui Province. In recent years, Chuzhou's PV industry has continued quality improvement and quantitative increase for rapid development and formed a fairly complete industry chain, with leading mid- and downstream enterprises such as LONGi Green Energy, Jinko Solar, Flat, Risen Energy settling in Chuzhou. According to "Anhui Province's 14th Five-Year Plan on High-Quality Development of Manufacturing Industry (for Building a Manufacturing Powerhouse)* (《安徽省「十四五」製造業高品質發展（製造強省建設）規劃》), efforts will be made to build the province into a China-leading PV industry chain cluster with a global presence, with two bipolar cities of Hefei and Chuzhou being bellwethers.

The implementation of the proceeds investment project will be conducive to the Company to capitalize on the industrial chain policy of the city where the Project is implemented, optimize its industrial chain layout, consolidate its position in the PV industry chain, raise its market response speed and capability, provide improved products and services to downstream PV module manufacturers, and further enhance the strategic cooperation between the two parties.

6. Satisfy the Company's needs for strategic development and invest continued efforts in the PV glass sector

The Company is currently an industry-leading PV glass enterprise. Facing the development opportunities of the solar new energy industry, the Company has set a strategic goal to develop itself into a low-carbon, energy-saving and green new energy glass group featuring advanced technology, social responsibility fulfillment and international competitiveness, and strive to become a leading global PV glass production and research base with a complete PV glass industry chain, thereby achieving win-win economic and social benefits.

Therefore, the construction and implementation of the proceeds investment project will be conducive to the Company to pursue continuous progress in the PV glass sector, expand its existing production capacity, improve its comprehensive business strength, and promote the realization of its future business strategy, which is in line with the long-term development needs of the Company.

(II) Supplementary of working capital project

The PV glass industry is capital-intensive, and the Company is currently experiencing rapid business development with operating revenues increasing year by year. In 2019, 2020, 2021 and Q1 2022, the Company's operating revenue was RMB4,806,804,000, RMB6,260,417,800, RMB8,713,228,100 and RMB3,508,900,800 respectively, representing a year-on-year growth of 56.89%, 30.24%, 39.18% and 70.61%, respectively.

With the continuous growth of the Company's business scale, the demand for working capital required for the Company's business operation will be further expanded. Therefore, the Company needs to supplement the working capital suitable for business operation to meet the Company's sustainable and healthy development of business, further enhance the Company's capital strength, optimize its asset and liability structure and improve its profitability and risk resistance capability.

IV. FEASIBILITY ANALYSIS OF THE PROCEEDS INVESTMENT PROJECT

(I) The favorable national industrial policies provide support for project implementation

With the intensification of global climate change, the trend of replacing traditional energy sources with renewable energy sources is becoming increasingly serious, and accelerating the development of renewable energy generation has gradually become a global consensus. Solar energy has the merits of large total power generation, high security and reliability, contribution to the reduction of carbon dioxide emissions, and wide range of applications, etc. It is therefore favored by most countries/regions and has become the primary renewable energy source to replace the traditional fossil energy. Since the announcement of China's "carbon peak and carbon neutral" goals in 2020, the strategic direction of China's energy development and change has become clearer, the new blueprint for China's renewable energy development has been set, and a host of favorable policies have been introduced. With the issuance of various favorable polices, PV and other renewable energy sources have regained acceleration. Set below are the main polices:

Name	Time	Main principles
Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era* (《關於促進新時代新能源高質量發展的實施方案》)	May 2022	Proposed 21 specific policy initiatives in seven areas, with an aim to secure China's total installed capacity of wind and solar power generation to reach more than 1.2 billion kWh by 2030, and to accelerate the development of a clean, low-carbon, safe and efficient energy system.
Opinions on Promoting the Green Development of "Belt and Road Initiative"* (《關於推進共建「一帶一路」綠色發展的意見》)	March 2022	Encourage solar power, wind power and other enterprises to "go global" and promote the completion of a number of best practice projects for green energy progress.
Guiding Opinions on Further Promoting Electricity Alternatives* (《關於進一步推進電能替代的指導意見》)	March 2022	Vigorously promote the electrification of industrial and construction areas, and further expand the breadth and depth of electricity alternatives, and by 2025, the proportion of electrical energy in terminal energy consumption will reach about 30%.
Guiding Opinions on Energy Work in 2022* (《2022年能源工作指導意見》)	March 2022	Efforts must be made to steadily promote the transformation of energy structure to ensure that wind power and PV power generation account for about 12.2% of total electricity consumption.

Name	Time	Main principles
The 14th Five-Year Plan for the Development of Building Energy Efficiency and Green Building* (《「十四五」建築節能與綠色建築發展規劃》)	March 2022	By 2025, China's new building solar PV installed capacity will be more than 50 million kWh.
Notice on the Issuance of Several Policies to Promote Stable Growth of Industrial Economy* (《關於印發促進工業經濟平穩增長的若干政策的通知》)	February 2022	Efforts must be made to organize and implement targeted actions for innovative development across the PV industry, construct large-scale wind power and PV bases in desert and Gobi areas, encourage the development of distributed PV in the central and eastern China regions, promote the development of offshore wind power projects in Guangdong, Fujian, Zhejiang, Jiangsu, Shandong and other coastal areas, and drive investment in solar cells and wind power equipment industry chain.
The 14th Five-Year Plan for Modern Energy System* (《「十四五」現代能源體系規劃》)	January 2022	Proposed to comprehensively promote the large-scale and high-quality development of wind and solar power generation, give priority to local and nearby development and utilization, accelerate the construction of decentralized wind power and distributed PV in load centers and surrounding areas, and ensure, by 2035, decisive progress will be made in high-quality energy development and a modern energy system will be basically in place.
Action Plan for the Innovative Development of Smart PV Industry (2021-2025)* (《智能光伏產業創新發展行動計劃（2021-2025年）》)	December 2021	By 2025, a complete silicon, wafers, equipment, materials, devices and other supporting capabilities will be enabled, a more intelligent PV industry will be seen, and breakthroughs in industrial technology innovation will be made.

Name	Time	Main principles
The 14th Five-Year Plan for Scientific and Technological Innovation in the Energy Sector* (《「十四五」能源領域科技創新規劃》)	November 2021	Focus on large-scale and high-proportion renewable energy development and utilization, conduct research and development of advanced power generation and comprehensive utilization technologies to deliver more efficient, more economical, more reliable solar and other renewable energy sources, and support the development and utilization of the renewable energy industry of high quality.
Opinions on the Complete, Accurate and Comprehensive Implementation of the New Development Concept for Carbon Peak and Carbon Neutral Work* (《關於完整准確全面貫徹新發展理念做好碳達峰碳中和工作的意見》)	September 2021	By 2025, energy consumption per unit of GDP will drop by 13.5% compared to 2020, and the proportion of non-fossil energy consumption will reach about 20%; by 2030, CO2 emissions per unit of GDP will drop by more than 65% compared to 2005, and the proportion of non-fossil energy consumption will reach about 25%, with CO2 emissions reaching a peak and achieving stability with a slight decline; by 2060, an economic system of green, low-carbon and circular development and an energy system that pursues clean, low-carbon, safe and efficient development will be fully established, and the proportion of non-fossil energy consumption will reach more than 80%.

In summary, the great support of national industrial policies has greatly promoted the development of the industry and benefited the implementation of this project.

(II) Leading technologies provide technical guarantee for project implementation

Leverage our experience in PV industry over years, the Company has always been adhering to the fundamental principle of technology innovation and product development. Through independent research and development, continuous technical transformation and technological innovation, the Company has secured a strong capacity for product development and technological innovation. In early 2006, the Company became the first Chinese enterprise to break the technology and market monopoly of international giants on PV glass and successfully realized the localization of PV glass through independent research and development. As one of the first enterprises entered into PV glass industry in China, the Company is also one of the developers of PV glass industry standards in China, participating in the formulation of standards including Solar Glass Part 1: Ultra-clear Patterned Glass (GB/T30984.1-2015)* (《太陽能用玻璃第1部分：超白壓花玻璃(GB/T30984.1-2015)》), the Norm of Energy Consumption per Unit Product of Photovoltaic Rolled Glass (GB 30252-2013)* (《光伏壓延玻璃單位產品能源消耗限額標准(GB 30252-2013)》) and other standards.

As a leading PV glass manufacturer, the Company has obtained nearly200 patents related to PV glass, and is an industry forerunner in key technologies such as formulation, production engineering and spontaneous breakage control for PV glass. At the same time, the Company attaches great importance to technological innovation and product development, with continued investment increase in R&D during the reporting period, and has begun to form a virtuous cycle of “projects under research – mature projects – industrialization projects” on a layer-by-layer basis, and has accumulated some reserve products with market development prospects. In addition, the Company strives to build a first-class R&D center and intensify R&D cooperation with academia-affiliated firms and famous enterprises in the industry to enhance the competitiveness of the Company’s products.

In conclusion, supported by core technologies independently developed by the Company, the products of the Project are consistent in quality and perform better than similar products.

To summarize, during the long-term operation of the existing production base, the Company has accumulated rich experience in project construction, technology, production management, quality control and other aspects, can ensure that each work during the production and operation of the Company has rules to follow, and lay a solid foundation for the Company's rapid expansion, and provide a strong institutional and system guarantee for the smooth implementation of the Project.

(IV) High-quality customer resources and a well-established marketing network provide a guarantee for project implementation

There is a higher barrier to enter the industry, since large PV module manufacturers place a high premium on the evaluation of suppliers and their requirements for suppliers' comprehensive strength and industry experience are higher, and the process of getting PV panel products certified by authoritative bodies in export countries is time-consuming and expensive. Therefore, once a PV glass manufacturer successfully makes it onto the list of approved suppliers of large PV modules, the two sides will reach a more stable and lasting partnership.

Since its inception, the Company has been committed to PV glass production and R&D, and accumulated a wealth of industry experience and strong technical strength. Thanks to its industry-leading product quality and performance, "Flat" has also become a well-known brand recognized by customers. Relying on its excellent technical R&D capabilities and stable product performance, the Company has won overwhelming word-of-mouth among customers and has been highly recognized by the market, and has amassed rich customer resources. It has established stable strategic cooperative relationships and signed long-term sales contracts with many world-renowned PV module companies, such as Jinko Solar, LONGi Green Energy, JA Solar, Risen Energy, etc.

In addition, the Company has established a more comprehensive sales network and channels. The Company's sales team directly contacts customers and potential customers in order to reach agreement on product sales. The Company increases product exposure and promotes its products by participating in domestic and international seminars, exhibitions or fairs; maintains awareness of industry needs and strengthens networking with customers and potential customers by joining industry associations, etc.; and maintains close contact with existing customers to secure after-sales service.

The proceeds investment project revolves around the Company's existing major business to expand the production capacity of PV glass. The abundant customer reserve amassed by the Company after years of operation will be conducive to the virtuous circular development of the Company and speedy formation of strengths in the market, thereby shortening the business cultivation cycle, reducing operational risks and providing sufficient market space for the development of the Project.

V. IMPACT OF THE ISSUANCE ON THE OPERATION MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY

(I) Impact of the Non-public Issuance on the Company's operation management

The fundraising investment projects conforms to the national industrial policy and the overall strategic direction of the Company in the future, with good market development prospects and economic benefits. After the project is completed and put into operation, it will help the Company to consolidate its position in the field of PV glass, enhance its core competitiveness and improve its profitability. The use of the raised fund from this Non-public Issuance is reasonable and feasible, which is in line with the interests of the Company and all shareholders.

(II) Impact of this Non-public Issuance on financial position of the Company

1. Impact on financial position of the Company

Total assets and net assets of the Company will be greatly improved, and its asset liability ratio will be reduced upon completion of the Non-public Issuance, and the overall financial situation will be improved for the further optimized asset structure. The company's overall strength and its ability to resist risks will be significantly enhanced, and its ability to continue as a going concern in the future will be improved after the working capital is supplemented by the raised funds, which can be used to repay bank loans, reducing financial costs and financial risks.

2. Impact on the profitability of the Company

Implementation of the fundraising investment projects will facilitate the Company to improve its overall profitability by further expanding its business scale of PV glass and consolidating its position of PV glass in the field. With the investment, construction and operation of the above projects, the Company's market competitiveness and overall profitability will be improved, which can effectively consolidate the Company's market position and provide reliable support for its further development.

3. Impact on cash flow of the Company

I. BASIS OF PREPARATION

The report on use of previous proceeds was prepared in accordance with the Provisions on the Report on Use of the Capital Raised in the Previous Time (Zheng Jian Fa Xing Zi [2007] No. 500) of the China Securities Regulatory Commission.

II. AMOUNT, ACCOUNTING DATE AND DEPOSIT STATUS OF THE PREVIOUS PROCEEDS

(I) Proceeds from Public Issuance of A Shares

Upon the approval of the Reply on Approval of the Initial Public Issuance of Shares of Flat Glass Group Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1959)* (證監許可[2018]1959號文《關於核准福萊特玻璃集團股份有限公司首次公開發行股票的批覆》) from the China Securities Regulatory Commission, Flat Glass Group Co., Ltd. (the "**Company**") publicly issued 150,000,000 RMB ordinary Shares (A Shares) on the Shanghai Stock Exchange at an issue price of RMB2.00 per share on 15 February 2019. The total amount of proceeds from the issuance of shares was RMB300,000,000.00. The actual amount of proceeds the Company received was RMB269,700,000.00 after deducting the remaining underwriting and sponsor fee of RMB28,584,905.66 and the corresponding value-added tax of RMB1,715,094.34. The net proceeds were RMB254,384,951.00 after deducting the underwriting and sponsor fee and other issue cost (value-added tax exclusive) of RMB45,615,049.00.The net proceeds above were received on 11 February 2019, and the capital verification report of De Shi Bao (Yan) Zi (19) No. 00059* (德師報(驗)字(19)第00059號) was issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

The Company and its subsidiary Anhui Flat Solar Glass Co., Ltd.* (安徽福萊特光伏玻璃有限公司) ("**Anhui Flat Glass**"), and the sponsor GF Securities Co., Ltd. ("**GF Securities**") entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds* (《募集資金專戶存儲三方監管協議》

(II) Proceeds from Public Issuance of A Share Convertible Corporate Bonds

Upon the approval of the Reply on Approval of the Public Issuance of Convertible Corporate Bonds of Flat Glass Group Co., Ltd. (Zheng Jian Xu Ke [2020] No. 294)* (證監許可[2020]294號文《關於核准福萊特玻璃集團股份有限公司公開發行可轉換公司債券的批覆》) from the China Securities Regulatory Commission, the Company publicly issued RMB1,450,000,000 A Share Convertible Corporate Bonds ("**Convertible Bonds**") for a term of 6 years. As at 2 June 2020, Flat actually and publicly issued 14.50 million convertible bonds at a par value of RMB100 each. The subscription amount was RMB1,450,000,000.00. The actual amount was RMB1,444,025,000.00 after deducting the remaining underwriting and sponsor fee of RMB5,636,792.46 and the corresponding value-added tax of RMB338,207.54. The remaining underwriting fee was RMB7,523,584.91, the total value-added tax was RMB451,415.09. As at 2 June 2020, Flat paid a sponsor fee of RMB1,886,792.45 and value -added tax of RMB113,207.55 in advance. Such value-added tax will not be included in the issue cost. The total proceeds from the issuance were RMB8,578,301.90 after deducting the underwriting and sponsor fee and other issue cost (value-added tax exclusive). The net proceeds from Public Issuance of A Share Convertible Corporate Bonds were RMB1,441,421,698.10.The net proceeds above were verified and the capital verification report of De Shi Bao (Yan) Zi (20) No. 00225* (德師報(驗)字(20)第00225號) was issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

The Company and its subsidiary Anhui Flat Glass and the sponsor Guotai Junan Securities Co., Ltd. ("**Guotai Junan**") entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds* (《募集資金專戶存儲三方監管協議》) with BOC Jiaxing Branch, ICBC Jiaxing Branch and Industrial and Commercial Bank of China Limited, Fengyang Branch ("**ICBC Fengyang Branch**"), respectively. The Company and Anhui Flat Glass, the commercial banks where the proceeds were placed and GF Securities should jointly supervise the designated saving accounts of proceeds, including the designated saving accounts of proceeds of the Company such as BOC Jiaxing Branch (367577640767) and ICBC Jiaxing Branch (1204060029000024114), and the designated saving accounts of proceeds of Anhui Flat Glass including BOC Jiaxing Branch (384477642546), ICBC Jiaxing Branch (1204060029000024238) and ICBC Fengyang Branch (1313072129300256393).

As of 31 March 2022, the account balance of unused proceeds from Public Issuance of A Share Convertible Corporate Bonds of the Company was RMB47,330.58 (the actual proceeds from Public Issuance of A Share Convertible Corporate Bonds was RMB1,444,025,000.00, the accumulative ,1latie

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(III) Proceeds from Non-public Issuance of A Shares

Upon the approval of the Reply on Approval of the Non-public Issuance of Shares of Flat Glass Group Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2648)* (證監許可[2020]2648號文《關於核准福萊特玻璃集團股份有限公司非公開發行股票的批覆) from the China Securities Regulatory Commission, the Company was approved to non-publicly issue no more than 450,000,000 RMB ordinary Shares (A Shares). As at 7 January 2021, the Company actually and non-publicly issued 84,545,147 shares of RMB ordinary shares (A shares) with a par value of RMB0.25 and at an issue price of RMB29.57 each. The total amount of proceeds from the issuance was RMB2,499,999,996.79. The actual amount of proceeds the Company received was RMB2,482,499,996.81 after deducting the underwriting and sponsor fee of RMB16,509,433.94 and the corresponding value-added tax of RMB990,566.04.The net proceeds were RMB2,483,081,943.69 after deducting the issue cost (value-added tax exclusive) of RMB16,918,053.10.The net proceeds above were received on 7 January 2021, and the capital verification report of De Shi Bao (Yan) Zi (21) No. 00008* (德師報(驗)字(19)第00008號) was issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

The Company and its subsidiary Anhui Flat Glass and the sponsor Guotai Junan entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds* (《募集資金專戶存儲三方監管協議》) with BOC Jiaxing Branch, ICBC Jiaxing Branch, and China Construction Bank Corporation, Zhejiang Branch ("**CCB Zhejiang Branch**"), respectively. The Company and Anhui Flat Glass, the commercial banks where the proceeds were placed and Guotai Junan should jointly supervise the designated saving accounts of proceeds, including the designated saving accounts of proceeds of the Company such as BOC Jiaxing Branch (400078999786) and ICBC Jiaxing Branch (1204060029000134455), and the designated saving accounts of proceeds of Anhui Flat Glass including BOC Jiaxing Branch (39747899669), ICBC Jiaxing Branch (1204060029000134579) and CCB Zhejiang Branch (33050163803509168168).

The Company and the sponsor Guotai Junan entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds* (《募集資金專戶存儲三方監管協議》) with BOC Jiaxing Branch and ICBC Jiaxing Branch, respectively. The Company and the commercial banks where the proceeds were placed and Guotai Junan should jointly supervise the designated saving accounts of proceeds, including the designated saving accounts of proceeds of the Company such as BOC Jiaxing Branch (362378981198) and ICBC Jiaxing Branch (1204060029000134730).

As of 31 March 2022, the account balance of unused proceeds from Non-public Issuance of A Shares of the Company was RMB12,904,772.28, (the actual proceeds from Non-public Issuance of A Shares was RMB2,482,499,996.81, the accumulative interest income (bank handling fees exclusive) was RMB16,984,628.36, the accumulative wealth management investment income was RMB10,665,982.24, the accumulative used proceeds was RMB2,497,245,835.13, and account balance of proceeds was RMB12,904,772.28).

III. USE OF PREVIOUS PROCEEDS

(I) Use of Proceeds from Fundraising Projects

2. Proceeds from Public Issuance of A Share Convertible Corporate Bonds

On 15 July 2020, the Company convened the 20th meeting of the fifth session of the Board, at which the "Proposal on the Replacement of the Self-raised Funds Invested in the Proceeds Investment Project in Advance with Proceeds from Convertible Corporate Bonds* (《關於使用可轉債公司債券募集資金置換預先已投入募投項目的自籌資金的議案》)" was considered and approved. It was approved to replace the self-raised funds of RMB68,465,092.00 initially invested in the proceeds investment project "annual production of 750,000 tons of PV module cover glass project" with proceeds from Convertible Corporate Bonds. The above self-raised funds invested in the proceeds investment project in advance was audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, which issued the "Special Audit Report on the Status of Proceeds Investment Project Funded in Advance

2. Proceeds from Public Issuance of A Share Convertible Corporate Bonds

Pursuant to the Proposal on Cash Management of Using Idle Proceeds* (《關於使用閑置募集資金進行現金管理的議案》

IV. REALIZATION OF BENEFITS OF THE PREVIOUS PROCEEDS INVESTMENT PROJECTS

(I) Realization of Benefits of Previous Proceeds Investment Projects

1. Proceeds from Public Issuance of A Shares

The details on the realization of benefits of the investment projects in relation to the proceeds from Public Issuance of A shares are set out in the Appendix IV "Comparison Table of the Realized Benefits of the Investment Projects in relation to the Proceeds from Public Issuance of A Shares".

2. Proceeds from Public Issuance of A Share Convertible Corporate Bonds

The details on the realization of benefits of the investment projects in relation to the proceeds from Public Issuance of A Share Convertible Corporate Bonds are set out in the Appendix V "Comparison Table of the Realized Benefits of the Investment Projects in relation to the Proceeds from Public Issuance of A Share Convertible Corporate Bonds".

3. Proceeds from Non-public Issuance of A Shares

The details on the realization of benefits of the investment projects in relation to the proceeds from Non-public Issuance of A Shares are set out in the Appendix VI "Comparison Table of the Realized Benefits of the Investment Projects in relation to the Proceeds from Non-public Issuance of A Shares".

(II) Explanation on previous Proceeds Investment Projects that the Benefits cannot be Calculated Separately

The Company had no previous proceeds investment projects that the benefits cannot be calculated separately.

(III) Explanation on Reasons for the Accumulative Realized Benefits of the previous Proceeds Investment Projects are lower than 20% (20% inclusive) of the Committed Benefits

As at 31 March 2022, there was no accumulative realized benefits of the previous proceeds investment projects after completion that are lower than 20% (20% inclusive) of the committed benefits.

V. COMPARISON OF THE USE OF PREVIOUS PROCEEDS WITH THE INFORMATION DISCLOSED IN THE ANNUAL REPORT OF THE COMPANY (AS AT 31 DECEMBER 2021)

Unit: RMB0'000

	Actual use of proceeds			Disclosure in the annual report		
Project name	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Proceeds from Public Issuance of A Shares:						
(1) Annual production of 900,000 tons of PV module cover glass project	25,591.75	–	–	25,591.75	–	–
Proceeds from Public Issuance of A Share Convertible Corporate Bonds:						
(1) Annual production of 750,000 tons of PV module cover glass project	–	84,480.45	62,440.65	–	84,480.45	62,440.65
Proceeds from Non-public Issuance of A Shares:						
(1) Annual production of 750,000 tons of PV module cover glass phase II project	N/A	N/A	103,499.01	N/A	N/A	103,499.01
(2) Annual production capacity of 42 million square meters of PV backplane glass project	N/A	N/A	33,440.04	N/A	N/A	33,440.04
(3) Supplementary of working capital	N/A	N/A	75,000.00	N/A	N/A	75,000.00
Total	**25,591.75**	**84,480.45**	**274,379.70**	**25,591.75**	**84,480.45**	**274,379.70**

VI. UNUSED PROCEEDS

(I) Proceeds from Public Issuance of A Shares

As at 31 March 2022, the Company did not have the unused proceeds from Initial Public Issuance of A Shares.

(II) Proceeds from Public Issuance of A Share Convertible Corporate Bonds

As of 31 March 2022, the unused proceeds from Public Issuance of A Share Convertible Corporate Bonds of the Company was RMB47,330.58 (which represents the closing balance in the designated saving accounts of proceeds of the Company as of 31 March 2022), representing 0.003% of net proceeds.

(III) Proceeds from Non-public Issuance of A Shares

As of 31 March 2022, the unused proceeds from Non-public Issuance of A Shares of the Company was RMB12,904,772.28 (which represents the closing balance in the designated saving accounts of proceeds of the Company as of 31 March 2022), representing 0.520% of net proceeds. The reason for non-utilization of all proceeds above was that partial amount of the project had yet to be occurred or paid.

The Board of
Flat Glass Group Co., Ltd.

2 June 2022

* *For identification purposes only*

APPENDIX I

Comparison Table of Use of Proceeds from Public Issuance of A Shares

RMB0'000

Net proceeds	25,438.50	Accumulated net proceeds invested	25,591.75
Net proceeds that changed its use during the repebting period	Nil	Net proceeds used as at 31 March 2022 *(note 3)*	25,591.75
Ratio of accumulative net proceeds that changed its use	Nil		

	Investment project		Total proceeds investment			Accumulated proceeds investment amount as at 31 March 2022				
No.	Committed Investment project	Actual investment project	Committed investment Amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Difference Between actual Investment amount And committed Investment amount after fund-raising	The date when the project reached The expected usable conditions
1	Annual production of 900,000 tons of PV module cover glass project Annual production of 900,000 tons of PV module cover glass project	Annual production of 900,000 tons of PV module cover glass project Annual production of 900,000 tons of PV module cover glass project	25,438.50	25,438.50	25,591.75	25,438.50	25,438.50	25,591.75	153.25 *(note 1)*	Yes *(note 2)*

Note 1: The difference between the actual investment amount and the committed investment amount after fund-raising was the interest income of RMB32,600 generated during the period in which the proceeds were depesited in the special account, and the investment income of RMB1,499,900 earned through conducting the cash management by using idle proceeds.

Note 2: The annual production of 900,000 tons of PV module cover glass project was constructed by three phases, of which the first and second phase projects were the proceeds committed investment projects. The proceeds investment projects were completed in December 2018 and reached the expected usable conditions.

Note 3: As at 31 May 2021, the Company used an accumulative proceeds of RMB255,917,500, including an amount of RMB254,385,000 from self-raised funds to be invested in the proceeds investment project before 11 February 2019, and an amount of RMB1,532,500 from proceeds to be invested in the proceeds investment project after such proceeds were in place.

APPENDIX II

Comparison Table of Use of Proceeds from Public Issuance of A Share Convertible Corporate Bonds

RMB0'000

Net proceeds	144,142.17	Accumulated net proceeds invested	147,059.10
Net proceeds that changed its use during the reporting period	Nil	Net proceeds used as at 31 March 2022 *(note 3)*	147,059.10
Ratio of accumulative net proceeds that changed its use	Nil		

	Investment project		Total proceeds investment			Accumulated proceeds investment amount as at 31 March 2022				
No.	Committed Investment project	Actual investment project	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Difference Between actual Investment amount And committed investment amount after fund-raising	The date when the project reached the expected usable conditions
1	Annual production of 750,000 tons of PV module cover glass project	Annual production of 750,000 tons of PV module cover glass project	144,142.17	144,142.17	147,059.10	144,142.17	144,142.17	147,059.10	2,916.93 *(note 1)*	Yes *(note 2)*

Note 1: As of the end of the year, the difference between the actual investment amount and the committed investment amount was RMB29,169,300. Excluding the closing balance of unused proceeds, the difference include the interest income incurred from the proceeds (bank handling fees exclusive) of RMB8,495,447.36, wealth management investment income of RMB18,117,910.80 and unreplaced other issue expenses of RMB2,603,301.90.

Note 2: The annual production of 750,000 tons of PV module cover glass project include 2 furnaces, which reached the expected usable conditions in 2021.

Note 3: In 2020, the Company used an accumulative proceeds of RMB844,804,500, including an amount of RMB68,465,100 from self-raised funds to be invested in the proceeds investment project before 2 June 2020, and an amount of RMB776,339,400 from proceeds to be invested in the proceeds investment project after such proceeds were in place. In 2021, the Company used an accumulative proceeds of RMB624,406,500. From January to March 2022, the Company used an accumulative proceeds of RMB1,380,000.

APPENDIX III

Comparison Table of Use of Proceeds from Non-public Issuance of A Shares

RMB0'000

Net proceeds	248,308.19	Accumulated net proceeds invested	249,724.58
Net proceeds that changed its use during the reporting period	Nil	Net proceeds used as at 31 March 2022 *(note 3)*	249,724.58
Ratio of accumulative net proceeds that changed its use	Nil		

	Investment project		Total proceeds investment			Accumulated proceeds investment amount as at 31 March 2022				
No.	Committed Investment project	Actual investment project	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Difference Between actual Investment amount And committed investment amount after fund-raising	The date when the project reached the expected usable conditions
1	Annual production of 750,000 tons of PV module cover glass phase II Project	Annual production of 750,000 tons of PV module cover glass phase II Project	140,000.00	140,000.00	141,284.55	140,000.00	140,000.00	141,284.55	1,284.55	2022 *(note 2)*
2	Annual production capacity of 42 million square meters of PV backplane glass project	Annual production capacity of 42 million square meters of PV backplane glass project	33,308.19	33,308.19	33,440.04	33,308.19	33,308.19	33,440.04	131.85	2022 *(note 3)*
3	Supplementary of working capital	Supplementary of working capital	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	–	N/A
	Total		**248,308.19**	**248,308.19**	**249,724.59**	**248,308.19**	**248,308.19**	**249,724.59**	**1,416.40** *(note 1)*	

Note 1: As of the end of the year, the difference between the actual investment amount and the committed investment amount was RMB14,164,000. Excluding the closing balance of unused proceeds, the difference include the interest income incurred from the proceeds (bank handling fees exclusive) of RMB16,984,628.36, wealth management investment income of RMB10,665,982.24 and other issue expenses of RMB581,946.88.

Note 2: The annual production of 750,000 tons of PV module cover glass II project include 2 furnaces, which reached the expected usable conditions in the first quarter of 2022.

Note 3: As of 31 March 2022, annual production capacity of 42 million square meters of PV backplane glass project has not reached the expected usable conditions.

Note 4: In 2021, the Company used an accumulative proceeds of RMB2,119,390,500. From January to March 2022, the Company used an accumulative proceeds of RMB377,855,300.

APPENDIX IV

Comparison Table of the Realized Benefits of the Investment Projects in relation to the Proceeds from Public Issuance of A Shares

RMB0'000

No.	Actual investment project Project name	Accumulated capacity utilization rate of investment project as at the closing Date *(note 2)*	Annual committed Benefits *(note 1)*	Actual benefits of the recent three years and the recent 1 period *(note 1)* 2019 *(note 1)*	2020 *(note 1)*	2021 *(note 1)*	The first quarter of 2022 *(note 1)*	Accumulated Benefits realized as at the closing date	Whether or not the committed benefits are achieved
1	Annual production of 900,000tons of PV module cover glass project	88%	Sales income of 191,037.15	Sales income of 165,004.90	Sales income of 197,098.37	Sales income of 191,079.08	Sales income of 57,252.30	Sales income of 610,434.65	Yes *(note 1)*

Note 1: The annual committed benefits derived from the annual average benefits when production capacity is fully reached, being sales income of RMB2,235,134,600(tax inclusive) (sales income of RMB1,910,371,500, tax exclusive) in the "Feasibility Study Report on the Annual Production of 900,000 Tons of PV Module Cover Glass Project of Anhui Flat Solar Glass Co., Ltd.". In accordance with the report, the planned production capacity in the first year after the proceeds investment project is put into operation is 70% of the actual production capacity, therefore, the committed benefits in the first year after the after the proceeds investment project is put into operation is adjusted accordingly to the benefits corresponding to 70% of the average annual committed income when the production is fully reached. 2019 is the first year after the proceeds investment project is put into operation, with the committed benefits of achieving sales income of RMB1,337,260,000 (tax exclusive). In 2019, the actual sales income was RMB1,650,049,000, which realized the committed benefits. In 2020, the actual sales income was RMB1,970,983,700, which realized the committed benefits. In the first quarter of 2022, the sales income was RMB572,523,000, which realized the committed benefits (the committed benefits in the first quarter of 2022 represents the annual benefits/4, i.e. sales income of RMB477,592,900).

Note 2: The capacity utilization rate is calculated as the actual production of the proceeds investment project divided by design production capacity.

Comparison Table of the Realized Benefits of the Investment Projects in relation to the Proceeds from Public Issuance of A Share Convertible Corporate Bonds

RMB0'000

No.	Actual investment project Project name	Accumulated capacity utilization rate of investment project as at the closing Date *(note 2)*	Annual committed Benefits *(note 1)*	Actual benefits of the recent three years and the recent 1 period *(note 1)* 2019 *(note 1)*	2020 *(note 1)*	2021 *(note 1)*	The first quarter of 2022 *(note 1)*	Accumulated Benefits realized as at the closing date	Whether or not the committed benefits are achieved
1	Annual production of 750,000 tons of PV module cover glass project	73%	Sales income of Dateoje94-1.T0842Date						

APPENDIX VI

Flat Glass Group Co., Ltd. (the "**Company", "Listed Company"** or **"Flat**") intends to apply for a Non-public Issuance of A Shares (hereinafter referred to as "Non-public Issuance" or "Issuance") to raise no more than RMB6.0 billion. According to the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110)* (國務院辦公廳關於進一步加强資本市場中小投資者合法權益保護工作的意見(國辦發[2013]110號)), the Guiding Opinions on Matters Concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31)* (關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見(證監會公告[2015]31號)) and other relevant documents, the Company has analysed the possible impact of the Non-public Issuance on the common stock shareholders' interests and immediate return, and put forward specific measures for making up the gap based on the situations. Relevant entities have committed themselves to the effective implementation of the Company's measures for making up the gap. The details are as follows:

I. IMPACT OF THE DILUTION OF IMMEDIATE RETURNS CAUSED BY THE NON-PUBLIC ISSUANCE ON THE COMPANY'S KEY FINANCIAL INDICATORS

(I) Key assumptions and preconditions

The following assumptions are only used for the measurement of the impact of the Non-public Issuance on the Company's key financial indicators and do not represent the Company's judgment about operating conditions in 2022, nor do they constitute a profit forecast. Investors should not make investment decisions based on these assumptions. The Company shall not be liable to investors for any losses resulting from investment decisions made based on these assumptions.

1. Assume that there are no significant changes in the macroeconomic environment, industrial policies, industry development, market conditions and the Company's operating environment.

2. Assume that the Company completes the Non-public Issuance by the end of November 2022. The issuance time is only an estimate and the actual time when the Non-public Issuance is completed after approval by the CSRC shall be final.

3. Assume that the impact on the Company's production and operation and financial status (such as financial expenses and investment income) will not be considered after the funds raised from the Non-public Issuance are received.

4. Assume that the total amount of proceeds from the Non-public Issuance is RMB6.0 billion, without considering the impact of issue costs. The actual amount of proceeds from the Non-public Issuance will be determined according to regulatory approval, subscriptions and issue costs.

5. The predication of the total share capital of the Company is based on the total share capital of 2,146,893 million shares on the date of the announcement of the Proposal, assuming that the convertible corporate bonds of the Company will be listed in June 2022 and the holders will not exert the rights before the end of the Proposed Issuance. Assuming that the portion of the Company's 2021 A share stock options exercisable during the first exercise period is fully exercised by the end of November 2022, without considering other factors (such as conversion of capital reserve, distribution of stock dividends, and repurchase and cancellation of restricted shares) that lead to changes in the Company's total share capital.

6. Assuming that the number of shares to be issued is not more than 509.068 million shares, and the number of shares to be issued shall be subject to the number approved by the CSRC.

7. The net profit attributable to owners of the parent in 2021 is RMB2,119,919,326.43. Assuming that the Company's net profit attributable to the shareholders of the parent in 2022 has the following three situations respectively: (1) up 10% from 2021; (2) flat with 2021; (3) down 10% from 2021.

   The profit level assumptions are only used for the measurement of the impact of the dilutionwn 10%(wn)-290(n)-272908y's netwillth 2396(le)2n*[ire(suc72.49.the-72.49.-31(e,)-39672.49.p

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Item	2021/ 31 December 2021	2022/31 December 2022 Before the Issuance	2022/31 December 2022 After the Issuance
Assume that the net profit attributable to owners of the company in 2022 will increase by 10% compared with 2021			
Net profit attributable to owners of companies (RMB10,000)	211,991.93	233,191.13	233,191.13
Net assets attributable to owners of the company at the end of the period (RMB10,000)	1,181,016.91	1,482,437.70	2,082,437.70
Basic EPS (RMB/share)	0.99	1.09	1.07
Diluted EPS (RMB/share)	0.99	1.06	1.04
Weighted average return on net assets (%)	19.57	17.47	16.84
Assume that the net profit attributable to owners of the company in 2022 will be flat compared with 2021			
Net profit attributable to owners of companies (RMB10,000)	211,991.93	211,991.93	211,991.93
Net assets attributable to owners of the company at the end of the period (RMB10,000)	1,181,016.91	1,461,238.50	2,061,238.50
Basic EPS (RMB/share)	0.99	0.99	0.97
Diluted EPS (RMB/share)	0.99	0.97	0.95
Weighted average return on net assets (%)	19.57	16.01	15.43
Assume that the net profit attributable to owners of the company in 2022 will decrease by 10% compared with 2021			
Net profit attributable to owners of companies (RMB10,000)	211,991.93	190,792.74	190,792.74
Net assets attributable to owners of the company at the end of the period (RMB10,000)	1,181,016.91	1,440,039.31	2,040,039.31
Basic EPS (RMB/share)	0.99	0.89	0.87
Diluted EPS (RMB/share)	0.89	0.87	0.85
Weighted average return on net assets (%)	19.57	14.53	13.99

As can be seen from the above table, after the completion of the Non-public Issuance, it is expected that the Company's basic earnings per share and weighted average return on net assets will decline to a certain extent in the short term. Therefore, the Company's immediate return will be diluted to a certain extent in the short term.

II. RISK DISCLOSURE CONCERNING THE DILUTION OF IMMEDIATE RETURNS CAUSED BY THE NON-PUBLIC ISSUANCE

The total capital stock and net assets of the Company will increase to a certain extent after the funds raised in the Proposed Issuance are in place. Due to the certain construction cycle of the fund-raising project, it also requires a certain process and time from the completion of the project to the generation of benefits. In the event that the Company's total equity and net assets increase, there is a risk that metrics such as earnings per share and weighted average return on net assets will decline by some margin if the Company fails to achieve a corresponding increase in revenue scale and profit levels in the future.

III. EXPLANATION OF THE BOARD OF DIRECTORS ON THE NECESSITY AND RATIONALITY OF SELECTING THE PROPOSED ISSUANCE

For the necessity and rationality of the Proposed Issuance, please refer to SECTION II FEASIBILITY ANALYSIS REPORT ON THE USE OF THE PROCEEDS BY THE NON-PUBLIC ISSUANCE OF A SHARES – Ⅲ. NECESSARY ANALYSIS OF THE FUNDRAISING INVESTMENT PROJECTS in the Proposal of Non-public Issuance.

IV. RELATIONSHIP BETWEEN THE PROCEEDS INVESTMENT PROJECT AND THE COMPANY'S EXISTING BUSINESS AND THE COMPANY'S PERSONNEL, TECHNICAL AND MARKET RESERVES FOR THE PROJECT

(I) Relationship between the Proceeds Investment Project and the Company's Existing Business

The proceeds from the Non-public Issuance after deducting issuance costs will be used for the annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project, annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project and the working capital project.

1. Annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project and annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project

The Company is a leading glass manufacturer in China. The principal activities are research and development, manufacturing and sale of photovoltaic glass products, float glass products, architectural glass products and household glass products. Annual production of 1,950,000 tons of new energy equipment high-transparent panel manufacturing project and annual production of 1,500,000 tons of new energy equipment ultra-thin and ultra-high-transparent panel manufacturing project matches the Company's main business and development goals. It is an expansion of the Company's existing photovoltaic glass business, which helps the Company to maintain large-scale advantages, further improve the market share, effectively enhance competitiveness and sustainable operation ability, and thus support long-term stable development.

2. Working capital project

Working capital project is conducive to easing the pressure on the Company's capital demand, reducing the asset-liability ratio, enhancing the Company's ability to prevent financial risks, and ensuring continuous investment in technology, equipment, and talents. Ultimately, they are conducive to improving the Company's profitability and conform to the Company's existing business planning and long-term development strategy.

(II) The Company's Personnel, Technical and Market Reserves for the Proceeds Investment Project

1. Personnel reserve

The Company is currently the leading glass manufacturing enterprise in China. After years of deep development in the industry, it has cultivated and formed a leadership team that is proficient in management and technology and has strategic vision. At the same time, it has developed a large number of professional and technical personnel and production and operation teams with solid theoretical knowledge and rich practical experience, laying a solid foundation for the sustainable development of the Company.

The Company has already reserved sufficient core technology and production personnel to meet the implementation of the proceeds investment projects. In the future, with the gradual construction and production of the projects, the Company will reserve sufficient human resources for the implementation of the proceeds investment projects by adhering to the principle of introduction and training of talents based on needs.

2. Technical reserve

After years of rapid development, the Company is currently an industrial leader in key technologies such as formula, process and self-explosion rate control of photovoltaic glass, and is one of the makers of China's photovoltaic glass industry standards.

As early as 2006, the Company became the first domestic enterprise to break the monopoly of international giants on photovoltaic glass technology and market through independent research and development, and successfully realized the localisation of photovoltaic glass. In 2008, the Company's photovoltaic glass was tested and used by the Japanese company Sharp (a world-renowned photovoltaic cell module company), and its product quality reached the same level as that of the internationally renowned photovoltaic glass manufacturers including AGC, Pilkington and Saint-Gobain. At the same time, the Company is also the first in China and the fourth in the world to pass Switzerland's SPF certification.

At present, the Company has obtained nearly 200 patents related to photovoltaic glass, and also won the National Key New Product Award issued by the Ministry of Science and Technology. The Company has the industry-leading technical strength and provides reliable technical guarantee for the implementation of the Proposed Issuance.

3. Market reserve

Over the years, the Company has accumulated rich industry experience and customer resources, with a leading position in the industry. "Flat" has also become a well-known brand recognized by customers.

At present, the Company has established cooperative relations with many world-renowned photovoltaic module enterprises (including Jinko, LONGi, JA Solar, Risen), which have been highly recognized by customers. At the same time, large-scale photovoltaic module enterprises attach great importance to the evaluation of suppliers and have higher requirements on their comprehensive strength and industry experience. Moreover, it spends a lot of time and money to obtain the certification of photovoltaic glass products from authoritative institutions in exporting countries due to higher industry barriers. Therefore, once photovoltaic glass enterprises are successfully included in the list of qualified suppliers for large-scale photovoltaic modules, the two parties will reach a more stable and lasting cooperative relationship.

Abundant customer resources ensure the digestion of the Company's production capacity, which can help the Company's new products to quickly establish market advantages and reduce market risks. This is conducive to the Company's healthy and ongoing development, and provides a reliable guarantee for the proceeds investment projects in the Proposed Issuance.

V. MEASURES TAKEN BY THE COMPANY IN RESPONSE TO THE DILUTION OF IMMEDIATE RETURNS CAUSED BY THE NON-PUBLIC ISSUANCE

The Company intends to take the following remedial measures in order to protect the interests of investors, ensure the effective use of the Company's proceeds, prevent the risk that the immediate return will be diluted, and improve the return for the Company's shareholders:

(I) Strengthening the supervision of proceeds to ensure the full use thereof

The implementation of the proceeds investment projects is conducive to enhancing the profitability of the Company and is in line with the long-term interests of shareholders of companies. After the Proposed Issuance, the proceeds in place can meet the Company's operating capital needs to a certain extent and enhance the Company's capital strength, profitability and core competitiveness. After the Proposed Issuance is completed, the Company will store the proceeds, ensure the reasonable and standardized use of proceeds, actively cooperate with the inspection and supervision by sponsors and supervising banks on the use of proceeds, and guard against the risk of using proceeds in accordance with the requirements of the Administrative Measures for Securities Issuance of Listed Companies, the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed

(II) Accelerate the progress of proceeds investment projects and accelerate the realisation of expected project benefits

The proceeds investment projects of the Company conform to the national industrial policy and the Company's development strategy, has good market prospects and economic benefits, and helps to improve the Company's market competitiveness, profitability and anti-risk ability. After the proceeds of the Proposed Issuance are in place, the Company will speed up the implementation and construction of proceeds investment projects, and strive to start production as soon as possible and achieve the expected benefits. With the smooth implementation of the proceeds investment projects, the Company will enhance its profitability and make up for the dilution of immediate returns caused by the Proposed Issuance.

(III) Ensure a sustainable and stable profit distribution system and strengthen the investment return mechanism

In order to improve and perfect the Company's reasonable, continuous and stable dividend decision-making and supervision mechanism, increase the transparency and operability of profit distribution decision-making, actively provide return to investors, and guide investors to set up long-term and rational investment concepts, the Company has formulated the Shareholder Dividend Return Plan of Flat Glass Group Co., Ltd. for the Next Three Years (2022-2024) of Flat Glass Group Co., Ltd. To establish a sound and effective shareholder return mechanism in accordance with the Notice on Further Implementation on Matters Related to Cash Dividends of Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》) and Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies (CSRC Announcement [2022] No.3)* (《上市公司監管指引第3號 – 上市公司現金分紅》 (證監會 公告[2022]3號)) issued by CSRC. After the completion of the Issuance, the Company will actively promote the distribution of profits to shareholders in accordance with laws and regulations and on the premise of meeting the conditions for profit distribution, so as to effectively maintain and increase the returns to shareholders.

(IV) Improve the corporate governance structure and provide institutional guarantee for the development of the Company

In accordance with the Company Law, the Securities Law and other laws and regulations, the Company will continuously improve the corporate governance structure and the operation standards, so as to ensure that shareholders can fully exercise their rights; that the board of directors and the general meeting can exercise their respective statutory functions and powers and make scientific, rapid and prudent decisions in accordance with the laws, regulations and the Articles of Association; that all special committees under the board of directors and independent directors can conscientiously perform their duties; and that the board of supervisors can effectively perform their supervisory duties, safeguard the overall interests of the Company, especially the legitimate rights and interests of small and medium shareholders; and that institutional guarantee is provided for the development of the Company.

VI. COMMITMENT OF THE COMPANY'S CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER, DIRECTORS AND SENIOR MANAGEMENT TO TAKE REMEDIAL MEASURES FOR THE DILUTED IMMEDIATE RETURN CAUSED BY THE NON-PUBLIC ISSUANCE

(I) Commitment of directors and senior management

The directors and senior management of the Company promise to faithfully and diligently perform their duties, safeguard the legitimate rights and interests of the Company and all shareholders, and make the following commitments to ensure that the Company's remedial measures can be effectively implemented in accordance with the relevant provisions of CSRC:

(II) Commitments of the Company's controlling shareholders and de facto controllers

According to the relevant regulations of CSRC, the controlling shareholders and actual controllers of the Company make the following commitments to ensure that the Company's remedial measures can be effectively implemented:

1. Promise to exercise shareholders' rights in accordance with relevant laws, regulations and the Articles of Association, and promise not to interfere in the Company's operation and management activities beyond its authority or usurp the Company's interests;

2. From the date of issuance of this commitment to the completion of the Company's Non-public Issuance, if CSRC makes other new regulatory provisions on remedial measures and commitments, and the above commitments cannot meet the requirements of the CSRC, the directors and senior management will promise to issue a supplementary commitment according to the then latest regulations of the CSRC;

3. The controlling shareholders and actual controllers promise to earnestly implement the relevant remedial measures and any commitments they have made regarding the remedial measures, and they are willing to bear the compensation responsibility to the Company or investors according to laws in case of violation of these commitments which causes losses to the Company or investors.

If we, as one of the responsible parties of the remedial measures for returns, violate the aforesaid undertakings or refuse to fulfill the aforesaid undertakings, we agree that the CSRC, the Shanghai Stock Exchange or other security r(responsibilitponsibilASMIonsibiompaliznge)-743.usge ormak relevant prulgolades for issdes

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In order to standardize Flat Glass Group Co., Ltd. (the "**Company**") to establish a scientific, sustainable and stable shareholder return mechanism, increase the transparency and operability of profit distribution policy and decisions, actively bring reward to investors, and guide investors to long-term investment and rational investment concepts, in accordance with the provisions of the Notice on Further Implementation on Matters Related to Cash Dividends of Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》) and Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies* (《上市公司監管指引第3號 – 上市公司現金分紅》) and the Articles of Association and other provisions, the Company has formulated the Shareholder Dividend Distribution Plan for the Next Three Years (2022-2024) of Flat Glass Group Co., Ltd. (the "**Plan**"), the detailed contents of which are set out below:

(I) FACTORS CONSIDERED FOR FORMULATION OF THE PLAN

Focusing on the long-term planning and sustainable development of the Company and on the basis of comprehensive analysis of the Company's industry characteristics, development strategy and operation plan, Shareholder requirements and willingness, the Company fully considered our actual situation and development plan, capital demand of project investment, current and future profitability, cash9rcvtoplan,profit

The Company shall review the Dividend Distribution Plan for the Shareholders at least once every three years, and shall, in conjunction with the opinions of independent director, board of supervisors and Shareholders (especially the minority Shareholders), make appropriate and necessary modifications in the existing profit distribution policy, to determine the dividend distribution plan for the Shareholders for the time period.

(IV) DETAILED DIVIDEND DISTRIBUTION PLAN FOR THE SHAREHOLDERS IN NEXT THREE YEARS (2020-2022)

1. Profit distribution form and interval

(1) The Company distributes profits by means of a combination of cash, stock or cash stock and gives priority to profit distribution by cash. On the premise of a guarantee for cash dividend distribution, the Company can distribute profits through stock dividends. Where such stock dividends are adopted for profit distribution, authentic and reasonable factors such as corporate growth and dilution of net asset value per share shall be taken into account.

(2) The Company shall carry out annual profit distribution under the satisfaction of the conditions for profit distribution, and may also carry out interim cash dividends.

(3) Profit distribution carried out by the Company shall not exceed the scope of accumulative profit available for distribution. On the premise of meeting the fund demand for raw material purchasing, predictable important investment plan or large capital expense, Board of Directors in the Company can, in accordance with the operating profit and cash flow of the current period, carry out the semi-annual dividend distribution, and the specific plan shall be submitted to Shareholder's general meeting for approval after being reviewed by The Board. If any Shareholder illegally occupies the Company's funds, the Company shall deduct the cash dividend of the Shareholder to compensate for the funds occupied.

2. Specific conditions and minimum percentage of cash dividends

The Company shall at least simultaneously satisfy the following conditions when it intends to implement cash dividend:

(1) The distributable profit (i.e. the after-tax profit after the Company makes up the loss and withdraws the housing accumulation fund) of the Company in the current year is positive, and the Company is flush with cash, and the implementation of cash dividend will not affect the subsequent continuous operation of the company;

(2) The audit institution shall issue a standard unqualified audit report on the Company's annual financial report;

(3) The Company has no main investment plan;

(4) The Company's cash dividends will not violate laws, regulations, rules, governmental normative documents, applicable rules and binding agreements and documents of the Company or its subsidiaries.

If the Company makes distribution in bonds share, the Board shall comprehensively consider the industry features, development stages, its own business pattern, profit level and whether there is major capital expenditure arrangement. The following situations shall be distinguished and differentiation cash dividend policy shall be put forward:

(1) If the Company is in the mature stage of development and there is no significant capital expenditure arrangement, the minimum proportion of cash dividends in the profit distribution shall reach 80% at the time of distributing profits;

(2) If the Company is in the mature stage of development and there is a significant capital expenditure arrangement, the minimum proportion of cash dividends in the profit distribution shall reach 40% at the time of distributing profits;

(3) If the Company is in the growth stage of development and there is a significant capital expenditure arrangement, the minimum proportion of cash dividends in the profit distribution shall reach 20% at the time of distributing profits.

If the Company's development stage is difficult to distinguish while there is a significant capital expenditure arrangement, it can be handled in accordance with the provisions of the preceding paragraph.

The proportion of cash dividend in the profit distribution is calculated based on the cash dividend divided by the aggregate of cash dividend and share dividend.

If the Company is currently in the growth stage, the conditions of cash dividends are as follows: if the Company makes profits in the current year and it still has profits for distribution after makingfogandlaukingum8(gulating)-2is.u4(and)-416.4(and)-416surplusingum8(gulating)-2is.u4(and)-416itio

3. Formulation and implementation of profit distribution plan

After the end of each fiscal year, the Board of the Company shall propose a profit distribution plan and submit it to the general meeting for review. As for the review at the general meeting, it shall give full consideration to the opinions of independent directors, Board of Supervisors and Shareholders (especially minority Shareholders), shall be by telephone, fax, e-mail, investor relations interactive platform and other channels to take the initiative to communicate with Shareholders, especially small and medium Shareholders, fully listen to the opinions and demands of small and medium Shareholders, and timely answer the concerns of the small and medium Shareholders. After the resolution on the profit distribution plan at the general meeting, the Board of the Company shall complete the distribution of dividends (or shares) within 2 months after the general meeting.

(V) ARRANGEMENTS FOR THE USE OF UNDISTRIBUTED PROFITS

The Company's retained undistributed profits are mainly used for such capital expenditure as technical transformation or project expansion, foreign investment, acquisition of assets or equity, procurement of equipment and supplement of liquidity so as to gradually expand production and operation scale, optimize financial structure, promote the rapid development of the Company and realize the future objective of planning and development as planned in an orderly manner and finally maximizing the Shareholders' interests.

(VI) THE PLAN SHALL COME INTO EFFECT ON THE DATE WHEN IT IS REVIEWED AND APPROVED AT THE GENERAL MEETING, AND THE SAME SHALL APPLY TO THE REVISION.

(VII) THE PLAN SHALL BE INTERPRETED BY THE BOARD OF THE COMPANY.

The Board of
Flat Glass Group Co., Ltd

2 June 2022

* *For identification purposes only*

For the purpose of completion of the Non-public Issuance of A Shares in an efficient and orderly manner, according to the arrangement of the Company on the Non-public Issuance of A Shares and the relevant provisions of the Company Law, the Securities Law, the Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》), the Implementing Rules on the Non-public Issuance of Shares by Listed Companies* (《上市公司非公開發行股票實施細則》) and other laws and regulations and the Articles of Association, the Board of the Company proposed to seek authorization to the Board and authorized person(s) thereof at the general meeting of the Company to deal with all matters relating to the public issuance of A Shares at their discretion, including but not limited to the following:

1. The Board is authorized to handle the application of the Non-public Issuance of A Shares in accordance with national laws and regulations, relevant provisions of regulatory authorities (including but not limited to CSRC, Shanghai Stock Exchange, HKSRC, the Stock Exchange of Hong Kong Limited etc.) and the resolutions of the General Meeting, including but not limited to, make, modify, sign, submit and delivery complementally, implement and announce the application documents and other legal documents related to the Non-public Issuance and response to the feedback from the relevant regulatory authorities;

2. According to the Non-public Issuance plan passed at the General Meeting, the Board is authorized to be fully responsible for the specific implementation of the plan, including but not limited to, determine or adjust the implementation time, issue number, issue price, selection of issue object, specific subscription method, subscription ratio, the establishment of a special deposit account for proceeds, the engagement of relevant intermediary institution and the signature of the agreement and other related matters of the Non-public Issuance;

3. The Board is authorized to execute, amend, supplement, delivery, submit and implement all the agreements related to the Non-public Issuance and handle relevant procedures in terms of application, submission and approval, registration and filing etc., and sign the major contracts and documents during the implementation of the proceeds investment project of the Non-public Issuance;

4. According to the regulations and requirements of the regulatory authorities, make appropriate amendments and adjustments to the relevant contents of the Non-public Issuance, such as issue terms, issue plan, the amount of proceeds and the application of plan;

5. Upon completion of the Non-public Issuance, according to the implementation results of the Non-public Issuance, the Board is authorized to modify the relevant provisions of the Articles of Association concerning the registered capital and the number of share capital of the Company, and the Board and appointed person(s) thereof to handle the registration of industrial and commercial change;

6. Handle the registration, lock-in and listing of the shares of Non-public Issuance and other relevant matters with the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the Non-public Issuance;

7. Before the Non-public Issuance, if the Company's total share capital changes due to share allotment, share increase by conversion and other reasons, the Board is authorized to adjust the cap of issue number of the Non-public Issuance accordingly;

8. Adjust the Non-public Issuance plan accordingly in line with the new policy and continue to handle the Non-public Issuance matters if the Non-public Issuance policy or market conditions change during the validity period of the Non-public Issuance resolution,;

9. Adjust, delay the implementation of the Non-public Issuance plan or cancel the application for issuance in the case of force majeure or any other circumstance which is sufficient to render the issuance plan unimplementable, or althengh implementable, it is extremely detrimental to the Company if implemented;

10. Handle other matters related to the Non-public Issuance as permitted by relevant laws and regulations;

11. The above authorization shall be valid for 12 months from the date it is considered and approval at the general meeting of the Company.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take

(ix) validity period of the resolutions regarding the Non-public Issuance; and

(x) use of proceeds.

Special resolution 3. To consider and approve the preliminary plan of the proposed Non-public Issuance.

Special resolution 4. To consider and approve the feasibility analysis report on the use of the proceeds by the Non-public Issuance.

Ordinary resolution 5. To consider and approve the report on use of previous proceeds.

Special resolution 6. To consider and approve the report on dilution of immediate return as a result of the Non-public Issuance, the remedial measures and related entities' commitments.

Notes:

1. In order to ascertain the Shareholders' entitlement to attend and vote at the 2022 First EGM, the register of members of the Company will be closed from 25 July 2022 (Monday) to 29 July 2022 (Friday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming 2022 First EGM, all transfer documents must be lodged with the Company's share registrar in respect of H Shares, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares), for registration before 4:30 p.m. on Friday, 22 July 2022. H Shareholders whose names appear on the register of members of the Company on Friday, 22 July 2022 are entitled to attend and vote at the 2022 First EGM. The record date and arrangements in respect of the A Shareholders who are entitled to attend the 2022 First EGM will be determined and announced separately in the PRC by the Company.

2. Shareholders who are entitled to attend and vote at the 2022 First EGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder.

3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.

4. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H Shares of the Company, to the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding the 2022 First EGM (i.e. Before Thursday, 28 July 2022) (or any adjournment thereof). If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the 2022 First EGM or any adjourned meetings should they so wish.

5. Shareholders or their proxies shall provide their identification documents when attending the 2022 First EGM.

6. Shareholders attending the 2022 First EGM shall be responsible for their own travel and accommodation expenses.

7. The address of the head office in the PRC of the Company is 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC.

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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)

NOTICE OF THE 2022 FIRST H SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2022 First H Shares Class Meeting of Flat Glass Group Co., Ltd. (the "**Company**") will be held at 14:00 p.m. on Friday, 29 July 2022 at the Conference Room, Administrative Building, Flat Glass Group Co., Ltd., 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC for the purpose of considering, and if thought fit, passing the following resolutions by way of special resolutions as indicated. Unless defined otherwise, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 7 July 2022:

SPECIAL RESOLUTIONS

1. To consider and approve the proposal for the Non-public Issuance including the following:

   (i) class and nominal value of the shares to be issued;

   (ii) method and time of issuance;

   (iii) target subscribers and subscription method;

   (iv) price determination date, issue price and pricing principles;

   (v) number of Shares to be issued;

   (vi) lock-up period;

   (vii) place of listing;

   (viii) arrangement relating to the accumulated profits prior to the Non-public Issuance;

   (ix) validity period of the resolutions regarding the Non-public Issuance; and

   (x) use of proceeds.

2. To consider and approve the preliminary plan of the proposed Non-public Issuance.

Notes:

1. H Shareholders whose names appear on the Company's share registrar in respect of H Shares, Tricor Investor Services Limited, on Friday, 22 July 2022 are eligible to attend the 2022 First H Shares Class Meeting. To qualify for attendance and vote at the 2022 First H Shares Class Meeting, all transfers of H Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in respect of H Shares, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 22 July 2022.

2. A member eligible to attend and vote at the 2022 First H Shares Class Meeting is entitled to appoint, in written form, one or more proxies to attend and vote on his behalf. A proxy needs not be a Shareholder.

3. The instrument appointing a proxy must be in writing under the hand of a H Shareholder or his attorney duly authorized in writing. If the H Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.

4. In order to be valid, the proxy form must be deposited by hand or by post to the Company's share registrar in respect of H Shares, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time designated for holding of the 2022 First H Shares Class Meeting. If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude the a Shareholder from attending and voting in person at the 2022 First H Shares Class Meeting or any adjourned meetings should they so wish.

5. A H Shareholder or his proxy shall produce proof of identity when attending the 2022 First H Shares Class Meeting. If a H Shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such H Shareholder may attend the 2022 First H Shares Class Meeting by producing a copy of the resolution of the board of directors or other governing body of such H Shareholder appointing such person(s) to attend the meeting.

6. Shareholders who attend shall bear their own travelling and accommodation expenses.

7. The register of members of the Company will be closed from 25 July 2022 (Monday) to 29 July 2022 (Friday) (both days inclusive).

8. The address of the head office in the PRC of the Company is 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC.