



福耀玻璃工业集团股份有限公司

FUYAO GLASS INDUSTRY GROUP CO., LTD.

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

Stock Code: 3606



2024

INTERIM REPORT

IMPORTANT NOTICE

- I. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management members of the Company warrant that the content of this interim report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility thereof.
- II. All the directors of the Company have attended the Board meeting.
- III. This interim report is unaudited.
- IV. Cho Tak Wong, the person-in-charge of the Company, Chen Xiangming, the person-in-charge of accounting and Qiu Yongnian, the head of the accounting department (in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this interim report.
- V. Plan for profit distribution or conversion of capital reserves into share capital as approved by the Board by way of resolution during the Reporting Period

The Company did not formulate any plan for interim profit distribution or conversion of capital reserves into share capital during the Reporting Period.

VI. **Risks disclaimer of the forward-looking statements**

The forward-looking statements in this report such as future plans and development strategies do not constitute an actual commitment of the Company to investors. Investors and people concerned should maintain sufficient risk awareness in this regard and understand the difference between plans, predictions and commitments. Investors should be aware of the investment risks.

VII. **Any appropriation of fund by the controlling shareholder and its connected parties for non-operating purpose**

No

VIII. **Any provision of external guarantee in violation of the stipulated decision making procedure**

No

IX. **Whether more than half of the directors are unable to provide assurance as to the truthfulness, accuracy and completeness of the interim report disclosed by the Company**

No

X. **Material risk alert**

The Company has described details of the possible risks and its countermeasures in this report. Investors are advised to refer to the relevant sections such as "Section III Management Discussion and Analysis" in this report for descriptions in respect of the risks we may be exposed to.

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Section I Definitions

In this report, unless the context otherwise requires, the following expressions shall have meanings as follows:

DEFINITIONS OF COMMON TERMS

PRC, China	the People's Republic of China
CSRC	China Securities Regulatory Commission
SSE	the Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Company, the Company, Listed Company, Fuyao Glass, Fuyao	Fuyao Glass Industry Group Co., Ltd.
Group, the Group	Fuyao Glass Industry Group Co., Ltd. and its subsidiaries
Board of Directors	the board of directors of the Company
Board of Supervisors	the board of supervisors of the Company
RMB, RMB1,000, RMB10,000 and RMB100 million	Renminbi 1 Yuan, Renminbi 1,000 Yuan, Renminbi 10,000 Yuan, Renminbi 100 million Yuan, the lawful currency in circulation in the PRC. Unless otherwise specified, amounts stated in this report are denominated in RMB
PVB	polyvinyl butyral
OEM, ancillary business	automotive glass and services used in new vehicles of automobile factories
ARG, spare parts and component business	used in aftermarket repairing glass, a kind of automotive glass that is produced for replacement purposes for aftermarket suppliers
laminated glass	automotive safety glass made by two or more than two layers of automobile grade float glass bonded with a layer or various layers of PVB
tempered glass	automotive safety glass made by heating automotive grade float glass to a certain temperature, then promptly cooling it down evenly after being shaped
float glass	the glass produced by applying float technology
Reporting Period	the six months from January 1, 2024 to June 30, 2024

Section II Corporate Profile and Principal Financial Indicators

I. COMPANY INFORMATION

Name of the Company in Chinese	福耀玻璃工業集團股份有限公司
Chinese abbreviation of the Company	福耀玻璃
Name of the Company in English	Fuyao Glass Industry Group Co., Ltd.
English abbreviation of the Company	FYG, FUYAO GLASS
Legal representative of the Company	Cho Tak Wong

II. CONTACT PERSON AND CONTACT METHODS

	Secretary to the Board of Directors	Representative of the Securities Affairs
Name	Li Xiaoxi	Zhang Wei
Contact Address	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Telephone	0591-85383777	0591-85383777
Fax	0591-85363983	0591-85363983
E-mail	600660@fuyaogroup.com	600660@fuyaogroup.com

III. CHANGES IN BASIC INFORMATION

Registered address of the Company	Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province
Historical changes in the registered address of the Company	Nil
Office address of the Company	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Postal code of the office address of the Company	350301
Website of the Company	http://www.fuyaogroup.com
E-mail	600660@fuyaogroup.com
Query index of changes during the Reporting Period	Nil
Principal place of business in Hong Kong	Room 1907, Shun Tak Centre, West Tower, 200 Connaught Road Central, Central, Hong Kong
Custodian of A shares	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
Business address	No. 188 Yanggao South Road, Pudong New District, Shanghai
H share registrar	Computershare Hong Kong Investor Services Limited
Business address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Section II Corporate Profile and Principal Financial Indicators

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspaper selected by the Company for information disclosure	Shanghai Securities News, China Securities Journal and Securities Times
Websites for publishing the interim report of the Company	SSE: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkexnews.hk
Place of inspection of the interim report of the Company	Secretarial Office of the Board of Directors of the Company, District II of Fuyao Industrial Zone, Fuqing City
Query index of changes during the Reporting Period	Nil

V. INFORMATION ON THE COMPANY'S SHARES

Class of shares	Stock exchange on which shares are listed	Stock abbreviation	Stock code
A share	SSE	FUYAO GLASS	600660
H share	Hong Kong Stock Exchange	FUYAO GLASS	3606

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: '000 Currency: RMB

Key accounting data	During the Reporting Period (January – June) (Unaudited)	Corresponding period last year (Unaudited)	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)
Revenue	18,339,730	15,031,259	22.01
Profit for the Reporting Period attributable to owners of the Company	3,498,318	2,835,951	23.36
Profit for the Reporting Period attributable to owners of the Company, net of non-recurring profit or loss (Note)	3,576,317	2,792,915	28.05
Net cash generated from operating activities	3,303,108	2,818,087	17.21

Section II Corporate Profile and Principal Financial Indicators

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY (CONTINUED)

(I) Key accounting data (Continued)

Unit: '000 Currency: RMB

	At the end of the Reporting Period (Unaudited)	At the end of last year (Audited)	Increase/decrease at the end of the Reporting Period as compared with the end of last year (%)
Equity attributable to owners of the Company	31,637,764	31,436,239	0.64
Total assets	60,114,120	56,640,463	6.13

Note: In particular, "Profit for the Reporting Period attributable to owners of the Company, net of non-recurring profit or loss" is prepared in accordance with the China Accounting Standards for Business Enterprises.

(II) Key financial indicators

Key financial indicators	During the Reporting Period (January – June) (Unaudited)	Corresponding period last year (Unaudited)	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)
Basic earnings per share (RMB/share)	1.34	1.09	22.94
Diluted earnings per share (RMB/share)	1.34	1.09	22.94
Return on equity (%)	11.06	9.85	1.21

Section II Corporate Profile and Principal Financial Indicators

VII. DISCREPANCIES IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (I) Discrepancies between the profit for the Reporting Period and equity attributable to owners of the Company in the financial reports disclosed under the International Financial Reporting Standards and under the China Accounting Standards for Business Enterprises

Unit: '000 Currency: RMB

	Profit for the Reporting Period attributable to owners of the Company		Equity attributable to owners of the Company	
	Amount for the Reporting Period (Unaudited)	Amount for the corresponding period last year (Unaudited)	Amount at the end of the Reporting Period (Unaudited)	Amount at the beginning of the Reporting Period (Audited)
Prepared in accordance with the China Accounting Standards for Business Enterprises	3,498,605	2,836,242	31,627,994	31,426,182
Adjustments to items and amounts in accordance with the International Financial Reporting Standards: Reversal of impairment for buildings and land use rights and the discrepancies between corresponding depreciation and amortization	-287	-291	9,770	10,057
Prepared in accordance with the International Financial Reporting Standards	3,498,318	2,835,951	31,637,764	31,436,239

Section II Corporate Profile and Principal Financial Indicators

VII. DISCREPANCIES IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS (CONTINUED)

(II) Note to discrepancies between domestic and overseas accounting standards:

In addition to preparing the financial statements for H shares in accordance with the International Financial Reporting Standards, the Company, as an A-shares company listed on the SSE, is also required to prepare financial statements in accordance with the China Accounting Standards for Business Enterprises. There are discrepancies between the financial statements prepared by the Company in accordance with the International Financial Reporting Standards and those prepared by the Company in accordance with the China Accounting Standards for Business Enterprises: Yung Tak Investment Limited, a subsidiary of the Group established in the Hong Kong Special Administrative Region, made provision for impairment in accordance with the discrepancies between recoverable amounts and carrying amounts of buildings and lands in previous years. For the provision for impairment of such long-term assets, according to the “Accounting Standards for Business Enterprises No. 8 – Assets Impairment” issued by the Ministry of Finance on February 15, 2006, upon confirmation of any loss on asset impairment of the Group, it shall not be reversed during the subsequent accounting periods. However, under the International Financial Reporting Standards, the estimations applied by the Group to determine the recoverable amount of assets have varied since the latest recognition of loss on impairment, and the loss on asset impairment, excluding goodwill, recognized in the previous period should be reversed. The discrepancies between the International Financial Reporting Standards and the China Accounting Standards for Business Enterprises will have an impact on the provision for (and loss on) asset impairment of the Group, and operating results (depreciation/amortization) of the buildings and land use rights over their useful lives, thus resulting in the above adjustments.

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS (PREPARED IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount incurred in the period	Note (if applicable)
Profit or loss from disposal of non-current assets, including the portion offset from the provision for impairment of assets	-227,861,120	During the Reporting Period, Taiyuan Jinnuo Industry Co., Ltd. terminated provisions pertaining to the transfer of the remaining 24% equity interest in Beijing Futong, resulting in a decrease in the investment revenue of the Company of RMB212 million.

Section II Corporate Profile and Principal Financial Indicators

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS (PREPARED IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES) (CONTINUED)

Non-recurring profit or loss items	Amount incurred in the period	<i>Note (if applicable)</i>
Government subsidies recorded under current profit or loss, other than those closely related to the normal business operation of the Company, in compliance with national policy requirements, enjoyed in accordance with defined standards and having a sustained impact on the Company's profit or loss	95,473,786	
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities, other than effective hedging activities related to normal business operations of the Company	-1,641,886	
Reversal of impairment provision for receivables tested for impairment on individual basis	2,369,316	
Other non-operating income and expenses apart from the aforesaid items	14,755,414	
Less: Effects of income tax	-39,583,655	
Effects of minority interests (after tax)	390,726	
	<hr/>	
Total	<u>-77,711,561</u>	

Section III Management Discussion and Analysis

I. INDUSTRY OVERVIEW AND PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Principal business and business model

The Company is principally engaged in providing total solutions of safety glass and automotive accessories for various transportation vehicles, including design, manufacture and sale of automotive grade float glass, automotive glass, locomotive glass, luggage racks, vehicle window trims and provision of relevant services. The business model of the Company is globalized research and development, design, manufacture, distribution and after-sales services. Adhering to its brand development strategy of maintaining an industry-leading position in technology and quickly responding to market changes, the Company works with its customers on product design, manufacturing and rendering of services, focuses on improving its business ecological chain and responds to the ever-changing demand of customers systematically, professionally and rapidly, thus creating value for its customers.

Set out below is a breakdown of revenue by products for the periods indicated:

Unit: '000 Currency: RMB

Product	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with corresponding period last year (%)	Change in cost of sales as compared with corresponding period last year (%)	Change in gross profit margin as compared with corresponding period last year (%)
Automotive glass	16,820,047	11,550,017	31.33	25.82	21.44	2.48
Float glass	2,784,125	1,827,967	34.34	8.35	-4.00	8.44
Others	2,010,296	1,448,740				
Less: Intragroup elimination	<u>-3,274,738</u>	<u>-3,187,192</u>				
Total	<u>18,339,730</u>	<u>11,639,532</u>	<u>36.53</u>	<u>22.01</u>	<u>16.20</u>	<u>3.17</u>

(II) Industry overview

According to the statistics released by the China Association of Automobile Manufacturers, automobile production volume and sales volume from January to June 2024 amounted to 13.891 million units and 14.047 million units, representing a year-on-year increase of 4.9% and 6.1%, respectively. As of 2023, China has ranked first in the world for 15 consecutive years in terms of automobile production volume and sales volume.

Section III Management Discussion and Analysis

I. INDUSTRY OVERVIEW AND PRINCIPAL BUSINESS DURING THE REPORTING PERIOD (CONTINUED)

(II) Industry overview (Continued)

For the automobile industry, in the short term, the automobile market continues to recover, but the domestic and international situation remains complex and severe, with increasing challenges and uncertainties. As China has increased its macro-control efforts, expanded domestic demand, optimised its structure and actively expanded its overseas markets, it has also promoted automobile consumption through the introduction and implementation of various policies and measures, such as optimising purchase restriction policies, conducting a new round of automobile subsidies for rural areas, encouraging trade-ins, and extending and optimising the exemption of the purchase tax for new energy vehicles until the end of December 2027, among other initiatives at stimulating car consumption.

In terms of the global automobile industrial structure, the proportion of developing countries in new automobile production and automobile ownership has been increasing, resulting in their greater influence; but there is still a tremendous gap between developing countries and developed countries in terms of the penetration rate of automobiles. In 2023, the automobile ownership per 100 people reached over 50 units in developed countries including the US, Japan and Germany, while in developing China, it was only approximately 24 units, which was much lower than that in major developed countries. Given China's population size, the percentage of middle-income groups and per capita GDP, the potential for automobile consumption in China is enormous. Additionally, China's robust internal supply chain system provides strong support for the growth of the automotive industry, and there is still considerable room for development in industries that support the automobile sector.

Currently, the "electrification, networking, intelligence and sharing" (the new four modernizations) has become the trend and direction of the automobile industry. The automotive market has now entered a new development stage characterized by diversified demand and an optimized structure. The penetration rate of new energy vehicles is continuously increasing, and smart vehicles have reached the stage of widespread application. Automobiles are no longer just simple means of transportation; they are now evolving into mobile intelligent terminal. The development of new four modernizations in the automotive industry has led to the integration of more and more new technologies into automobile glass, posing new requirements for automobile glass and providing new opportunities for the development of the automobile glass industry. This development is driving automotive glass towards "safety and comfort, energy conservation and environmental friendliness, beautiful appearance, and intelligence and integration" with growing share of the added value products such as intelligent panoramic skylight glass, dimmable glass, head-up display glass and ultra-insulating glass. The industry-leading position of Fuyao in terms of technology has brought structural opportunities to the sale of automotive glass of the Company.

Therefore, in the medium to long term, the industry that supports the automobile sector still has considerable room for stable growth.

Note: The sources of the above information include the information from Organization Internationale des Constructeurs d'Automobiles (OICA), the China Association of Automobile Manufacturers and the International Organization of Motor Vehicle Manufacturers.

Section III Management Discussion and Analysis

II. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the Reporting Period, the Company continued to strengthen its core competitiveness:

1. Fuyao, a company with strong sense of social responsibility and mission, has gained trust from global automobile manufacturers, users, suppliers and investors by fulfilling its supporting role in the world's automobile industry and contributing transparent, exquisite glass to the world. Brand is the core competitiveness of Fuyao.
2. Fuyao has developed a team with devotion, passion, unity and ambition who has competitive advantages in the industry in terms of operation, management, technology, quality, technique, design and IT.
3. The standardized, transparent and international financial system and the ERP-based process optimization system of Fuyao lay a solid foundation for the digitalization and intelligitization of "Industry 4.0".
4. Fuyao has built a relatively comprehensive industrial ecology, such as sand mineral resources, quality float technology, research and development of process and equipment, multi-function integrated glass, extension to aluminum trim industry, global R&D centers and supply chain network; unique staff training and development mechanism, all of which form the systematic business advantages of Fuyao and create barriers to competitors.
5. Development strategy that highlights specialism, devotion and concentration enables the Company to respond promptly to market changes and provide Total Solutions of automotive glass and automotive accessories to customers.

III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

As a worldwide leading enterprise engaged in integrated solutions for the design, development, manufacturing, supply and service of automotive glass and automotive grade float glass, Fuyao adheres to its brand development strategy of pursuing ultimate quality, maintaining an industry-leading position in technology and quickly responding to market changes. During the Reporting Period, Fuyao continuously provided automobile manufacturers and maintenance market worldwide with products and services of automotive safety glass crafted with the wisdom and care of the Fuyao staff and provided global automobile users with intelligent, safe, comfortable, environment-friendly and trendy total solutions relating to automotive safety glass and automotive decoration, while making the in-vehicle experience of drivers and passengers more enjoyable.

In the first half of 2024, as the global economic growth slowly recovered, the international situation was complex and volatile, and the geopolitical conflicts intensified, the stability of the global industrial chain and supply chain still be challenged. China's automobile industry showed growth in key economic indicators along with the trade-ins and the introduction of local supporting policies. According to the statistics released by the China Association of Automobile Manufacturers, automobile production volume and sales volume from January to June 2024 amounted to 13.891 million units and 14.047 million units, representing a year-on-year increase of 4.9% and 6.1%, respectively.

Section III Management Discussion and Analysis

III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS (CONTINUED)

During the Reporting Period, the Company, on a consolidated basis, realized revenue of RMB18,339.730 million, representing an increase of 22.01% as compared with the corresponding period last year, which was above the level of the industry growth; realized profit before tax of RMB4,125.070 million, representing an increase of 24.27% as compared with the corresponding period last year; realized profit for the Reporting Period attributable to owners of the Company of RMB3,498.318 million, representing an increase of 23.36% as compared with the corresponding period last year; and realized earnings per share of RMB1.34, representing an increase of 22.94% as compared with the corresponding period last year.

During the Reporting Period, the profit before tax increased by 24.27% as compared with the corresponding period last year. Eliminating the impact of the following factors, the profit before tax during the Reporting Period increased by 59.96% year on year:

- (1) During the Reporting Period, the losses from foreign exchange amounted to RMB14.210 million, and the gains from foreign exchange in the corresponding period last year was RMB599.209 million, representing a year-on-year decrease of RMB613.419 million in the profit before tax during the Reporting Period as compared with the corresponding period last year;
- (2) During the Reporting Period, Taiyuan Jinnuo Industry Co., Ltd. terminated provisions pertaining to the transfer of the remaining 24% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. ("Beijing Futong"), and the Company derecognized the equity transfer receivable of RMB321.40 million and retained 24% equity interest in Beijing Futong. The Company currently holds 49% equity interest in Beijing Futong in aggregate. The termination of the transfer of the remaining 24% equity interest in Taiyuan Jinnuo Industry Co., Ltd. reduced the investment revenue of RMB212.129 million, resulting in a decrease in profit before tax of RMB212.129 million for the Reporting Period as compared with the corresponding period last year.

During the Reporting Period, the Company carried out the following work according to the Group's business strategy centered on "continuously creating values for customers" with the market-oriented approach, the support of technological innovation and the protection by standardised management, to ensure the improvement of the comprehensive competitiveness of the Company:

1. Enhancing the quality control ability in the whole process: as product quality is directly related to the survival and development of the Company, it conducted strict quality control at every stage, from product design, procurement of raw materials, production and manufacturing to finished product warehousing, thus ensuring the quality and reliability of its products and effectively preventing and controlling quality issues.

Section III Management Discussion and Analysis

III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS (CONTINUED)

2. Improving global supply assurance capability: during the Reporting Period, the Company planned and laid out a comprehensive global supply system in advance according to industry trends. It also continuously innovated and optimized the production process, shortening the time from product input to warehousing, building flexible and agile production capabilities to ensure the global delivery and capacity, achieving mutual achievements and growth with the automobile industry.
3. Strengthening innovation capability: with the development of automotive intelligence, automotive glass and trims, etc, have evolved from mere weather protection to components of intelligent cockpits, becoming platforms for external perception and interaction. Therefore, the Company has continuously increased innovation efforts in technology, management and other areas. The proportion of high value-added products such as intelligent panoramic skylight glass, dimmable glass, head-up display glass, ultra-insulating glass, lightweight ultra-thin glass, coated heatable glass, tempered laminated glass has continued to grow, rising by 4.82 percentage points compared to the corresponding period last year, reflecting their value.
4. Focusing on customer needs to improve sales quality and efficiency: the Company always put customer needs first, insisted on rapid response and efficient service, established a high level of trust with customers, focused on creating value for customers, and built Fuyao's sales organization, thus improving its sales management capabilities, increasing market expansion efforts and broadening sales channels.
5. Building an active and efficient international team: the Company adhered to the people-oriented principle, strengthened team building, ensured competitive employees benefits, promoted the humanities construction of Fuyao and established good discipline and work style, and built a more active and efficient international team.

Material changes in the operation of the Company during the Reporting Period and events that occurred during the Reporting Period that have had a significant impact on the operation of the Company and are expected to have a significant impact in the future

Please refer to "III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS" above for details.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

(I) Analysis on principal business

1. Table of analysis of changes in relevant items in the financial statements

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the corresponding period last year	Percentage of change (%)
Revenue	18,339,730	15,031,259	22.01
Cost of sales	11,639,532	10,016,690	16.20
Distribution costs	785,619	678,249	15.83
Administrative expenses	1,348,517	1,143,637	17.91
Finance costs – net	-351,496	-135,000	-160.37
Research and development expenses	784,109	628,377	24.78
Other income	220,151	87,979	150.23
Other (losses)/gains – net	-238,524	533,401	N/A
Net cash generated from operating activities	3,303,108	2,818,087	17.21
Net cash used in investing activities	-3,878,523	-2,155,621	79.93
Net cash (used in)/generated from financing activities	-294,847	1,049,639	N/A

Reasons for the changes in revenue: The increase in revenue was mainly due to the increased marketing efforts of the Company and the increased proportion of high value-added products.

Reasons for the changes in cost of sales: The increase in cost of sales was mainly due to the increase in revenue.

Reasons for the changes in distribution costs: The increase in distribution costs was mainly due to the increase in revenue and the corresponding increase in expenses such as packaging expenses. As a result, the proportion of distribution costs to revenue decreased by 0.23 percentage point year on year.

Reasons for the changes in administrative expenses: The increase in administrative expenses was mainly due to the increase in staff salaries and other expenses. As a result, the proportion of administrative expenses to revenue decreased by 0.26 percentage point year on year.

Reasons for the changes in finance costs – net: The decrease in finance costs – net was mainly due to the increase in finance income during the Reporting Period.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis on principal business (Continued)

1. Table of analysis of changes in relevant items in the financial statements (Continued)

Reasons for the changes in research and development expenses: The increase in research and development expenses was mainly due to the fact that the Company further enhanced its management of research and development projects and continued R&D innovation to facilitate its technology upgrade and increase the added value of its products.

Reasons for the changes in other income: The increase in other income was mainly due to the deduction of additional 5% of current deductible input tax from VAT payable which were credited to other income during the Reporting Period for advanced manufacturing enterprises, however, no such policy was implemented during the same period last year.

Reasons for the changes in other (losses)/gains – net: The changes in other (losses)/gains – net were mainly due to the exchange loss of RMB14 million arising from exchange rate fluctuations during the Reporting Period, as compared with an exchange gain of RMB599 million for the same period last year.

Reasons for the changes in net cash generated from operating activities: The increase in net cash generated from operating activities was mainly due to the year-on-year increase in revenue during the Reporting Period.

Reasons for the changes in net cash used in investing activities: The increase in net cash used in investing activities was mainly due to the increase in “held-to-maturity term deposits” placed during the Reporting Period.

Reasons for the changes in net cash (used in)/generated from financing activities: The changes in net cash generated from financing activities were mainly due to the decrease in borrowings as a result of comparatively sufficient cash flow during the Reporting Period.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities

1. Assets and liabilities

Unit: '000 Currency: RMB

Names of items	Closing balance	The percentage of closing balance to the total assets (%)	Closing balance of the previous period	The percentage of closing balance of the previous period to the total assets (%)	Change in the closing balance as compared with the closing balance of the previous period (%)	Explanations
Investments in a joint venture	269,978	0.45	49,880	0.09	441.26	The increase in investments in a joint venture was due to the fact that Taiyuan Jinnuo Industry Co., Ltd. terminated provisions pertaining to the transfer of the remaining 24% equity interest in Beijing Futong during the Reporting Period, and the Company retained 24% equity interest in Beijing Futong. The Company currently holds an aggregate of 49% equity interest in Beijing Futong and jointly controls Beijing Futong, therefore, the accounting of Beijing Futong is reclassified from an associate investment to a joint venture investment.
Investments in associates	20,045	0.03	131,658	0.23	-84.77	The decrease in investments in associates was due to the fact that Taiyuan Jinnuo Industry Co., Ltd. terminated provisions pertaining to the transfer of the remaining 24% equity interest in Beijing Futong during the Reporting Period, and the Company retained 24% equity interest in Beijing Futong. The Company currently holds an aggregate of 49% equity interest in Beijing Futong and jointly controls Beijing Futong, therefore, the accounting of Beijing Futong is reclassified from an associate investment to a joint venture investment.
Financial assets at fair value through other comprehensive income – current assets	2,254,001	3.75	1,314,918	2.32	71.42	The increase in financial assets at fair value through other comprehensive income was mainly due to the increase in revenue and the corresponding increase in the receipt of bank acceptance notes.
Held-to-maturity term deposits with original maturity of more than 3 months	6,906,055	11.49	5,130,806	9.06	34.60	The increase in held-to-maturity term deposits with original maturity of more than 3 months was due to new deposits held for "held-to-maturity term deposits with original maturity of more than 3 months" during the Reporting Period.
Deferred income tax liabilities	546,508	0.91	411,645	0.73	32.76	The increase in deferred income tax liabilities was mainly due to the provision for income tax on undistributed profits of overseas subsidiaries and the increase in temporary differences in taxable fixed assets.
Borrowings – current liabilities	8,618,546	14.34	5,491,699	9.70	56.94	The increase in borrowings – current liabilities was mainly due to the increase in borrowings during the Reporting Period and the transfer of current portion of long-term borrowings to this item for presentation.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

2. Overseas assets

(1) Size of assets

Including: overseas assets of RMB24,246 million, accounting for 40.33% of the total assets.

(2) Details of the higher percentage of overseas assets

The overseas assets are the assets in the account of the overseas subsidiaries which are established by the Company and the deposits of the parent company which are deposited in foreign currencies in Hong Kong. In particular, the total assets of Fuyao Glass America Inc., an overseas subsidiary (including 100%-controlled Fuyao Glass Illinois Inc. and Fuyao Asset Management C, LLC), amounted to RMB7,936 million as at June 30, 2024, with the revenue amounting to RMB3,211 million and profit for the Reporting Period amounting to RMB387 million in the first half of 2024.

3. Details of charge on assets

As at June 30, 2024, lands and above-ground buildings erected thereon with a carrying amount of RMB18,415,000 (original amount: RMB36,327,000) were pledged as security for a credit facility of HK\$30 million.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

4. Details of number of employees, remuneration policy and training plans

- (1) Number of employees: as at the end of the Reporting Period, the number of employees of the Company was 34,182, representing an increase of 1,461 employees as compared with that at the end of 2023.
- (2) Remuneration policy: based on the principles of fairness, competitiveness, incentives and legality, the Company formulated its remuneration policy. Remuneration of employees is mainly composed of various items including basic salaries, performance salaries, bonuses, subsidies and allowance; salaries are adjusted in accordance with the Company's performance, and employees' performance and capability in a timely manner. In addition, the Company participated in various kinds of insurance as required, and paid the relevant fees on time.
- (3) Training plans: according to the Group's strategic plan and annual operating policy and plan, the Company made training plans. The Group provides orientation training and on-the-job education for the growth of the employees, of which the orientation training covers subjects such as corporate culture and policies, work ethic and quality, major products and businesses, production process, quality management and occupational safety. The on-the-job education covers mandatory training required by the applicable laws and regulations such as environment, health and safety management systems, and special training covers all types of personnel at all levels. In order to meet the needs of its strategic plan, the Group held various training projects for management cadres at all levels, key business and technical staff and business backbones of all functions and high potential talents, including training camp on management in the age of digitalization, in-service cadres cultivation project, reserve cadres cultivation project, key technical talents cultivation project and lean leading expert training projects, and simultaneously developed micro class, micro course, live class and other forms of learning resources by way of online channels to further improve the training and talents development system, to secure talents for the steady and healthy operation and transformation and upgrading of the Group, thereby promoting the high-quality development of the Group.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(III) Liquidity and source of capital

1. Cash flows

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year
Net cash generated from operating activities	3,303,108	2,818,087
Net cash used in investing activities	-3,878,523	-2,155,621
Net cash (used in)/generated from financing activities	-294,847	1,049,639
Net (decrease)/increase in cash and cash equivalents	<u>-870,262</u>	<u>1,712,105</u>

- (1) During the Reporting Period, net cash generated from operating activities amounted to RMB3,303 million. In particular, cash received from sale of goods and provision of labor services amounted to RMB17,644 million; cash paid for purchase of goods and acceptance of labor services amounted to RMB9,987 million, cash paid to and paid for employees amounted to RMB3,463 million, and payment of various taxes amounted to RMB1,489 million.

Daily capital needs of the Group can be financed by internal cash flows. The Group also had adequate credit facilities provided by banks.

- (2) During the Reporting Period, net cash used in investing activities amounted to RMB3,879 million. In particular, cash paid for purchase and construction of property, plant and equipment and other long-term assets amounted to RMB2,346 million.
- (3) During the Reporting Period, net cash used in financing activities amounted to RMB295 million. Cash received from bank borrowings amounted to RMB8,002 million, issuance of super short-term commercial paper amounted to RMB300 million, cash used for repayment of debts amounted to RMB4,996 million; cash payment of dividend distribution and interest amounted to RMB3,490 million.

The Company will further strengthen and promote the management model characterized by capital intensification and budget, strictly control the exchange rate risks and optimize the capital structure to enhance the security and effectiveness of capital management and ensure the maximization of capital efficiency.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(III) Liquidity and source of capital (Continued)

2. Capital expenditure

Capital expenditure of the Company was mainly used for continuous contribution to new projects and the Company's other transformation and upgrading expenditures. During the Reporting Period, RMB2,346 million in cash was paid for purchase and construction of property, plant and equipment and other long-term assets. In particular, capital expenditure of Fuyao America's automotive glass projects amounted to approximately RMB545 million, capital expenditure of the Changchun aluminum part project amounted to approximately RMB252 million, capital expenditure of the Tianjin automotive glass project amounted to approximately RMB243 million, and capital expenditure of the Suzhou automotive glass project amounted to approximately RMB196 million.

3. Borrowings

During the Reporting Period, the new bank borrowings amounted to RMB8,002 million; repayment of bank borrowings amounted to RMB4,996 million; the new super short-term commercial paper amounted to RMB300 million. The Company did not utilize any financial instrument for hedging. As of June 30, 2024, interest-bearing debts are set out as follows:

Unit: 100 million Currency: RMB

Type	Amount
Short-term borrowings with fixed interest rates	70.08
Short-term borrowings with floating interest rates	0.05
Long-term borrowings with fixed interest rates due within one year	9.06
Long-term borrowings with floating interest rates due within one year	3.91
Long-term borrowings with fixed interest rates	39.63
Long-term borrowings with floating interest rates	47.31
Super short-term commercial paper	3.00
Total	<u>173.03</u>

Note: The information in the above table excludes accrued interest.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(III) Liquidity and source of capital (Continued)

4. Foreign exchange risks and foreign exchange gains or losses

The principal business of the Group is situated within the PRC and is denominated in Renminbi. However, foreign exchange risks still exist for the assets and liabilities in foreign currencies and future foreign currency transactions as recognized by the Group (assets and liabilities in foreign currencies and foreign currency transactions are mainly denominated in US dollar). The finance department of the headquarters of the Group is responsible for monitoring the scale of foreign currency transactions and assets and liabilities in foreign currencies of the Group to reduce the foreign exchange risks to the largest extent. As such, the Group may avoid foreign exchange risks by ways of intensifying international development; reasonably matching the size of foreign currency assets and liabilities with the expansion of overseas operations; optimizing the currencies in settlement of operations; matching the income with expenses in the same currency; and adopting appropriate exchange instruments such as entering into forward foreign exchange contracts, currency swap, forward foreign exchange call options and other contracts. During the Reporting Period, foreign exchange losses of the Group amounted to RMB14 million, as compared with foreign exchange gains of RMB599 million for the corresponding period last year.

(IV) Capital efficiency

Inventory turnover period during the Reporting Period was 85 days as compared with 98 days of the corresponding period last year. In particular, inventory turnover period for automotive glass was 61 days as compared with 70 days of the corresponding period last year; inventory turnover period for float glass was 106 days as compared with 120 days of the corresponding period last year.

The turnover period of the trade receivables (including notes receivable measured at fair value through other comprehensive income) during the Reporting Period was 93 days as compared with 87 days of the corresponding period last year. The Group established stringent policies for the management of notes receivable and accepts applications only from reputable banks and customers with financial strengths, while the credit risks related to bank-accepted notes are assumed by the customers' banks.

The weighted average return on net assets during the Reporting Period was 11.06% as compared with 9.85% of the corresponding period last year. The increase was mainly due to the year-on-year increase in profit during the Reporting Period.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Capital efficiency (Continued)

Gearing ratio during the Reporting Period is set out as follows:

Unit: '000 Currency: RMB

	As at June 30, 2024	As at December 31, 2023
Total borrowings	17,311,946	14,004,799
Lease liabilities	452,330	525,939
Long-term payables	57,917	64,473
Less: Cash and cash equivalents	-12,536,763	-13,351,250
Net debts	5,285,430	1,243,961
Total equity	31,626,135	31,421,379
Total capital	<u>36,911,565</u>	<u>32,665,340</u>
Gearing ratio (%)	<u>14.32%</u>	<u>3.81%</u>

Note: Gearing ratio: net debts at the end of the period divided by total capital. Net debts were the sum of current and non-current borrowings, lease liabilities and long-term payables less cash and cash equivalents. Total capital was the sum of net debts and total equity.

(V) Commitments

For details, please refer to “26. Commitments” in the “Section IX Financial Report”.

(VI) Contingent liabilities

During the Reporting Period, the Company had no material contingent liabilities.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(VII) Outlook of the Company for the second half of 2024

The global economy will remain tough in the second half of 2024, and economic growth will continue to be confronted with multiple risks and challenges. In this regard, Fuyao will be prudent in every step of its operation:

1. to strictly control the quality of products and new product development in all aspects, refine work process, make good use of the “one-vote veto system for quality”, and further create a good quality culture, form the work atmosphere where everyone cares about and values quality.
2. to continues to optimize the Company’s production process, and establish agile management and flexible production mechanisms so as to ensure the global delivery and service, as well as high quality development while expanding its business scale.
3. to continue to strengthen technological innovation, increase investment in R&D, accelerate the speed of R&D, promote product upgrades, and enhance Fuyao’s core competitiveness, with the focus on new materials, new processes, new technologies and cross-disciplinary cooperation.
4. to enhance digital construction by digitizing operations, creating digital platforms, and making platforms intelligent and practically applicable, and ensure that data from various areas of the actual business process is transparent, shared, understandable, and useful, thereby leveraging the efficiency of digitization.
5. to continue to play a leading role in sales, establish an all-round sales management mechanism, make efforts in multiple markets at home and abroad, expand new customers, stabilize regular customers, optimize the level of service, improve customer satisfaction and enhance corporate competitiveness.
6. to continuously increase efforts in talent cultivation, train professionals in new technologies, management, automation, digitization and internationalization, implement staff development, strengthen organizational effectiveness, and improve corporate image and brand value.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(VIII) Utilization of the proceeds from H Share Placing

Upon approval by the CSRC, as evidenced by the Approval for the Issuance of Additional Overseas Listed Foreign Shares by Fuyao Glass Industry Group Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1495), the Company completed the issuance of 101,126,000 additional overseas listed foreign shares (H shares) at a placing price of HK\$42.90 per share on May 10, 2021. After deducting underwriting fees and other issuance expenses (converted based on the exchange rate announced by the People's Bank of China on May 10, 2021 (Stock Delivery Date)), the net proceeds from the placing actually received by the Company amounted to HK\$4,312.78 million. As at June 30, 2024, the use of the proceeds raised from H share offering by the Company are as follows:

Unit: HK\$ million

Proposed use of the proceeds	Planned use of the net proceeds	Utilized net proceeds	Unutilized net proceeds as at June 30, 2024	Expected timeline of use of the proceeds
Replenishment of working capital and optimization of the capital structure of the Group	2,587.67	2,315.43	272.24	2024–2025
Repayment of interest-bearing debts	646.92	646.92	0	
Investment in R&D projects	646.92	646.92	0	
Expansion of photovoltaic glass market and general corporate use	431.27	431.27	0	
Total	<u>4,312.78</u>	<u>4,040.54</u>	<u>272.24</u>	

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(IX) Analysis on investment

1. Overall analysis on external equity investment

External investment during the Reporting Period:

- (1) On January 8, 2024, the Company incorporated Fuyao Glass (Fujian) Co., Ltd. (福耀玻璃(福建)有限公司) in Fuqing City, Fujian Province, with a registered capital of RMB1,000.00 million. The Company holds 100% equity interest in Fuyao Glass (Fujian) Co., Ltd., which is principally engaged in the manufacturing of automobile parts and components, and glass, amongst others.
- (2) On March 27, 2024, the Company incorporated Fuyao Float Glass (Anhui) Co., Ltd. (福耀浮法玻璃(安徽)有限公司) in Hefei City, Anhui Province, with a registered capital of RMB350.00 million. The Company holds 100% equity interest in Fuyao Float Glass (Anhui) Co., Ltd., which is principally engaged in the manufacturing of glass and technical glass products, amongst others.
- (3) On March 27, 2024, the Company incorporated Fuyao Glass (Anhui) Automotive Parts Co., Ltd. (福耀玻璃(安徽)汽车配件有限公司) in Hefei City, Anhui Province, with a registered capital of RMB150.00 million. The Company holds 100% equity interest in Fuyao Glass (Anhui) Automotive Parts Co., Ltd., which is principally engaged in the manufacturing of automobile parts and components, and glass, amongst others.
- (4) On March 27, 2024, the Company incorporated Fuyao Glass (Anhui) Co., Ltd. (福耀玻璃(安徽)有限公司) in Hefei City, Anhui Province, with a registered capital of RMB500.00 million. The Company holds 100% equity interest in Fuyao Glass (Anhui) Co., Ltd., which is principally engaged in the manufacturing of automobile parts and components, and glass, amongst others.
- (5) On May 30, 2024, the Company incorporated Fuyao (Eastern Europe) Co., Ltd. (福耀(東歐)有限責任公司) in Hungary, with a registered capital of EUR8,000. Fuyao (Hong Kong) Co., Ltd. (福耀(香港)有限公司), a wholly-owned subsidiary of the Company, holds 100% equity interest in Fuyao (Eastern Europe) Co., Ltd., which is principally engaged in the manufacturing of other automobile parts and components.

External investment during the same period last year: On February 16, 2023, the Company incorporated Fuyao Aluminum Parts (Changchun) Co., Ltd. (福耀鋁件(長春)有限公司) in Changchun City, Jilin Province, with a registered capital of RMB100.00 million; in March 2023, the Company invested RMB20.00 million in National Innovation Center for Advanced Glass Material (Anhui) Co., Ltd. (國家玻璃新材料創新中心(安徽)有限公司), with a shareholding of 11.24%; in June 2023, Fuyao Automotive North America, Inc. (福耀玻璃配套北美有限公司), a wholly-owned subsidiary of the Company, invested and established a wholly-owned subsidiary, Fuyao Michigan Holding Company, LLC., with a shareholding of 100%.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(IX) Analysis on investment (Continued)

1. Overall analysis on external equity investment (Continued)

(1) Financial assets at fair value

Unit: Yuan Currency: RMB

Classification of assets	As at the beginning of the Reporting Period	Gain/(loss) arising from fair value change for the period	Cumulative fair value change accounted for in equity	Impairment provided for during the period	Purchase amount during the period	Selling/redemption amount during the period	Other changes	As at the end of the Reporting Period
Shares of listed companies	5,740,618	-1,641,886	-4,431,249					4,098,732
Investments in other equity instruments	91,054,345		21,733,590					91,054,345
Financing receivables	1,314,917,637	-6,528,439			5,304,257,303	4,358,645,790		2,254,000,711
Total	1,411,712,600	-8,170,325	17,302,341		5,304,257,303	4,358,645,790		2,349,153,788

Securities investment

Unit: Yuan Currency: RMB

Type of securities	Stock code	Stock name	Initial investment	Capital source	Book value at the beginning of the period	Gain/(loss) arising from fair value change for the period	Cumulative fair value change accounted for in equity	Amount purchased during the period	Amount disposed of during the period	Gain/(loss) on investments during the period	Book value at the end of the period	Accounting classification
Share of listed companies	601777	Lifan Technology	3,304,999	Debt restructuring	2,306,254	167,493	-831,252				2,473,747	Financial assets at fair value through profit or loss
Share of listed companies	000980	Zoty Automobile	5,224,982	Debt restructuring	3,434,364	-1,809,379	-3,599,997				1,624,985	Financial assets at fair value through profit or loss
Total	/	/	8,529,981	/	5,740,618	-1,641,886	-4,431,249				4,098,732	/

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(X) Material disposal of assets and equities

1. Disposal of equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd.

According to the strategic development plan of the Company, in order to further optimise and adjust its asset structure, increase the liquidity of its assets and improve the utilisation efficiency of its assets, the Company entered into the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. (福耀集團北京福通安全玻璃有限公司) with Taiyuan Jinnuo Investment Co., Ltd. (太原金諾投資有限公司) (now renamed as Taiyuan Jinnuo Industry Co., Ltd. (太原金諾實業有限公司), hereinafter referred to as “Taiyuan Jinnuo”) on June 28, 2018, pursuant to which the Company agreed to transfer its 75% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. (“Beijing Futong”) to Taiyuan Jinnuo at a total consideration of RMB1,004.45 million (of which, 51% equity interest in Beijing Futong was priced at RMB683.05 million). The Company received the first tranche of transfer payment of RMB663 million and the second tranche of transfer payment of RMB20.05 million on June 28, 2018 and July 4, 2018, respectively. Meanwhile, it assisted Taiyuan Jinnuo in completing the registration procedures for the change of ownership of the above-mentioned 51% equity interest. Taiyuan Jinnuo shall make the transfer payment of RMB321.40 million for the remaining 24% equity interest in Beijing Futong to the bank account designated by the Company in one lump sum through bank wire before December 31, 2018. The Company has recognized investment revenue of RMB664,032,500 from the transfer of the equity interests in Beijing Futong and recorded an increase of RMB682,452,200 in cash flow in 2018.

Taiyuan Jinnuo has made many requests to the Company for deferred payments. As considered and approved at the fifth meeting of the tenth session of the Board of Directors of the Company on June 17, 2021, the Board of Directors of the Company agreed that Taiyuan Jinnuo shall pay the transfer payment for the remaining 24% equity interest in Beijing Futong before June 30, 2024. Meanwhile, it was agreed that Taiyuan Jinnuo paid interest to the Company at the loan prime rate (LPR) of 3.85% per annum as announced by the People’s Bank of China from July 1, 2021, based on the transfer payment for the remaining 24% equity interest in Beijing Futong.

On March 29, 2024, the Company received from Taiyuan Jinnuo a letter of discussion for withdrawal from acquisition of the remaining 24% equity interest in Beijing Futong, in which Taiyuan Jinnuo indicated that due to unforeseeable external circumstances, it is currently unable to acquire the remaining 24% equity interest in Beijing Futong. It requested to withdraw from acquisition of the remaining 24% equity interest in Beijing Futong and sought a waiver for the interest payable from October 1, 2021 to June 30, 2024, calculated on the basis of the transfer payment for the 24% equity interest at an annual interest rate of 3.85%. As considered and approved at the fourth meeting of the eleventh session of the Board of Directors of the Company on April 25, 2024, the Board of Directors of the Company agreed that Taiyuan Jinnuo could terminate the agreement on acquiring the remaining 24% equity interest in Beijing Futong, while the Company would retain the 24% equity interest in Beijing Futong and waive the interest payable by Taiyuan Jinnuo from October 1, 2021 to June 30, 2024, calculated on the basis of the transfer payment for the remaining 24% equity interest in Beijing Futong at an annual interest rate of 3.85%.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(X) Material disposal of assets and equities (Continued)

1. Disposal of equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. (Continued)

Please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on the Disposal of 75% Equity Interests in Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated June 29, 2018, the Announcement of Fuyao Glass Industry Group Co., Ltd. on Entering into the Supplementary Agreement to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated December 25, 2018, the Announcement of Fuyao Glass Industry Group Co., Ltd. on Entering into the Supplementary Agreement (II) to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated August 29, 2019, the Announcement of Fuyao Glass Industry Group Co., Ltd. on Entering into the Supplementary Agreement (III) to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated June 6, 2020, the Announcement of Fuyao Glass Industry Group Co., Ltd. on Entering into the Supplementary Agreement (IV) to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated June 18, 2021 and the Announcement of Fuyao Glass Industry Group Co., Ltd. on Entering into the Supplementary Agreement (V) to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated April 26, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>) as well as the announcements titled Discloseable Transaction – Disposal of 75% Equity Interest in Beijing Futong dated June 29, 2018, Discloseable Transaction – Entering into the Supplemental Agreement on the Disposal of 75% Equity Interest in Beijing Futong dated December 25, 2018, Discloseable Transaction – Entering into the Supplemental Agreement (II) on the Disposal of 75% Equity Interest in Beijing Futong dated August 29, 2019, Discloseable Transaction – Entering into the Supplemental Agreement (III) on the Disposal of 75% Equity Interest in Beijing Futong dated June 6, 2020, Discloseable Transaction – Entering into the Supplemental Agreement (IV) on the Disposal of 75% Equity Interest in Beijing Futong dated June 18, 2021 and Discloseable Transaction – Updates on the Disposal of 75% Equity Interest in Beijing Futong dated April 26, 2024 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) for details.

Section III Management Discussion and Analysis

IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD (CONTINUED)

(XI) Analysis of major subsidiaries and investee companies

Unit: '0,000 Currency: RMB (unless otherwise specified)

Company	Business nature	Major products or services	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Fujian Wanda Automobile Glass Industry Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	74,514.95	589,454.96	206,800.77	182,300.70	86,561.35	81,466.85
Fuyao Group (Shanghai) Automobile Glass Co., Ltd. (福耀集團(上海)汽車玻璃有限公司)	Manufacturing enterprise	Production and sale of automotive glass products	USD68,048,800	654,994.55	120,798.48	236,428.92	40,516.33	36,338.89
Fuyao Glass America Inc.	Manufacturing enterprise	Production and sale of automotive glass products	USD1,500	793,557.45	331,432.52	321,084.00	50,368.10	38,742.83

Note: Fuyao Glass America Inc. holds 100% equity interest in each of Fuyao Glass Illinois Inc. (福耀伊利諾有限公司) and Fuyao Asset Management C, LLC (福耀美國C資產公司). The financial figures of Fuyao Glass America Inc. as disclosed in the above table are the figures of the consolidated financial statements.

V. OTHER DISCLOSURES

(I) Potential risks

1. Risks associated with economic, political and social conditions, government policies and wars

About 50% of the Company's revenue is derived from the operations in the PRC and another 50% from overseas operations. Therefore, the operating results, financial status and prospects of the Company are susceptible to changes in, among others, the economy, politics, policies, laws and wars. As the Chinese economy is in the stage of transformation and upgrading, the operations of the Company in the PRC might be affected. In addition, geopolitical conflicts, wars will deepen the impact on the economy and industry. In response, the Company will put more efforts in technological innovation, enhance the organization management, build new culture of Fuyao, strengthen its position in aftersales service market, ensure stable and healthy development in the PRC market and exploit the advantages of its global presence.

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

2. Risks associated with industry development

The global automobile industry is in the process of transformation and upgrading. Competition in the automobile industry is stretching from the manufacturing field to the service field, and automobile consumers increasingly focus on quality rather than functionality. Intelligent, networking and digital elements will play key roles in the development of the automobile industry. If the Company fails to promptly respond to technological changes, it may fail to cater for customers' demands. If the demand for automobiles fluctuates, the demand for products of the Company would also fluctuate, which might result in an adverse impact on the financial position and operating results of the Company. In light of the above, the Company will enrich product lines, optimize product structure and increase the added value of products, including intelligent panoramic skylight glass, dimmable glass, head-up display glass and ultra-insulating glass, as well as providing more comprehensive product solutions and services to customers worldwide.

3. Risks associated with market competition

Intensified market competition may result in a decrease in the selling prices or demand for part of the Company's products. If the competitors of the Company successfully reduce their costs of products or launch new glass products or materials which could substitute glass, the sales and profit margin of the Company may be adversely affected. In this regard, the Company adopts the strategy of differentiation to strengthen strategic and cooperative relationship with customers, further satisfy market needs at home and abroad, and boost the value and competitiveness of "Fuyao" brand.

4. Risks associated with cost fluctuations

The costs of automotive glass of the Company mainly comprise of raw materials of float glass, PVB raw materials, labor, electricity and manufacturing costs, while the costs of float glass mainly include sodium carbonate, natural gas fuel, labor, electricity and manufacturing costs. The Company is exposed to the risk of cost fluctuations due to fluctuations in international commodity prices, changes in supply and demand in the natural gas market, changes in production capacity in the soda ash industry and changes in demand for soda ash from the boom in the glass and alumina industries, and rising labour costs. Given the above, the Company will:

- (1) sort out key material suppliers and develop cooperative partnership with them; set up a sound mechanism for rating and incentives of suppliers, and give incentives to outstanding suppliers; set up an iron-triangle management mechanism for suppliers of key materials and import of materials, focusing on areas such as procurement, technique and quality.

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

4. Risks associated with cost fluctuations (Continued)

- (2) enhance the research on the price trend of raw materials and make purchases in a timely manner; expand supply channel to ensure a stable and effective supply.
- (3) improve the utilization rate of materials, increase automation, optimize staff allocation, enhance efficiency, conserve energy and reduce consumption, strictly control costs throughout the process, integrate logistics, optimize packaging plans, increase transportation capacity of lorries and containers, reduce costs of packaging and logistics, enhance innovation in research and development and application of research accomplishments, increase productivity, improve management level and achieve overall efficiency.
- (4) strengthen customer loyalty and inspire their confidence in placing orders through setting up plants in Europe and the US for production and sale in those regions, and leverage certain of its strengths in the prices of certain materials, natural gas and electricity to avoid risks arising from cost fluctuations.
- (5) improve intellectual productivity and create value for the Company by devoting efforts to energy conservation in manufacturing and management, as well as product intelligence.

5. Risks associated with exchange rate fluctuations

China's reform of the RMB exchange rate mechanism adheres to the principles of voluntarism, gradualism and controllability, implementing a managed floating exchange rate regime based on market supply and demand and adjusted with reference to a basket of currencies. Although the underlying cause of imbalances in international trade lies the economic structures of individual countries, fluctuations in the global economy, instability in certain countries, growing tensions in certain key areas, and the monetary tightening or loosening measures of various countries will lead to exchange rate fluctuations. The Company's oversea sales account for around 50% of its total sales, and this proportion is growing every year. Significant exchange rate fluctuations would affect the results of the Company. In this regard, (1) the finance department of the headquarters of the Group will strengthen the supervision on the scale of foreign currency transactions as well as foreign currency assets and liabilities of the Group, and manage the potential fluctuations in exchange rates possibly by optimizing the settlement currency of export trades and utilizing exchange rate financial instruments and other proactive preventive measures; (2) the Company will strengthen customer loyalty and inspire their confidence in placing orders through building plants in Europe and the US for production and sale in those regions while avoiding risks arising from the fluctuations in exchange rates, so as to keep the risks at a controllable level.

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

6. The Company might not be able to respond quickly enough to rapid technological change and evolving standards in the automotive glass industry or in industries where its customers operate

The Company focuses on developing proprietary technologies and new automotive glass products. A long time may be required for the new product development process, potentially leading to mounting expenses. Substantial investment of capital and resources may be necessary before new products contribute to revenue. Investment in the development of new products by the Company may not generate sufficient earnings in the event that competitors release new products to the market more rapidly than the Company does or if alternative technologies and products are preferred by the market. If the Company is unable to predict or respond in a timely manner to changes in technologies or does not succeed in developing new products suited to customer needs, the Company's business activities, business performance and financial condition may be adversely affected. In order to maintain the competitive edge, the Company will increase its investment in research and development, improve its independent innovation capabilities, strengthen the management of research and development projects and establish the market-oriented research and development mechanism. The Company will also directly respond to the demands of the main manufacturers through the product center to establish a strategic cooperative relationship with the customers.

7. Cyber security risk

With the growing smart manufacturing capacity of the Company, the operation and management of core business are all backed by and realized through information systems. In case of external attack or ransomware virus against the core information network of the Company, corruption of important files and failures in manufacturing execution system and other systems may occur, or production and delivery may be affected. Therefore, the Company will, in accordance with the guidance of the overall information security scheme: (1) establish a crisis awareness, strengthen the promotion of information security awareness among all staff, and constantly guard against cyber fraud and other security risks; (2) continuously optimize the construction of the information security management system, standardize key operational procedures, and reduce the possibility of security risks; (3) continuously improve the Company's information security strategy, and establish control measures for cyber security, host security, terminal security, data security, etc.; (4) regularly carry out information security risk assessment, perform risk identification, risk assessment, risk monitoring and risk response, and establish risk management system and processes for the Company; (5) establish and improve security operation capabilities, build multi-layered and three-dimensional defense system, and proactively detect anomalies and take intelligent measures to enhance the ability to resist and prevent cyber security risks.

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

8. Data security risk

With the advancement of information-based construction of the Company, information and data have gradually become important bases for the Company's business development. If the Company's information or data is stolen or leaked, it will have an adverse impact on the Company's core competitiveness. To safeguard the data security, the Company has implemented a series of control measures from both management and technical aspects: (1) the Company complies with laws and regulations and compliance requirements related to data security; (2) in terms of management, the Company strengthens the promotion of confidentiality awareness among all staff, standardizes data classification and grading, and strictly controls the scope of data distribution; (3) in terms of technology, the Company controls the whole life cycle of data in storage, processing, circulation and destruction through encryption and other control measures to protect the confidentiality and integrity of data; (4) the Company will continue to invest in upgrading data protection and control measures to prevent data security risks.

9. Environmental and social risks

As China's policies, plans and standards in respect of environmental governance and management are becoming increasingly detailed and stringent in terms of both depth and breadth, there may be risks that indicators in some aspects or a certain aspect of the Company deviate from new policies and new standards promulgated by the government. Therefore, the Company first upholds the "resource conserving and eco-friendly" concept and has been implementing this concept through innovations in technology, process and equipment, application of new materials and investment in environmental facilities. As a result, the industries of the Company have satisfied the top-notch standards in the world in respect of materials, process, technology, equipment, energy saving, environmental protection and functional performance; second, it carries out propagation and training courses on environmental protection, energy saving and recycling economy with a view to improving the environmental consciousness of the entire staff on a continuous basis; third, the Company exerts strict internal monitoring and assessment of the comprehensive implementation of various measures and objectives for environmental protection work.

Section IV Corporate Governance

I. GENERAL MEETINGS

General meeting	Date of convention	Directory to designated site of publication of resolution(s)	Date of publication of resolution(s)	Meeting resolution(s)
2024 First Extraordinary General Meeting	January 16, 2024	http://www.sse.com.cn http://www.hkexnews.hk	January 17, 2024	All resolutions were considered and approved
2023 Annual General Meeting	April 25, 2024	http://www.sse.com.cn http://www.hkexnews.hk	April 26, 2024	All resolutions were considered and approved

Information on the general meetings

The 2024 First Extraordinary General Meeting was convened on January 16, 2024 by way of physical meeting in combination with online voting. All resolutions were considered and approved at the meeting by the shareholders attending the meeting by way of voting. For details, please refer to the Announcement on Resolutions of the 2024 First Extraordinary General Meeting of Fuyao Glass Industry Group Co., Ltd. dated January 17, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>) and the Poll Results of the 2024 First Extraordinary General Meeting and Changes in Composition of the Board and its Committees published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

The 2023 Annual General Meeting was convened on April 25, 2024 by way of physical meeting in combination with online voting. All resolutions were considered and approved at the meeting by the shareholders attending the meeting by way of voting. For details, please refer to the Announcement on Resolutions of the 2023 Annual General Meeting of Fuyao Glass Industry Group Co., Ltd. dated April 26, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>) and the Poll Results of the 2023 Annual General Meeting published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Names	Positions	Change
Xue Zuyun	Independent non-executive director	Elected
Dat Dzung Hao Daniel	Independent non-executive director	Elected
Qu Wenzhou	Independent non-executive director	Retired
Cheung Kit Man Alison	Independent non-executive director	Retired

Section IV Corporate Governance

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Information on the changes of directors, supervisors and senior management

The terms of office of the members of the tenth session of the Board of Directors, the Board of Supervisors and the senior management of the Company expired in January, 2024. The 2024 First Extraordinary General Meeting and the first meeting of the eleventh session of the Board of Directors of the Company were convened on January 16, 2024 to re-elect/appoint the members of the new (i.e. eleventh) session of the Board of Directors, the Board of Supervisors and the senior management, and a detailed list of the members of the new session of the Board of Directors, the Board of Supervisors and the senior management is set out in “(I) Changes in shareholding of current directors, supervisors and senior management and those resigned during the Reporting Period” under “III. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT” in Section VII. In particular, following the election of Mr. Dat Dzung Hao Daniel and Mr. Xue Zuyun as independent non-executive directors of the eleventh session of the Board of Directors at the 2024 First Extraordinary General Meeting, Ms. Cheung Kit Man Alison and Mr. Qu Wenzhou retired as independent non-executive directors. For details, please refer to the announcement dated January 17, 2024 published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

III. PLAN FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL

The Company did not formulate any plan for interim profit distribution or conversion of capital reserves into share capital during the Reporting Period.

IV. CORPORATE GOVERNANCE

(I) Corporate governance overview

1. Corporate Governance Code

The Company is committed to maintaining a high level of corporate governance in order to increase the shareholders' value and safeguard the interests of the shareholders. The Company has formulated a modernized corporate governance structure and established general meetings, the Board of Directors, the Board of Supervisors, special committees of the Board of Directors and senior management with reference to the Company Law of the PRC, the Guidelines on the Articles of Association of Listed Companies and the Code of Corporate Governance for Listed Companies promulgated by the CSRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange issued by the SSE, the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and other provisions.

During the Reporting Period, the legal entity governance structure was sound and in compliance with the requirements under the Company Law and relevant regulations of the CSRC. The Company has adopted the principles and code provisions set out in the Corporate Governance Code. During the Reporting Period, the Company has complied with all code provisions set out in the Corporate Governance Code.

Section IV Corporate Governance

IV. CORPORATE GOVERNANCE (CONTINUED)

(I) Corporate governance overview (Continued)

1. Corporate Governance Code (Continued)

The Board of Directors will examine the corporate governance and operations of the Company from time to time in order to comply with the relevant requirements under the Hong Kong Listing Rules and safeguard the interests of the shareholders.

2. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)

The Company has adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules as the model code on trading the securities of the Company for all directors, supervisors and relevant employees (as defined in the Corporate Governance Code). According to the specific enquiries made to the directors and supervisors of the Company, all directors and supervisors have confirmed that they had strictly complied with the standards stipulated under the Model Code during the Reporting Period. Meanwhile, to the best of the knowledge of the Company, there's no incident of non-compliance of the Model Code by the employees during the Reporting Period.

3. Independent non-executive directors

As at the end of the Reporting Period, the Board of Directors comprised nine directors, three of whom are independent non-executive directors. Mr. Xue Zuyun, an independent non-executive director, possesses accounting and financial management qualifications. The composition of the Board of Directors is in line with the requirements that “every board of directors of a listed issuer must include at least three independent non-executive directors”, “an issuer must appoint independent non-executive directors representing at least one third of the board” and “at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise” as stipulated in Rules 3.10(1), 3.10A and 3.10(2) of the Hong Kong Listing Rules, respectively.

(II) Special committees of the Board of Directors

1. Audit committee

The Company has established an audit committee in accordance with Rules 3.21 and 3.22 of the Hong Kong Listing Rules as well as the requirements of the CSRC and the SSE. The audit committee is responsible for conducting internal audit and supervision on the financial income and expenses and economic activities and shall report its work and be accountable to the Board of Directors. The audit committee comprises three members, all of whom are non-executive directors of the Company (including two independent non-executive directors). The chairman of the audit committee is Mr. Xue Zuyun, an independent non-executive director who possesses the professional qualifications as required under Rule 3.10(2) of the Hong Kong Listing Rules. The other members of the audit committee are Mr. Dat Dzung Hao Daniel, an independent non-executive director, and Ms. Zhu Dezhen, a non-executive director. The terms of reference of the audit committee are available on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

Section IV Corporate Governance

IV. CORPORATE GOVERNANCE (CONTINUED)

(II) Special committees of the Board of Directors (Continued)

2. Remuneration and assessment committee

The Company has established a remuneration and assessment committee in accordance with Rules 3.25 and 3.26 of the Hong Kong Listing Rules as well as the requirements of the CSRC and the SSE. The remuneration and assessment committee is mainly responsible for the formulation, management and assessment of the remuneration system of the directors and the senior management of the Company and making recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management. The remuneration and assessment committee shall report its work and be accountable to the Board of Directors. The remuneration and assessment committee comprises three members including one executive director and two independent non-executive directors. The Chairman of the remuneration and assessment committee is Mr. Liu Jing, an independent non-executive director, and the other members of the committee are Mr. Cho Tak Wong, an executive director and the chairman of the Board of Directors of the Company, and Mr. Xue Zuyun, an independent non-executive director. The terms of reference of the remuneration and assessment committee are available on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

3. Nomination committee

The Company has established a nomination committee in accordance with Rule 3.27A of the Hong Kong Listing Rules, code provisions B.3.1 and B.3.2, Part 2 of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules as well as the requirements of the CSRC and the SSE. The nomination committee is mainly responsible for providing opinions or suggestions on the changes and recommendation of candidates for directors and senior management to the Board of Directors. The nomination committee comprises three members with independent non-executive directors being the majority. The Chairman of the nomination committee is Mr. Dat Dzung Hao Daniel, an independent non-executive director, and the other members are Mr. Liu Jing, an independent non-executive director, and Mr. Tso Fai, an executive director and the vice chairman of the Board of Directors of the Company. The terms of reference of the nomination committee are available on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

4. Strategy and development committee

The Company has established a strategy and development committee in accordance with the requirements of the Code of Corporate Governance for Listed Companies. The strategy and development committee is mainly responsible for feasibility research on the Company's long term development and strategy plans as well as major strategic investments, and shall report its work to and be accountable for the Board of Directors. The strategy and development committee consists of three members; the chairman of the committee is Mr. Cho Tak Wong, an executive director and the chairman of the Board of Directors of the Company, and the other members are Mr. Tso Fai, an executive director and the vice chairman of the Board of Directors of the Company, and Mr. Dat Dzung Hao Daniel, an independent non-executive director. The terms of reference of the strategy and development committee are available on the websites of the Company and the SSE.

Section IV Corporate Governance

IV. CORPORATE GOVERNANCE (CONTINUED)

(III) Significant matters

Purchase, disposal or redemption of the listed securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, disposed of or redeemed any listed securities of the Company.

(IV) Review by the audit committee of the Board of Directors

The audit committee under the Board of Directors has reviewed the unaudited condensed consolidated interim financial statements, the interim results announcement and the interim report of the Company for the six months ended June 30, 2024 and has discussed with the senior management of the Company on such matters as the accounting policies and practices adopted by the Company.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION

(I) Explanations on the environment protection by the Company and its key subsidiaries listed as key pollutant discharging companies published by the environmental protection authority

1. Information on pollutant discharging

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions	
Fujian Wanda Automobile Glass Industry Co., Ltd.	Wastewater	PH				6.99	Table 4, Class III	/	/	Nil	
		SS				12mg/L	Standard for	7.67t	/	Nil	
		COD				30.70mg/L	GB8978-1996	27.14t	/	Nil	
		BOD5				6.6mg/L	Comprehensive	4.131t	/	Nil	
		PFC				0.24mg/L	Wastewater	0.15t	/	Nil	
		Petroleum				0.61mg/L	Discharge	0.49t	/	Nil	
			Ammonia nitrogen	Continued emission	2	Emission outlet No.1 (DW001) and Emission outlet No.2 (DW002)	2.57mg/L	Table 1 Class B Standard for GB/T31962-2015 Water Quality Standards for Wastewater Discharged into Town Drainage Sewers	0.84t	/	Nil
		Waste gas	TOL	Organized emission	11	Area around the factory	0.24mg/m ³	Table 1 for DB35/1784-2018	0.01t	/	Nil
	PX		4.01mg/m ³				0.23t		/	Nil	
	NMHC		8.06mg/m ³				0.53t		/	Nil	
	Soil	During the Reporting Period, a total of 184.64 tons of hazardous waste was generated by Fujian Wanda Automobile Glass Industry Co., Ltd. and was legally disposed of by manufacturers with hazardous waste operation qualifications.								Nil	

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(I) Explanations on the environment protection by the Company and its key subsidiaries listed as key pollutant discharging companies published by the environmental protection authority (Continued)

1. Information on pollutant discharging (Continued)

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions					
Guangzhou Fuyao Glass Co., Ltd.	Wastewater	COD	Indirect emission	1	Integrated wastewater outlet inside the factory	20mg/L	Class 1 Emission Standards for the second stage per Water Pollutant Discharge Limits (DB44/26-2001)	4.28t	/	Nil					
		Ammonia nitrogen				0.505mg/L		0.108t	/	Nil					
		PH				7.6		/	/	Nil					
		Chroma				2		/	/	Nil					
		LAS				0.05mg/L		0.011t	/	Nil					
		Petroleum				0.93mg/L		0.199t	/	Nil					
		BOD5				6.7mg/L		1.434t	/	Nil					
		SS				12mg/L		2.569t	/	Nil					
	BTX	0.01mg/m ³	0.0036t	/	Nil										
	Waste gas	Organized emission	Area around the factory	13		Emission limits for second stage per the Volatile Organic Compounds Emission Standards for the Printing Industry (DB44/815-2010)	Emission Standards for Volatile Organic Compounds in Furniture Manufacturing Industry (DB44/814-2010)	0.0173t	/	Nil					
											TOL+PX	0.047mg/m ³	0.393t	/	Nil
											TVOC	0.75mg/m ³	2.029t	/	Nil
											NMHC	9.36mg/m ³			
HCl											0.2mg/m ³	0.003t	/	Nil	
Soil	During the Reporting Period, a total of 73.915 tons of hazardous waste was generated by Guangzhou Fuyao Glass Co., Ltd. and was legally disposed of by manufacturers with hazardous waste operation qualifications.														

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(I) Explanations on the environment protection by the Company and its key subsidiaries listed as key pollutant discharging companies published by the environmental protection authority (Continued)

1. Information on pollutant discharging (Continued)

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions	
Fuyao Glass Industry Group Co., Ltd. (Fuqing Float)	Waste gas	NO _x	Organized and continuous emission	3	Three chimney vents on the west side of the float factory site	Line 1: 51.399mg/m ³	Emission Standards for Air Pollutants in Flat Glass Industry (GB26453 – 2011) Emission concentration limits: NO _x : 700mg/m ³ SO ₂ : 400mg/m ³ Dust: 50mg/m ³	108.400t	917.668t	Nil	
		Line 2: 59.446mg/m ³									
		Line 3: 464.826mg/m ³									
	Dust	SO ₂	Organized and continuous emission	3	Three chimney vents on the west side of the float factory site	Line 1: 31.678mg/m ³	Emission Standards for Air Pollutants in Flat Glass Industry (GB26453 – 2011) Emission concentration limits: NO _x : 700mg/m ³ SO ₂ : 400mg/m ³ Dust: 50mg/m ³	43.187t	518.684t	Nil	
		Line 2: 30.180mg/m ³									
		Line 3: 184.091mg/m ³									
	Wastewater	Organized interval discharge	1	Wastewater discharge outlet on the northeast side of the float factory site	Line 1: 2.965mg/m ³	Class 3 Standard for wastewater discharged into the municipal sewage network per Comprehensive Wastewater Discharge Standards (GB 8978-1996)	7.4	0.4889t	1.2221t	/	Nil
					Line 2: 1.537mg/m ³						
					Line 3: 1.361mg/m ³						
					TP						

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

- (I) Explanations on the environment protection by the Company and its key subsidiaries listed as key pollutant discharging companies published by the environmental protection authority (Continued)

2. Construction and operation of pollution prevention and control facilities

Subject to and in compliance with national regulations and emission standards, the Company and its important subsidiaries have implemented the standards for pollutant emissions and discharge in China, which the wastewater, waste gas, noise and solid waste are all discharged in compliance with the regulations. ① Wastewater: production wastewater is recycled to be used, through the construction of water reuse treatment system, the use of sedimentation + flocculation air flotation + sand filtration, carbon filtration process, thereby reducing the discharge of wastewater, and the wastewater processed by the water reuse system reaches the discharge standard, which is connected to the municipal wastewater pipeline network, and the domestic wastewater is treated by septic tanks of various subsidiaries and discharged into the municipal wastewater pipeline network. ② Waste gas: the waste gas generated from the production of float glass use natural gas as a production fuel, and the flue gas generated from the combustion of natural gas is discharged through a 100-meter-high chimney after the treatment of dedusting and denitrification. For the waste gas generated from the production of car glass, we collected waste gas through the establishment of a unified waste gas collection device, and then purify through catalytic oxidation, adsorption of activated carbon, and water spraying treatment equipment, and finally discharge it through a 15-meter-high exhaust pipe in compliance with the regulations. For the waste gas generated from the production of aluminium ornaments, the polishing dust is treated by a vertical cyclone water film dust collector, and the acidic waste gas is treated by the acid mist treatment method that combines the covering method and the absorption method, and the paint spraying room is treated by a water curtain paint & mist removal device, an activated carbon and a catalytic combustion device to meet the standards and then is discharged through a 15-meter-high exhaust pipe, and organic waste gas from paint mixing room and curing system is treated with activated carbon + desorption catalytic combustion device to meet the standards, and then is discharged through a 15-meter-high exhaust pipe. ③ Noise: we reduce the noise of the plant boundary through the purchase of low-noise equipment, installation of vibration damping pads, noise insulation, muffling and other noise reduction measures and reasonable layout of the plant plane. ④ Waste management: waste is classified and collected by each generating department of subsidiaries, and the logistics department of the subsidiary implements unified management and engages qualified units to dispose of them in a reasonable and compliant manner according to the hazardous waste disposal plan. For general industrial solid domestic waste and sludge from industrial sedimentation tanks, we entrust the environmental sanitation department to forward such wastes for removal and disposal.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(I) Explanations on the environment protection by the Company and its key subsidiaries listed as key pollutant discharging companies published by the environmental protection authority (Continued)

3. Environmental impact assessment of construction projects and other administrative permissions for environmental protection

Pursuant to the Regulations of the State Council on the Administration of Environmental Protection of Construction Projects, the Environmental Impact Assessment Law of the People's Republic of China and the Provisional Measures for the Acceptance of Completion of Environmental Protection of Construction Projects of the Ministry of Ecology and Environment, the Company's new reconstruction and expansion projects have strictly complied with the requirements of the laws and regulations and implemented the environmental impact assessment system for construction projects.

The projects of the Company and its key subsidiaries listed as key pollutant discharging companies have all obtained project EIA approvals in accordance with the law, and the relevant supporting environmental protection facilities have passed the environmental protection inspection and acceptance, and the Company has obtained pollution permits and carried out third-party environmental monitoring on a regular basis in accordance with the Technical Specification for Application and Issuance of Pollution Permits – Vehicle Manufacturing, the Technical Specification for Application and Issuance of Pollution Permits – Glass Industry (Flat Glass), and the Technical Guidance on Self-monitoring of Pollutant Discharging Organizations – Flat Glass Industry, with the monitoring results meeting all the standards.

4. Contingency plan for environmental emergencies

The Company and its key subsidiaries listed as key pollutant discharging companies have prepared contingency plans for environmental emergencies in accordance with the relevant national laws and regulations as well as the actual situation in the countries in which they are located and have formulated special plans and on-site disposal plans according to the actual needs. Meanwhile, the Company has conducted a comprehensive assessment of the risk prevention and control capabilities of the environmental emergencies, accurately determined the level of the environmental risks of the Company in respect of the emergencies and revised and improved the Emergency Response Plan for Environmental Emergencies on the basis of the assessment of the environmental risks, which was reviewed by environmental protection experts and filed with the local environmental protection system. Through the emergency drills for various contingency plans, the emergency response, environmental monitoring, emergency treatment and system operation are continuously refined and aligned with the contingency plans, further preventing and effectively responding to sudden environmental pollution incidents.

5. Environmental self-monitoring program

The Company and its key subsidiaries listed as key pollutant discharging companies have formulated an environmental self-monitoring program to conduct regular self-monitoring or outsource monitoring of the discharge of sewage, waste gas and noise, which will be monitored by the local environmental protection department in real time via internet transmission of monitoring data.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(II) Explanations on the environmental protection efforts of the companies other than key pollutant discharging companies

1. Reference to other environmental information disclosed by key pollutant discharging companies

(1) Float glass business division

In addition to Chongqing Wansheng Float Glass Co., Ltd., another three float glass business divisions of the Company, i.e. Fuyao Glass Industry Group Co., Ltd. ("Fuqing Float"), Fuyao Group Tongliao Ltd. ("Tongliao Float") and Benxi Fuyao Float Glass Co., Ltd. ("Benxi Float") have emission concentrations below national emission standards and total emission amounts below the total amount verified by the environmental protection authority.

Fuqing Float has three automotive grade float glass production lines, one of which was shut down in 2019 and resumed production from September 2021. Tongliao Float and Benxi Float each has two automotive grade float glass production lines, all of which are in normal production. All the three companies use the natural gas as the production fuel. The flue gas generated from burning natural gas is discharged through a 100-meter-high chimneys after the dust removal and denitrification treatment, and the specific pollutants are smoke, SO₂ and NO_x. Fuqing Float implements the emission standards specified in the Table 2 of GB26453-2011 Emission Standards for Air Pollutants in the Flat Glass Industry.

Fuqing Float has constructed three sets of dust removal and denitrification facilities, which have been upgraded to be integrated facilities for flue gas desulfurization, denitrification and dust removal (ceramic catalyst cartridge filter) in 2021, 2022, and 2023, respectively. Tongliao Float has built two lines, one of which was a set of kiln gas dust removal and denitrification facilities adopting the electrostatic dust removal + SCR denitrification; and the other one was upgraded to be integrated facilities for flue gas desulfurization, denitrification and dust removal (ceramic catalyst cartridge filter) in 2023. Benxi Float has built two sets of kiln gas dust removal and denitrification facilities adopting an integrated facilities for desulfurization, denitrification and dust removal (ceramic catalyst cartridge filter), each with a designed treatment capacity of 100,000 m³/hour. The above facilities are in normal operation with an actual treatment capacity of 70,000 m³/hour to 80,000 m³/hour.

(2) Automotive glass business division

The production lines of the Company's automotive glass business division are mainly for production of laminated glass, tempered glass and encapsulated glass. The specific pollutants include waste gases, production wastewater; domestic sewage, hazardous wastes, general industrial solid waste, domestic waste, noise and among others.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(II) Explanations on the environmental protection efforts of the companies other than key pollutant discharging companies (Continued)

1. Reference to other environmental information disclosed by key pollutant discharging companies (Continued)

(2) Automotive glass business division (Continued)

For the above-mentioned pollutants, the Company mainly adopts the following methods for treatment: waste gases shall be collected through the establishment of unified waste gas collection devices, and then purified by catalytic oxidation, activated carbon adsorption and through water spray treatment equipment, and finally discharged via the 15m exhaust funnel in a compliant manner. Production wastewater shall be recycled through the establishment of a reclaimed water reuse treatment system, which uses the processes of sedimentation + flocculation and flotation + sand filtration and carbon filtration, and thus waste water shall be reused, thus less waste water will be discharged. The wastewater after being treated by the reclaimed water reuse treatment system shall satisfy the emission standard and be led to the municipal sewer network. Domestic sewage shall be emitted to the municipal sewer network after being treated in the septic tank of each subsidiary. Hazardous wastes in solid wastes from each subsidiary shall be collected by their production department according to different classes, managed by the logistics department of subsidiary, and disposed of in a reasonable and compliant manner by the qualified units entrusted in accordance with the hazardous waste disposal plan. For general industrial solid waste, waste rubber rings are recycled by manufacturers, and the glass leftover materials are recycled by Fuyao Group for production in float glass production lines. Sludge and domestic waste from the waste water treatment station is entrusted to the environmental sanitation department for daily centralized clean, transportation and treatment. The noise from the plant is reduced through measures such as the selection and purchase of low-noise equipment, installation of anti-vibration pad, workshop noise insulation and noise elimination.

The verification and monitoring data of the environmental protection authority indicate that the emission concentrations of the specific pollutants including waste gases and waste water generated by the automotive glass business division of the Company are lower than national emission standards and the total emission amount thereof is also lower than that verified by the environmental protection authority. Hazardous wastes are all treated in compliance with the requirements. Workshop noise is lower than that stipulated by the environmental protection authority.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(II) Explanations on the environmental protection efforts of the companies other than key pollutant discharging companies (Continued)

1. Reference to other environmental information disclosed by key pollutant discharging companies (Continued)

(3) Aluminum accessories business division

The Company's aluminum accessories business division is mainly engaged in the design, development, production and manufacture of aluminum alloy parts and other auto part products. Its main products mainly include aluminum and magnesium alloy automobile bright trims, luggage racks, edging strips, brackets, etc. The specific pollutants are waste gases, production wastewater, domestic sewage, hazardous wastes, general industrial solid wastes, domestic waste, sludge from the biochemical sedimentation tank, noise and among others.

For the above-mentioned pollutants, the Company mainly adopts the following methods for treatment: waste gases and polishing dust are treated with a vertical cyclone water film dust collector, and acidic exhaust gas is treated with the acid mist treatment method featuring a combination of the covering method and the absorption method. Paint and mist from the gas spray room is treated by a water curtain paint & mist removal device, activated carbon and a catalytic combustion device and then discharged outside through a 15m high exhaust funnel after satisfying the standard. Organic waste gas from the paint mixing room and the curing system is treated by an activated carbon and a desorption catalytic combustion device and discharged outside through a 15m high exhaust funnel after satisfying the standard. As to wastewater, nickel-containing wastewater is collected and disposed of separately, and treated by a multi-stage chemical reaction + coagulant + precipitation process. After being filtered by ion exchange resin, the tail water is reused and not discharged. Other production wastewater is separated and collected by quality and category, and then discharged into a comprehensive wastewater treatment station for treatment after pretreatment, and discharged into a sewage treatment plant after reaching the treatment standard. Hazardous waste from each subsidiary shall be collected by their production department according to different classes, managed by the logistics department of subsidiary on a unified basis, and disposed of in a reasonable and compliant manner by the qualified units entrusted in accordance with the hazardous waste disposal plan. General industrial solid domestic waste and sludge from the industrial sedimentation tank are entrusted and transported to the environmental sanitation department for clean, transportation and treatment. As to noise, it is controlled through the optimal selection of equipment and the adoption of effective sound insulation, shock absorption and other comprehensive noise reduction measures and reasonable layout of the plant area.

The verification and monitoring data of the environmental protection authority indicate that the emission concentrations of the specific pollutants including waste gases and waste water generated by the aluminum accessories business division of the Company are in compliance with the requirements of national emission standards and the total emission amount thereof is also lower than that verified by the environmental protection authority. Hazardous wastes are all treated in compliance with the requirements. Workshop noise is lower than that stipulated by the environmental protection authority.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(III) Information on efforts conducive to ecological protection, pollution prevention and control and environmental responsibility fulfillment

1. Through the core system smart energy platform of the Fuyao energy system, various functions can be achieved including online monitoring of power data, maximum demand management and energy optimization and management, which is conducive to optimization of resource allocation, reasonable utilization of energy, environment improvement, construction of a resource-saving enterprise and implementation of clean production.
2. Since 2015, the Company has carried out a comprehensive evaluation and technical demonstration on the technology and application of photovoltaic power generation system, and finally determined the use of plant roof resources to install a distributed photovoltaic power generation system, using the photovoltaic power generation application mode of “self-generate, self-use, and surplus electricity goes to the grid”. Such mode follows the principles of adapting measures to local conditions, cleanliness and efficiency, decentralized distribution and nearby consumption and utilization, and makes full use of local solar energy resources to replace and reduce fossil energy consumption and to supplement regional load development power supply. Since 2017, the Company has successively built distributed photovoltaic power generation systems in eleven subsidiaries including Fuqing Float, Zhengzhou Fuyao Glass Co., Ltd., Tianjin Hongde Auto Glass Co., Ltd., Fuyao Glass (Suzhou) Co., Ltd. and Shanghai Automotive Glass., with a total installed capacity of 121.55 MW, providing reliable, green and clean electricity for the companies where the projects are located.
3. The Company advocates green production. The float glass business divisions in China have obtained the green factory certification. In the production process, the float glass business division uses natural gas as production fuel and has adopted an integrated desulfurization and denitrification technology for reducing pollutant emissions. It also fully utilizes the waste heat in the smoke generated during production to generate electricity or for the use of thermal insulation warehouses in the plants, office buildings and living areas.
4. The Company constantly optimizes its production techniques, focuses on process details, identifies improvement opportunities, improves production efficiency and finished product rate, and reduces energy consumption per unit. The main measures are: upgrading energy-saving fan to reduce the tempering power; optimizing the high pressure parameters of laminated glass to reduce the time of high pressure; upgrading the heat preservation system for encapsulated injection screws to reduce the temperature loss of the screw units; optimizing production time and increasing output per unit time; enhancing process monitoring and reducing reject rate, etc.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(III) Information on efforts conducive to ecological protection, pollution prevention and control and environmental responsibility fulfillment (Continued)

5. The Company practices green development philosophy and builds a resource-saving and environment-friendly enterprise. By innovative means such as equipment upgrading, technique improvement and green R&D, the Company continuously optimizes green indicators such as energy use and waste treatment throughout the whole process, chain and cycle. It has been certified as a green supply chain management enterprise and a green factory by the Ministry of Industry and Information Technology. The Company has set up an intelligent innovation center and an intelligent network innovation team to speed up research and development and tackling of key problems. It has achieved breakthroughs in core technology fields of automotive glass such as key molding technique and equipment, glass antenna, coating and photoelectricity. Lightweight ultra-thin glass, coated heatable glass, head-up display glass, ultra-insulating glass, ETC RFID 5G glass with network antenna, intelligent panoramic skylight glass and other glasses have been developed to bring users a brand new green, intelligent, energy saving, environment-friendly, safe and comfortable driving experience. In the field of product research and development, the Company sets strict requirements on whether the products meet the requirements of environmental laws and regulations, and whether qualified raw materials and dosage thereof are used; in the procurement of raw materials, only those who meet the Company's environmental requirements can become qualified suppliers. Also, in response to national requirements of "carbon neutral", "carbon peak", Fuyao actively introduces highly automated production lines in innovative product manufacturing, which greatly improves product production efficiency and product quality, and further reduces energy consumption in production.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

(IV) Measures adopted for reducing carbon emissions during the Reporting Period and their effects

Carbon reduction measures are taken or not	Yes
Carbon dioxide equivalent reduction (unit: ton)	80,886.90
Type of carbon reduction measures (such as the use of clean energy for power generation, the use of carbon reduction technology in the production process, and the development and production of new products that contribute to carbon reduction, etc.)	<p>Carbon reduction measures are mainly self-built photovoltaic power, waste heat utilization, technical renovation for energy conservation, power consumption improvement and purchase of green electricity, and major measures in the first half of 2024 consist of the following:</p> <ol style="list-style-type: none"> 1. Fuyao Glass Industry Group Co., Ltd. (Fuqing Float), Fuyao Group (Shenyang) Automotive Glass Co., Ltd., Tianjin Hongde Auto Glass Co., Ltd., Zhengzhou Fuyao Glass Co., Ltd., Fuyao Glass (Suzhou) Co., Ltd., Fuyao Group (Shanghai) Automobile Glass Co., Ltd., Guangzhou Fuyao Glass Co., Ltd. and Fuyao Glass (Hubei) Co., Ltd. have built nine distributed photovoltaic power generation systems, reducing electricity consumption by approximately 439.3707 million KWh and 25,730 tons of carbon dioxide equivalent emissions in the first half of 2024. 2. Benxi Fuyao Float Glass Co., Ltd., Fuyao Glass Industry Group Co., Ltd. (Fuqing Float), Chongqing Wansheng Float Glass Co., Ltd. adopted kiln high-temperature flue gas residual heat power generation, reducing electricity consumption of approximately 41.99 million KWh and emissions by 24,590 tons of carbon dioxide equivalent emissions in the first half of 2024. 3. Purchase of green electricity: Fuyao Glass (Hubei) Co., Ltd. purchased a total of 2 million KWh of green electricity in the first half of 2024, resulting in the reduction of approximately 1,171.13 tons of carbon dioxide equivalent emissions; Fuyao Group (Shanghai) Automobile Glass Co., Ltd. purchased a total of 27.784 million KWh of electricity in the first half of 2024, resulting in the reduction of approximately 16,269.27 tons of carbon dioxide equivalent emissions. 4. Electricity consumption improvement: Fuyao Glass (Hubei) Co., Ltd. reduced electricity consumption by 17.615 million KWh and approximately 10,314 tons of carbon dioxide equivalent emissions through measures such as improving the power consumption of dryers, pretreatment plant gas, and autoclaves/air compressors. 5. Air compressor energy-saving system reconstruction: The reconstruction of the air compressor energy-saving system of Fuyao Group (Shanghai) Automobile Glass Co., Ltd. resulted in a reduction of approximately 500 tons of carbon dioxide equivalent emissions in the first half of 2024; Guangzhou Fuyao upgraded and reconstructed its screw air compressors, reducing electricity consumption by 2.10 million KWh per year and 1,129.70 tons of carbon dioxide equivalent emissions; Fujian Wanda Automobile Glass Industry Co., Ltd. constructed a waste heat recovery and utilization system for air compressors and other electromechanical equipment, reducing electricity consumption by 2.02 million KWh and 1,182.80 tons of carbon dioxide equivalent emissions.

Note: The above reduction in carbon dioxide equivalent emissions was calculated based on energy data: photovoltaic and waste heat power.

Section V Environmental and Social Responsibility

II. DETAILED INFORMATION ON CONSOLIDATION AND EXPANSION OF THE RESULTS IN POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORKS

Poverty alleviation and rural revitalization projects	Quantity/Content
Total investment (<i>RMB10,000</i>)	300.00
Ways of assistance (such as poverty alleviation through development of industries, provision of employment and development of education, etc.)	Rural education revitalization

Note: The above data represent the investment in the rural education revitalization project by Heren Charitable Foundation, which was established with a donation of 300 million Shares of Fuyao Glass by Mr. Cho Tak Wong. The investment amount is RMB3 million. Heren Charitable Foundation is an independent charitable foundation that operates in accordance with the PRC laws and its articles of association. Mr. Cho Tak Wong and any person acting in concert with him, including Fujian Yaohua Industrial Village Development Co., Ltd., Sanyi Development Limited and Homekiu Overseas Holdings Limited, do not have any control over Heren Charitable Foundation, nor are they beneficiaries of Heren Charitable Foundation. Heren Charitable Foundation is independent of Mr. Cho Tak Wong and his associates.

Section VI Significant Events

I. PERFORMANCE OF UNDERTAKINGS

- (I) Undertakings of the de facto controller of the Company, shareholders, related parties, acquirer and the Company during or subsisting to the Reporting Period

Nature of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time of the undertaking	Whether there is a term for the undertaking	Term of the undertaking	Whether performed timely and strictly
Other undertakings	Dividend	Fuyao Glass Industry Group Co., Ltd.	For details, please refer to the "Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2024–2026)" dated March 16, 2024 published on the Shanghai Securities News, the China Securities Journal and the Securities Times, as well as the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk).	March 15, 2024	Yes	January 1, 2024 to December 31, 2026	Yes

II. MATERIAL LITIGATION AND ARBITRATION

The Company was not involved in any material litigation or arbitration during the Reporting Period.

III. THE CREDIT STATUS OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, there has been no refusal to implement effective judgments of a court or failure to meet debt repayments in a relatively large amount by the Company and its de facto controller.

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS

(I) Connected transactions in relation to ordinary business operations

1. Matters that have been disclosed in interim announcements and have no subsequent developments or changes in implementation

Description of the matter

The Resolution in Relation to the Lease of Properties by Fuyao Europe GmbH, a Wholly-Owned Subsidiary of the Company, from Global Cosmos German Limited was considered and approved at the sixteenth meeting of the eighth session of the Board of Directors convened on October 25, 2017. Fuyao Europe GmbH, a wholly-owned subsidiary of the Company, has leased all the standard manufacturing plants with a total area of 57,809.95 square meters (including a road area of 29,518.30 square meters) from Global Cosmos German Limited for a term from January 1, 2018 to December 31, 2029. The annual rent for the first year is €2.9 million (tax inclusive) and from the second year onwards, the annual rent shall increase progressively at 2.5% for each year.

The Resolution in Relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company was considered and approved at the seventh meeting of the tenth session of the Board of Directors of the Company convened on October 28, 2021. The Company has leased the back office facilities including staff dormitory and cafeteria, training center of Districts I and II and the standard manufacturing plant of District I of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province with a total area of 158,325.65 square meters from Fujian Yaohua Industrial Village Development Co., Ltd. at a monthly rent of RMB2,770,698.88, amounting to an annual rent of RMB33,248,386.50. The term of the lease is three years from January 1, 2022 to December 31, 2024.

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For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property by Its Wholly-Owned Subsidiary dated October 26, 2017 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and on the website of the SSE (<http://www.sse.com.cn>), and the Announcement on Continuing Connected Transaction in Relation to Leasing of Production Plant by Fuyao Europe dated October 26, 2017 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property by the Company dated October 29, 2021 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and on the website of the SSE (<http://www.sse.com.cn>), and the Announcement on Renewal of the Connected Transaction under the Lease Contract dated October 29, 2021 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions in relation to ordinary business operations (Continued)

1. Matters that have been disclosed in interim announcements and have no subsequent developments or changes in implementation (Continued)

The Resolution in Relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company was considered and approved at the thirteenth meeting of the tenth session of the Board of Directors of the Company convened on April 27, 2023. The Company has leased the newly-built talent apartments of District II of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province with a total area of 108,623.21 square meters from Yaohua Industrial Village at a monthly rent of RMB2,172,464.20, amounting to an annual rent of RMB26,069,570.40. The term of the lease is from October 1, 2023 to December 31, 2028. In case of adjustment to the actual leased area, the leased area so adjusted shall prevail and the rent will be adjusted accordingly.

The Resolution in Relation to the Projected Daily Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2024 was considered and approved at the fifteenth meeting of the tenth session of the Board of Directors of the Company convened on October 16, 2023.

The Resolution in Relation to the Projected Daily Connected Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Period from January to September 2024 was considered and approved at the third meeting of the eleventh session of the Board of Directors of the Company convened on March 15, 2024.

For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property dated April 28, 2023 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the Securities Daily and on the website of the SSE (<http://www.sse.com.cn>), and the Announcement on the Connected Transaction under the New Lease Contract dated April 28, 2023 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

For details, please refer to the Announcement on the Daily Connected Transactions of Fuyao Glass Industry Group Co., Ltd. dated October 17, 2023 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

For details, please refer to the Announcement on the Daily Connected Transactions of Fuyao Glass Industry Group Co., Ltd. dated March 16, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions in relation to ordinary business operations
(Continued)

2. Matters disclosed in interim announcements with subsequent developments or changes during implementation

On April 27, 2023, the thirteenth meeting of the tenth session of the Board of Directors of the Company was convened to consider and approve the Resolution in Relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company. The Company has leased the newly-built talent apartments of 83,370.29 square meters and the parking space of 25,252.92 square meters of District II of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province, with a total leased property area of 108,623.21 square meters from Fujian Yaohua Industrial Village Development Co., Ltd. The monthly unit rent is RMB20.00 per square meter (tax inclusive), the monthly rent is RMB2,172,464.20 (tax inclusive), and the annual rent is RMB26,069,570.40 (tax inclusive). The term of the lease is from October 1, 2023 to December 31, 2028. For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property dated April 28, 2023 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the Securities Daily and on the website of the SSE (<http://www.sse.com.cn>), and the Announcement on the Connected Transaction under the New Lease Contract dated April 28, 2023 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

On September 28, 2023, the Company entered into a supplemental contract with Fujian Yaohua Industrial Village Development Co., Ltd. to increase the lease of the 2/F and 3/F of the talent apartments S1# in District II of Fuyao Industrial Zone, with a lease area of 4,990.44 square meters, at a monthly unit rent of RMB20.00 per square meter (tax inclusive), and a monthly rent of RMB99,808.80 (tax inclusive). The annual rent is RMB1,197,705.60 (inclusive of tax), and the term of the lease is from October 1, 2023 to December 31, 2028. As the transaction amount of the supplemental contract is relatively small, the transaction is not required to be submitted to the Board of Directors of the Company for consideration according to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association.

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions in relation to ordinary business operations (Continued)

2. Matters disclosed in interim announcements with subsequent developments or changes during implementation (Continued)

Connected transactions in relation to ordinary business operations in the first half of 2024 are as below (disclosed in interim announcements):

Unit: '0,000 Currency: RMB

Connected party	Connected relationship	Nature of the connected transaction	Content of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2024	Actual amounts in the first half of 2024	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Purchase of goods	Procurement of raw and auxiliary materials	Market price	12,000.00	6,221.12	30.09	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Purchase of goods	Procurement of raw and auxiliary materials	Market price	28,000.00	14,452.65	69.91	60 days from the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Sales of goods	Sales of raw and auxiliary materials	Market price	20.00	0	0	
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Sales of goods	Sales of raw and auxiliary materials	Market price	50.00	0	0	
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Water, electricity, gas and other utility expenses (sale)	Sales of water and electricity	Agreed price	160.00	80.19	100	30 days from the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Provision of labor services to connected persons	Provision of labor services	Agreed price	300.00	185.70	98.14	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Provision of labor services to connected persons	Provision of labor services	Market price	80.00	3.51	1.86	30 days from the invoice date

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions in relation to ordinary business operations (Continued)

2. Matters disclosed in interim announcements with subsequent developments or changes during implementation (Continued)

Connected party	Connected relationship	Nature of the connected transaction	Content of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2024	Actual amounts in the first half of 2024	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Acceptance of labor services from connected persons	Acceptance of labor services	Market price	5.00	0.77	3.62	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Other inflows	Revenue from leasing of iron frames	Market price	30.00	10.80	100	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Other outflows	Expenditures incurred for leasing of iron frames	Market price	40.00	14.47	100	30 days from the invoice date
Fujian Yaohua Industrial Village Development Co., Ltd.	Other	Other outflows	Leasehold property	Market price	5,931.80	2,944.62	65.00	see Note 1
Global Cosmos German Limited	Other	Other outflows	Leasehold property	Market price	2,592.44	1,087.03	23.99	Payment before June 30
Total					49,209.24	25,000.86		

Notes:

- The Company and Fujian Yaohua Industrial Village Development Co., Ltd. entered into the Property Lease Contract on October 28, 2021, with a leased area of 158,325.65 square meters at an annual rent of RMB33,248,400, for a term of three years from January 1, 2022 to December 31, 2024, with the total rent for the next lease year payable from December of each year to January of the following year. The Company and Fujian Yaohua Industrial Village Development Co., Ltd. entered into the Property Lease Contract on April 27, 2023, with a leased area of 108,623.21 square meters and an annual rent of RMB26,069,600, for a term commencing from October 1, 2023 to December 31, 2028, and the total rent for the lease period is payable within 60 days from the date of signing the contract.
- Fuyao (Hong Kong) Limited, a wholly-owned subsidiary of the Company, disposed of 25% equity interest in Jinken Glass Industry Shuangliao Co., Ltd. in September 2023 and completed the procedures related to the registration of change of shareholders with the government market supervision and administration department. At the same time, Mr. Chen Xiangming, a director and chief financial officer of the Company, and Mr. He Shimeng, the vice president of the Company, ceased to serve as directors of Jinken Glass Industry Shuangliao Co., Ltd. after the above-mentioned equity transfer. After the equity transfer, the Company and its subsidiaries no longer hold any equity interest in Jinken Glass Industry Shuangliao Co., Ltd. Prior to the change of the registration of the above-mentioned equity transfer, Mr. Chen Xiangming, a director and chief financial officer of the Company, and Mr. He Shimeng, the vice president of the Company, concurrently served as directors of Jinken Glass Industry Shuangliao Co., Ltd. In accordance with Rule 6.3.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Mr. Chen Xiangming, a director and chief financial officer of the Company, and Mr. He Shimeng, the vice president of the Company, concurrently served as directors of Jinken Glass Industry Shuangliao Co., Ltd. in the past 12 months. Therefore, from January to September 2024, Jinken Glass Industry Shuangliao Co., Ltd. was still regarded as a connected legal person of the Company.

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions in relation to ordinary business operations (Continued)

3. Matters not disclosed in interim announcements

Unit: '0,000 Currency: RMB

Connected party	Connected relationship	Nature of the connected transaction	Content of the connected transaction	Pricing principle of the connected transaction	Amounts of the connected transaction	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Fujian Triplex Auto Parts Development Co., Ltd.	Other	Renting in and renting out	Leasehold property	Market price	438.99	9.69	see Note
Fujian Triplex Auto Parts Development Co., Ltd.	Other	Water, electricity, gas and other utility expenses (purchase)	Purchase of water and electricity	Market price	8.24	100	30 days from the invoice date
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	Joint venture	Acceptance of labor services from connected persons	Product accessories installation service	Costs plus reasonable profits	162.64	100	30 days from the invoice date
China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd.	Other	Acceptance of labor services	Acceptance of labor services	Market price	20.50	96.38	30 days from the invoice date
Fujian Yaohua Industrial Village Development Co., Ltd.	Other	Other outflows	Leasehold property	Market price	59.89	1.32	Payment of the full rent for the lease period within 60 days from the date of signing the contract
Total				/	690.26	/	

Explanation on the connected transaction: As the amounts of the transactions conducted between the Company, Fuyao Group Beijing Futong Safety Glass Co., Ltd., China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd. ("China National Automobile (Beijing)"), Fujian Triplex Auto Parts Development Co., Ltd. and Fujian Yaohua Industrial Village Development Co., Ltd. are relatively small, such transactions are not required to be submitted to the Board of Directors of the Company for consideration according to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association; these transactions constitute de minimis transactions under Rule 14A.76 of the Hong Kong Listing Rules and are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions in relation to ordinary business operations (Continued)

3. Matters not disclosed in interim announcements (Continued)

Notes:

1. The Group leased part of its factory buildings and dormitory located in Yinxi Street, Fuqing, Fujian Province from Fujian Triplex Auto Parts Development Co., Ltd. controlled by Mr. Tso Fai, the vice chairman of the Company. The total leased area of the factory building 1 is 20,000 square meters with five-year lease term from July 1, 2021 to June 30, 2026, with a two-month rent-free period. The monthly rent excluding VAT in the first three years is RMB500,000, and the monthly rent increases by 4% from the fourth year. The property management fee (including sanitation management fee) is RMB1.50/month per square meter, and the rent of the current month shall be paid in full on the 1st day of each month; the leased area of factory building 2 is 8,000 square meters with a lease term from May 1, 2024 to June 30, 2026. The monthly rent (including tax) and the property management fee amount to RMB200,000, which shall be paid in full on the 1st day of each month; the leased area of the dormitory is approximately 9,171.7 square meters with the lease term from July 1, 2022 to June 30, 2024 (rent calculated based on actual occupancy). The monthly rent including tax is RMB140,000, and the rent for the next quarter shall be paid on or before the 15th day of each quarter upon receipt of the invoice.
2. China National Automobile (Beijing) held its annual general meeting on March 29, 2024 to re-elect a new session of directors, and Mr. Chen Xiangming, a director and chief financial officer of the Company, will no longer concurrently serve as a director of China National Automobile (Beijing), and pursuant to Rule 6.3.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, within the past 12 months, since Mr. Chen Xiangming, a director and chief financial officer of the Company, has concurrently held the position of director of China National Automobile (Beijing), China National Automobile (Beijing) is still regarded as a connected legal person of the Company by March 29, 2025.

Section VII Changes in Shares and Information of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

During the Reporting Period, there were no changes in the total number of shares and share capital structure of the Company.

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

As at June 30, 2024, the total number of shareholders of the Company was 118,088, of which, 118,045 were holders of A shares and 43 were holders of H shares.

Total number of shareholders of ordinary shares as at the end of the Reporting Period	118,088
Total number of shareholders of preference shares with voting rights restored as at the end of the Reporting Period	0

(II) Particulars of shareholdings of the top ten shareholders and the top ten shareholders with tradable shares (or shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: Share

Particulars of top 10 shareholders (excluding lending of shares through securities financing)

Name of shareholder (Full name)	Increase/ decrease during the Reporting Period	Shareholding at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Pledged, tagged or moratorium Status of shares	Number	Nature of shareholders
HKSCC NOMINEES LIMITED <i>(Note)</i>	0	595,877,144	22.83		Unknown		Unknown
Hong Kong Securities Clearing Company Limited	13,020,047	466,926,171	17.89		Unknown		Unknown
Sanyi Development Limited	0	390,578,816	14.97		Nil		Overseas legal person
Heren Charitable Foundation	0	169,512,888	6.50		Nil		Domestic non-state-owned legal person
Bai Yongli	1,881,700	36,551,015	1.40		Unknown		Unknown
Agricultural Bank of China Limited – E Fund Consumer Industry Equity Securities Investment Fund (易方達消費行業股票型證券投資基金)	-1,521,713	35,751,950	1.37		Unknown		Unknown
China Securities Finance Corporation Limited	0	28,095,485	1.08		Unknown		Unknown
Li Fuqing	-919,965	24,284,820	0.93		Unknown		Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	0	24,077,800	0.92		Nil		Domestic non-state-owned legal person
Li Haiqing	-941,218	22,198,322	0.85		Unknown		Unknown

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

- (II) Particulars of shareholdings of the top ten shareholders and the top ten shareholders with tradable shares (or shareholders not subject to selling restrictions) as at the end of the Reporting Period (Continued)

Shareholding of the top ten shareholders not subject to selling restrictions (excluding lending of shares through securities financing and lock-up for senior management)

Name of shareholder	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED <i>(Note)</i>	595,877,144	Overseas listed foreign shares	595,877,144
Hong Kong Securities Clearing Company Limited	466,926,171	Ordinary shares denominated in RMB	466,926,171
Sanyi Development Limited	390,578,816	Ordinary shares denominated in RMB	390,578,816
Heren Charitable Foundation	169,512,888	Ordinary shares denominated in RMB	169,512,888
Bai Yongli	36,551,015	Ordinary shares denominated in RMB	36,551,015
Agricultural Bank of China Limited – E Fund Consumer Industry Equity Securities Investment Fund (易方達消費行業股票型證券投資基金)	35,751,950	Ordinary shares denominated in RMB	35,751,950
China Securities Finance Corporation Limited	28,095,485	Ordinary shares denominated in RMB	28,095,485
Li Fuqing	24,284,820	Ordinary shares denominated in RMB	24,284,820
Fujian Yaohua Industrial Village Development Co., Ltd.	24,077,800	Ordinary shares denominated in RMB	24,077,800
Li Haiqing	22,198,322	Ordinary shares denominated in RMB	22,198,322

Explanations on the repurchase special account among top 10 shareholders

Nil

Explanations on proxy votes casted by or on behalf of, or abstention from voting by the above shareholders

Nil

Explanations on the connected relationship or parties acting in concert among the above shareholders

The de facto controllers of Sanyi Development Limited and Fujian Yaohua Industrial Village Development Co., Ltd. are members of the same family. Among the remaining 8 shareholders not subject to selling restrictions, it is uncertain whether there is any connected relationship among the shareholders and whether such shareholders are parties acting in concert which fall within the meaning under the Measures Governing Acquisitions by Listed Companies.

Note: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司). Investors deposit the H shares held by themselves into the Central Clearing and Settlement System under the Hong Kong Stock Exchange and count them by the aggregate number of the H shares registered under the name of HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司), a wholly-owned subsidiary member body of the Hong Kong Stock Exchange.

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

(III) Interests and short positions of directors, supervisors and chief executives in shares, underlying shares and debentures

As at June 30, 2024, the interests and short positions of directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, (a) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Hong Kong Listing Rules, were as follows:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽³⁾ (%)	Percentage of total issued share capital of the Company ⁽³⁾ (%)	Class of shares
Cho Tak Wong (an executive director and the chairman) ⁽¹⁾	Beneficial owner/spouse interest/interest of controlled corporation	414,971,444 (L)	20.72 (L)	15.90 (L)	A share
Tso Fai (an executive director and the vice chairman) ⁽²⁾	Interest of controlled corporation	12,086,605 (L)	0.60 (L)	0.46 (L)	A share

Notes:

- (1) Mr. Cho Tak Wong directly holds 314,828 A shares (L) and indirectly holds 390,578,816 A shares (L) through Sanyi Development Limited. In addition, Mr. Cho Tak Wong is deemed to be interested in the 24,077,800 A shares (L) indirectly held by his spouse, Ms. Chan Fung Ying.
- (2) Mr. Tso Fai indirectly holds 12,086,605 A shares (L) through Homekiu Overseas Holdings Limited.
- (3) The percentage is calculated based on the number of the relevant class of issued shares or the total issued shares of the Company as at June 30, 2024.
- (4) (L) – long position.

Save as disclosed above, as at June 30, 2024, none of directors, supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

(IV) Interests and short positions of substantial shareholders in shares and underlying shares

As at June 30, 2024, the Company was notified of the following persons, other than directors, supervisors or chief executive of the Company, who had 5% or more interests or short positions in the issued shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽⁶⁾ (%)	Percentage of total issued share capital of the Company ⁽⁶⁾ (%)	Class of shares
Chan Fung Ying ⁽¹⁾	Spouse interest/interest of controlled corporation	414,971,444(L)	20.72(L)	15.90(L)	A share
Sanyi Development Limited	Beneficial owner	390,578,816(L)	19.50(L)	14.97(L)	A share
Heren Charitable Foundation	Beneficial owner	169,512,888(L)	8.46(L)	6.50(L)	A share
Blackrock, Inc. ⁽²⁾	Interest of controlled corporation	35,673,212(L)	5.88(L)	1.37(L)	H share
Citigroup Inc. ⁽³⁾	Interest of controlled corporation/ approved lending agents	2,583,600(S)	0.43(S)	0.10(S)	H share
		45,738,805(L)	7.53(L)	1.75(L)	
		373,179(S)	0.06(S)	0.01(S)	
JPMorgan Chase & Co. ⁽⁴⁾	Interest of controlled corporation/ investment manager/secured equity holders/approved lending agent	44,786,143(P)	7.38(P)	1.72(P)	H share
		96,836,506(L)	15.96(L)	3.71(L)	
		532,400(S)	0.08(S)	0.02(S)	
Schroders PLC ⁽⁵⁾	Investment manager	16,185,897(P)	2.66(P)	0.62(P)	H share
		42,444,400(L)	7.00(L)	1.63(L)	

Notes:

- (1) Ms. Chan Fung Ying indirectly holds 24,077,800 A shares (L) through Fujian Yaohua Industrial Village Development Co., Ltd. ("Yaohua"). In addition, she was deemed to be interested in 390,578,816 A shares (L) held by her spouse, Mr. Cho Tak Wong.
- (2) BlackRock, Inc. holds 35,673,212 H shares (L) and 2,583,600 H shares (S) of the Company through several controlled entities, of which 286,000 H shares (L) and 903,600 H shares (S) were related to the unlisted derivatives – cash settled.
- (3) Citigroup Inc. holds 45,738,805 H shares (L), 373,179 H shares (S) and 44,786,143 H shares (P) of the Company in aggregate through several controlled entities, of which 197,200 H shares (L) and 243,200 H shares (S) were related to the unlisted derivatives – cash settled.
- (4) JPMorgan Chase & Co. holds 96,836,506 H shares (L), 532,400 H shares (S) and 16,185,897 H shares (P) of the Company through several controlled entities, of which 396,000 H shares (L) and 158,400 H shares (S) were related to the unlisted derivatives – cash settled.
- (5) Schroders PLC holds 42,444,400 H shares (L) through several controlled entities, of which 67,200 H shares (L) were related to the unlisted derivatives – cash settled.
- (6) The percentage is calculated based on the number of the relevant class of issued shares or the total issued shares of the Company as at June 30, 2024.
- (7) (L) – long position, (S) – short position, (P) – lending pool.

Save as disclosed above, as at June 30, 2024, there was no person having interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Section VII Changes in Shares and Information of Shareholders

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (I) Changes in shareholding of current directors, supervisors and senior management and those resigned during the Reporting Period

Unit: Share

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Changes in shares held for the Reporting Period
Cho Tak Wong	Executive Director, Chairman of the Board of Directors	314,828	314,828	0
Tso Fai	Executive Director, Vice Chairman of the Board of Directors	–	–	–
Ye Shu	Executive Director, President	–	–	–
Chen Xiangming	Executive Director, Joint Company Secretary, Chief Financial Officer	–	–	–
Wu Shinong	Non-executive Director	–	–	–
Zhu Dezhen	Non-executive Director	–	–	–
Liu Jing	Independent Non-executive Director	–	–	–
Xue Zuyun	Independent Non-executive Director	–	–	–
Dat Dzeng Hao Daniel	Independent Non-executive Director	–	–	–
Bai Zhaohua	Chairman of the Board of Supervisors	–	–	–
Ma Weihua	Supervisor	–	–	–
Chen Mingsen	Supervisor	–	–	–
He Shimeng	Vice President	33,633	33,633	0
Chen Juli	Vice President	–	–	–
Huang Xianqian	Vice President	–	–	–
Lin Yong	Vice President	–	–	–
Wu Lide	Vice President	–	–	–
Li Xiaoxi	Secretary to the Board of Directors	365,600	365,600	0
Qu Wenzhou (retired)	Independent Non-executive Director	–	–	–
Cheung Kit Man Alison (retired)	Independent Non-executive Director	–	–	–

Note: Ms. Li Xiaoxi holds H shares of the Company while the others hold A shares of the Company.

IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Save for the changes of directors as disclosed in “Section IV Corporate Governance – II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” of this report, the Company is not aware of any changes in information of directors or supervisors which need to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period.

Section VIII Relevant Information on Bonds

I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

(I) Debt financing instruments of non-financial enterprises in the interbank bond market

1. Basic information on debt financing instruments of non-financial enterprises

Unit: 100 million Currency: RMB

Name of bond	Abbreviation	Code	Date of issuance	Value date	Maturity date	Balance of bonds	Interest rate (%)	Method of repayment of principal and interest	Trading venue	Trading mechanism	Whether there is risk of termination of trading on market
First Tranche of 2024 Super Short-term Commercial Paper	24 Fuyao Glass SCP001	012481577	May 14, 2024	May 16, 2024	November 5, 2024	3	1.94	One-time repayment of principal and interest upon maturity	Interbank bond market	Trading on market	No

2. Guarantees, implementation of and changes in debt repayment plan and other debt repayment safeguard measures during the Reporting Period and their impacts

(1) Guarantees

There was no guarantee involved in the debt financing instruments issued by the Company in the interbank bond market.

(2) Implementation of the debt repayment plan of debt financing instruments

After the issuance of debt financing instruments in the interbank bond market, the Company further strengthened the operation management and fund management according to its debt structure, and guaranteed sufficient funds were prepared promptly for annual interest payments and the repayment of principal upon maturity, so as to fully protect the interests of qualified investors.

During the Reporting Period, the Company, on a consolidated basis, realized revenue of RMB18,339,730,000, representing an increase of 22.01% as compared with the corresponding period last year, which was above the level of the industry growth; realized profit before tax of RMB4,125,070,000, representing an increase of 24.27% as compared with the corresponding period last year; realized profit for the Reporting Period attributable to owners of the Company of RMB3,498,318,000, representing an increase of 23.36% as compared with the corresponding period last year; and realized earnings per share of RMB1.34, representing an increase of 22.94% as compared with the corresponding period last year.

During the Reporting Period, the net cash generated from operating activities of the Company amounted to RMB3,303,108,000, representing a year-on-year increase of 17.21%.

(3) Implementation of debt repayment safeguard measures

The Company formulated the following four debt repayment safeguard measures for the debt financing instruments: strictly using the proceeds raised according to their intended use, appointing dedicated persons to oversee the repayment of debt financing instruments, formulating rules for bondholders' meetings, and ensuring strict information disclosure.

Section VIII Relevant Information on Bonds

I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(II) Key accounting data and financial indicators (prepared in accordance with the China Accounting Standards for Business Enterprises)

Unit: Yuan Currency: RMB

Main indicators	At the end of the Reporting Period	At the end of last year	Increase/decrease at the end of the Reporting Period as compared with the end of last year (%)	Reason for changes
Current ratio ⁽¹⁾	1.96	2.22	-11.71	
Quick ratio ⁽²⁾	1.65	1.88	-12.23	
Gearing ratio (%) ⁽³⁾	47.40	44.53	2.87	

	During the Reporting Period (January – June)	Corresponding period last year	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)	Reason for changes
Net profit after non-recurring profit or loss	3,576,317,296	2,792,914,561	28.05	
Total debt to EBITDA ratio ⁽⁴⁾	0.27	0.23	17.39	
Interest coverage ratio ⁽⁵⁾	23.68	21.70	9.12	
Cash interest coverage ratio ⁽⁶⁾	24.04	20.01	20.14	
EBITDA interest coverage ratio ⁽⁷⁾	31.06	29.48	5.36	
Loan repayment ratio (%) ⁽⁸⁾	100	100	0	
Interest repayment ratio (%) ⁽⁹⁾	100	100	0	

(1) Current ratio = current assets/current liabilities

(2) Quick ratio = (current assets – inventories)/current liabilities

(3) Gearing ratio=(total liabilities/total assets) × 100%

(4) Total debt to EBITDA ratio = EBITDA/total debts, in particular, total debts = long-term borrowings + bonds payable + short-term borrowings + financial liabilities at fair value through profit or loss + notes payable + short-term bonds payable (other current liabilities) + non-current liabilities due within one year + lease liabilities + long-term payables

(5) Interest coverage ratio = profit before interest and tax/(interest expenses recognized in finance costs + capitalized interest expenses)

(6) Cash interest coverage ratio = (net cash flows from operating activities + cash interest expenses + income tax paid in cash)/cash interest expenses

(7) EBITDA interest coverage ratio = EBITDA/(interest expenses recognized in finance costs + capitalized interest expenses)

(8) Loan repayment ratio = actual amount of loan repayment/loan amount repayable × 100%

(9) Interest repayment ratio = interests actually paid/interests payable × 100%

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Balance Sheet

	<i>Note</i>	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	21,547,370	20,342,951
Right-of-use assets	7	565,011	628,449
Land use rights	8	1,210,249	993,827
Intangible assets	9	410,369	416,344
Investments in joint ventures	10	269,978	49,880
Investments in an associate	10	20,045	131,658
Financial assets at fair value through other comprehensive income	13	91,054	91,054
Deferred income tax assets	11	451,597	421,038
Long-term receivables	12	29,490	28,891
		<u>24,595,163</u>	<u>23,104,092</u>
Current assets			
Inventories		5,545,160	5,143,615
Receivables, prepayments and other current assets	12	8,237,128	8,553,924
Financial assets at fair value through profit or loss	13	4,099	5,741
Financial assets at fair value through other comprehensive income	13	2,254,001	1,314,918
Restricted cash		35,752	36,117
Held-to-maturity term deposits with original maturity of more than three months		6,906,055	5,130,806
Cash and cash equivalents		12,536,763	13,351,250
		<u>35,518,958</u>	<u>33,536,371</u>
Total assets		<u>60,114,121</u>	<u>56,640,463</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Balance Sheet (Continued)

	<i>Note</i>	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	14	2,609,744	2,609,744
Share premium	15	9,680,392	9,680,392
Other reserves	15	4,224,757	4,128,883
Retained earnings		15,122,871	15,017,220
		<u>31,637,764</u>	<u>31,436,239</u>
Non-controlling interests		(11,629)	(14,860)
Total equity		<u>31,626,135</u>	<u>31,421,379</u>
Liabilities			
Non-current liabilities			
Borrowings	16	8,693,400	8,513,100
Lease liabilities	7	359,138	407,132
Long-term payables	17	52,610	59,287
Deferred income tax liabilities	11	546,508	411,645
Deferred income on government grants	18	700,267	725,122
		<u>10,351,923</u>	<u>10,116,286</u>
Current liabilities			
Trade and other payables	19	8,004,939	8,018,418
Contract liabilities		1,040,277	979,067
Current income tax liabilities		373,802	489,621
Borrowings	16	8,618,546	5,491,699
Lease liabilities due within one year	7	93,192	118,807
Long-term payables due within one year	17	5,307	5,186
		<u>18,136,063</u>	<u>15,102,798</u>
Total liabilities		<u>28,487,986</u>	<u>25,219,084</u>
Total equity and liabilities		<u>60,114,121</u>	<u>56,640,463</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Income Statement

	<i>Note</i>	Accumulated in June 2024 <i>RMB'000</i> (Unaudited)	Accumulated in June 2023 <i>RMB'000</i> (Unaudited)
Revenue	20	18,339,730	15,031,259
Cost of sales	20	<u>(11,639,532)</u>	<u>(10,016,690)</u>
Gross profit		6,700,198	5,014,569
Distribution costs and selling expenses		(785,619)	(678,249)
Administrative expenses		(1,348,517)	(1,143,637)
Research and development expenses		(784,109)	(628,377)
Other income		220,151	87,979
Other (losses)/gains – net	21	(238,524)	533,401
Net impairment losses on financial assets		<u>7,743</u>	<u>(7,863)</u>
Operating profit	22	3,771,323	3,177,823
Finance income		510,156	282,429
Finance costs		<u>(158,660)</u>	<u>(147,429)</u>
Finance costs – net		351,496	135,000
Share of net profit of joint venture/associate		<u>2,251</u>	<u>6,719</u>
Profit before tax		4,125,070	3,319,542
Income tax expense	23	<u>(623,521)</u>	<u>(483,270)</u>
Profit for the period		3,501,549	2,836,272
Profit attributable to:			
Owners of the Company		3,498,318	2,835,951
Non-controlling interests		<u>3,231</u>	<u>321</u>
Profit for the period		3,501,549	2,836,272
Earnings per share attributable to the ordinary equity holders of the Company during the period			
– Basic and diluted earnings per share <i>(expressed in RMB per share)</i>	24	<u>1.34</u>	<u>1.09</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Comprehensive Income

	<i>Note</i>	Accumulated in June 2024 RMB'000 (Unaudited)	Accumulated in June 2023 RMB'000 (Unaudited)
Profit for the period		3,501,549	2,836,272
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	15	95,874	218,435
Other comprehensive income for the period, net of tax		95,874	218,435
Total comprehensive income for the period		<u>3,597,423</u>	<u>3,054,707</u>
Total comprehensive income attributable to:			
Owners of the Company		3,594,192	3,054,386
Non-controlling interests		<u>3,231</u>	<u>321</u>
Total comprehensive income for the period		<u>3,597,423</u>	<u>3,054,707</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	2,609,744	9,680,392	4,128,883	15,017,220	31,436,239	(14,860)	31,421,379
Comprehensive income:							
Profit for the period	–	–	–	3,498,318	3,498,318	3,231	3,501,549
Other comprehensive income:							
Currency translation differences	–	–	95,874	–	95,874	–	95,874
Total comprehensive income	–	–	95,874	3,498,318	3,594,192	3,231	3,597,423
Total transaction with equity holders:							
Dividends declared for 2023	–	–	–	(3,392,667)	(3,392,667)	–	(3,392,667)
Total transaction with equity holders, recognized directly in equity	–	–	–	(3,392,667)	(3,392,667)	–	(3,392,667)
Appropriation to statutory reserve	–	–	–	–	–	–	–
As at June 30, 2024	2,609,744	9,680,392	4,224,757	15,122,871	31,637,764	(11,629)	31,626,135

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	2,609,744	9,680,392	3,723,080	13,000,422	29,013,638	(14,712)	28,998,926
Comprehensive income:							
Profit for the period	-	-	-	2,835,951	2,835,951	321	2,836,272
Other comprehensive income:							
Currency translation differences	-	-	218,435	-	218,435	-	218,435
Total comprehensive income	-	-	218,435	2,835,951	3,054,386	321	3,054,707
Total transaction with equity holders:							
Dividends declared for 2022	-	-	-	(3,262,179)	(3,262,179)	-	(3,262,179)
Total transaction with equity holders, recognized directly in equity	-	-	-	(3,262,179)	(3,262,179)	-	(3,262,179)
Appropriation to statutory reserve	-	-	-	-	-	-	-
As at June 30, 2023	2,609,744	9,680,392	3,941,515	12,574,194	28,805,845	(14,391)	28,791,454

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Cash Flow Statement

	<i>Note</i>	Accumulated in June 2024 RMB'000 (Unaudited)	Accumulated in June 2023 RMB'000 (Unaudited)
Cash flow from operating activities			
Cash generated from operations		3,922,160	3,175,648
Income taxes paid		(619,052)	(357,561)
		<u>3,303,108</u>	<u>2,818,087</u>
Cash flow from investing activities			
Proceeds from disposal of property, plant and equipment		32,745	48,181
Purchases of property, plant and equipment		(2,093,498)	(2,351,543)
Purchase of land use rights		(229,548)	(32,393)
Purchase of intangible assets		(23,105)	(106,237)
Payment for purchase of equity		—	(20,000)
Interest received		160,803	191,633
Decrease in restricted cash		365	4,110
Decrease in held-to-maturity term deposits with original maturity of more than three months		3,880,152	4,099,114
Increase in held-to-maturity term deposits with original maturity of more than three months		(5,628,589)	(4,099,504)
Government grants received relating to property, plant and equipment		22,152	111,018
		<u>(3,878,523)</u>	<u>(2,155,621)</u>
Cash flow from financing activities			
Proceeds from borrowings		8,301,574	10,994,319
Repayments of borrowings		(4,996,061)	(6,326,524)
Dividends paid to the Company's shareholders		(3,318,403)	(3,204,448)
Interest paid		(171,174)	(183,152)
Payment of lease liabilities and long-term payables		(110,783)	(230,556)
		<u>(294,847)</u>	<u>1,049,639</u>
Net (decrease)/increase in cash and cash equivalents			
		(870,262)	1,712,105
Cash and cash equivalents at the beginning of the period		13,351,250	12,237,862
Exchange differences on cash and cash equivalents		55,775	439,341
		<u>12,536,763</u>	<u>14,389,308</u>
Cash and cash equivalents at the end of the period		12,536,763	14,389,308

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information

Fuyao Glass Industry Group Co., Ltd. (the “Company”) was restructured in 1991 and incorporated in Fuzhou City, Fujian Province, People’s Republic of China (the “PRC”) in June 1992. Its headquarters is located in Fuqing City, Fujian Province.

The Company’s shares have been listed on both the Shanghai Stock Exchange (“A shares”) and the Main Board of the Hong Kong Stock Exchange (“H shares”). As at June 30, 2023, the Company had 2,002,986,332 A shares and 606,757,200 H shares in total, among which, Mr. Cho Tak Wong (曹德旺), the largest shareholder, together with his spouse held 15.90% equity interests in the Company.

The address of the Company’s registered office is Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC. The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sale of glass products for automobile and float glass.

Unless otherwise stated, the condensed consolidated interim financial statements are presented in thousands of Renminbi.

The condensed consolidated interim financial statements are unaudited, and were approved to be issued by the Board of Directors on August 6, 2024.

2. Accounting Policies

2.1 Basis of presentation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the requirements of the Hong Kong Companies Ordinance (Cap. 622).

The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets or liabilities (including derivative instruments) at fair value through profit or loss and fair value through other comprehensive income, at fair value.

During the Reporting Period, save as described in 2.2 Changes in accounting policies, the accounting policies adopted by the Group are consistent with those used for and described in the annual consolidated financial statements of the Group for the year ended December 31, 2023. The Group has not early adopted any new accounting and financial reporting standards, amendments and improvements to existing standards which have been issued but are not yet effective for the financial year ended December 31, 2024.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

2. Accounting Policies (Continued)

2.2 Changes in accounting policies

During the Reporting Period, the Group has adopted the following amendment to the standard:

- Classification of liabilities as current or non-current – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Non-current Liabilities with Covenants – Amendments to IAS 1
- Supplier Finance Arrangements – Amendments to IAS 7 and Amendments to IFRS 7

The above amendment to standard was issued in 2023 and was initially effective from 2024. The adoption of the amendment will have no material impact on the Group.

2.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy is administrated by the management and focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Condensed Consolidated Interim Financial Statements do not include all the information on financial risk management and disclosure required to be disclosed in the annual financial statements. There have been no changes in the risk management department or in any risk management policies since year end 2023.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. Financial Risk Management (Continued)

3.2 Liquidity risk

The Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. At the same time, the Group maintains sufficient cash and capital resources through the committed facilities, and maintains sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. The Group expected to fund the future cash flow needs through internally generated cash flows from operations, borrowings from financial institutions and issuing debt instruments, as necessary.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity date grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at June 30, 2024					
Borrowings, including interest payables	8,862,218	5,159,564	3,717,058	–	17,738,840
Long-term payables	8,026	8,026	24,078	32,105	72,235
Lease liabilities	101,817	97,653	233,883	71,332	504,685
Financial liabilities included in trade payables and other payables	7,264,809	–	–	–	7,264,809
	<u>16,236,870</u>	<u>5,265,243</u>	<u>3,975,019</u>	<u>103,437</u>	<u>25,580,569</u>
As at December 31, 2023					
Borrowings, including interest payables	5,694,769	3,095,718	5,634,811	–	14,425,298
Long-term payables	8,026	8,026	24,078	40,131	80,261
Lease liabilities	133,750	94,651	239,915	112,875	581,191
Financial liabilities included in trade payables and other payables	7,145,237	–	–	–	7,145,237
	<u>12,981,782</u>	<u>3,198,395</u>	<u>5,898,804</u>	<u>153,006</u>	<u>22,231,987</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. Financial Risk Management (Continued)

3.3 Fair value estimation

(a) The table below analyses the Group's financial instruments carried at fair value as at June 30, 2024 and December 31, 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices (Level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data, and such asset or liability is the third level.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at June 30, 2024				
Assets				
Financial assets at fair value through profit or loss				
– Held-for-trading equity instrument investment (<i>note 13</i>)	4,099	–	–	4,099
Financial assets at fair value through other comprehensive income				
– Notes receivable (<i>note 13</i>)	–	–	2,254,001	2,254,001
– Unlisted equity securities (<i>note 13</i>)	–	–	91,054	91,054
	<u>4,099</u>	<u>–</u>	<u>2,345,055</u>	<u>2,349,154</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

- (a) The table below analyses the Group's financial instruments carried at fair value as at June 30, 2024 and December 31, 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows: (Continued)

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at December 31, 2023				
Assets				
Financial assets at fair value through profit or loss				
– Held-for-trading equity instrument investment (<i>note 13</i>)	5,741	–	–	5,741
Financial assets at fair value through other comprehensive income				
– Notes receivable (<i>note 13</i>)	–	–	1,314,918	1,314,918
– Unlisted equity securities (<i>note 13</i>)	–	–	91,054	91,054
	<u>5,741</u>	<u>–</u>	<u>1,405,972</u>	<u>1,411,713</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(b) Financial instruments in level 3

	Note receivable at fair value through other comprehensive income RMB'000	Unlisted equity securities at fair value through other comprehensive income RMB'000	Total RMB'000
Opening balance	1,314,918	91,054	1,405,972
Acquisitions	5,304,257	–	5,304,257
Disposals	(4,358,646)	–	(4,358,646)
Recognised in other losses – net	(6,528)	–	(6,528)
Recognised in other comprehensive income	–	–	–
Closing balance	2,254,001	91,054	2,345,055

(c) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Short-term borrowings;
- Trade and other receivables (excluding prepayments and prepaid current income tax or value-added tax recoverable);
- Cash and cash equivalents (including restricted cash);
- Trade and other payables (excluding staff salaries payables and other tax payables);
- Long-term borrowings;
- Long-term payables.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values of property, plant and equipment, mainly based on the historical experience of the actual useful lives of property, plant and equipment with similar nature and functions. Management will revise the depreciation charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in future periods.

(b) Net realisable value of inventories

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

(c) Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and current income tax charges.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. Critical Accounting Estimates and Judgements (Continued)

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(e) Impairment of non-financial assets

The Group's management judgement is required on the balance sheet date in the area of asset impairment particularly in assessing long-term assets which include property, plant and equipment, right-of-use assets and intangible assets, etc. The recoverable amount is the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business. The recoverable amount is estimated based on best available information in order to reflect the payment (or the disposal cost to be deducted) of fair trade between informed voluntary parties at the balance sheet date or continuous cash generated by the use of the assets. The revalued recoverable amount may be adjusted on each impairment test.

The Group conducts an impairment test on goodwill every year. The recoverable amount of the asset group or combination of asset groups containing goodwill is the higher of the net amount of the fair value of the asset group or combination of asset groups minus the disposal expenses and the present value of the estimated future cash flow, and its calculation needs to adopt accounting estimates.

5. Segment Information

The Group operates as a single operating segment. The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

None of the revenue derived from any single external customer amounted for more than 10% of the Group's revenue during the Reporting Period.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. Plant, Equipment and Property

	Buildings and freehold land <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Electronic and office equipment <i>RMB'000</i>	Tools, moulds, vehicles and others <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
For the six-month period ended June 30, 2024						
Opening net book amount as at January 1, 2024	5,127,104	7,826,520	1,981,310	641,872	4,766,145	20,342,951
Transfer	117,272	1,026,352	245,469	6,457	(1,395,550)	–
Other additions	22,901	61,668	169,232	216,796	1,963,907	2,434,504
Disposals	(1,362)	(25,701)	(12,599)	(8,813)	–	(48,475)
Depreciation	(184,389)	(582,623)	(263,592)	(181,369)	–	(1,211,973)
Currency translation difference	14,446	4,001	(514)	23	12,407	30,363
Closing net book amount as at June 30, 2024	5,095,972	8,310,217	2,119,306	674,966	5,346,909	21,547,370
For the six-month period ended June 30, 2023						
Opening net book amount as at January 1, 2023	5,183,611	7,512,175	1,745,238	562,066	3,133,499	18,136,589
Transfer	93,078	393,492	275,934	2,361	(764,865)	–
Other additions	29,972	48,953	51,162	202,839	1,926,344	2,259,270
Disposals	(3,896)	(38,434)	(30,216)	(5,633)	–	(78,179)
Depreciation	(196,851)	(555,461)	(234,906)	(154,521)	–	(1,141,739)
Currency translation difference	57,102	89,439	12,771	5,136	41,768	206,216
Closing net book amount as at June 30, 2023	5,163,016	7,450,164	1,819,983	612,248	4,336,746	19,382,157

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

7. Leases

(1) The right-of-use assets relating to leases recognised by the Group:

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Opening net book amount	628,449	575,442
Additions	22,541	45,319
Depreciation	(80,586)	(64,386)
Currency translation difference	(5,393)	21,843
Closing net book value	<u>565,011</u>	<u>578,218</u>

(2) The lease liabilities relating to leases recognised by the Group:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
	Current portion	93,192
Non-current portion	359,138	407,132
	<u>452,330</u>	<u>525,939</u>

8. Land Use Rights

The Group obtain relevant land use rights mainly through land use arrangement with mainland China government.

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Opening net book value	993,827	997,751
Currency translation difference	106	472
Additions	229,548	32,393
Amortisation charges	(13,232)	(12,913)
Closing net book value	<u>1,210,249</u>	<u>1,017,703</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

9. Intangible Assets

	Goodwill <i>RMB'000</i>	Patents <i>RMB'000</i>	License fee <i>RMB'000</i>	Computer software <i>RMB'000</i>	Mining rights <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
For the six-month period ended June 30, 2024							
Opening net book amount as at January 1, 2024	154,941	735	13,783	58,366	100,439	88,080	416,344
Currency translation difference	-	-	80	(66)	-	-	14
Additions	-	105	-	22,781	-	219	23,105
Disposals	-	-	-	-	-	(2)	(2)
Amortisation charges	-	(118)	(1,786)	(17,495)	(4,243)	(5,450)	(29,092)
Closing net book amount as at June 30, 2024	154,941	722	12,077	63,586	96,196	82,847	410,369
For the six-month period ended June 30, 2023							
Opening net book amount as at January 1, 2023	154,941	854	17,055	52,729	108,001	6,863	340,443
Currency translation difference	-	-	568	252	-	-	820
Additions	-	225	-	15,928	-	90,084	106,237
Disposals	-	-	-	-	-	-	-
Amortisation charges	-	(230)	(1,751)	(14,402)	(3,770)	(4,302)	(24,455)
Closing net book amount as at June 30, 2023	154,941	849	15,872	54,507	104,231	92,645	423,045

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. Investments Under the Equity Method

	For the period ended June 30, 2024	
	Joint Venture RMB'000	Associate RMB'000
Opening balance	49,880	131,658
Share of results	3,204	(953)
Increase during the period ^(a)	216,894	–
Decrease during the period ^(a)	–	(110,660)
Closing balance	<u>269,978</u>	<u>20,045</u>

- (a) During the Reporting Period, Taiyuan Jinnuo Investment Co., Ltd. terminated the relevant agreement for the transfer of the remaining 24% equity interest in Beijing Futong, and the Company retained the 24% equity interest in Beijing Futong. The Company currently holds an aggregate of 49% equity interest in Beijing Futong and jointly controls Beijing Futong, therefore, the accounting of Beijing Futong is reclassified from an associate investment to a joint venture investment.

	For the period ended June 30, 2023	
	Joint Venture RMB'000	Associate RMB'000
Opening balance	44,564	205,476
Share of results	2,399	(834)
Provision for impairment	–	(29,146)
Closing balance	<u>46,963</u>	<u>175,496</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. Deferred Income Tax Assets and Liabilities

Movement in deferred income tax assets and liabilities during the Relevant Periods is as follows:

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>
As at January 1, 2024	1,067,530	1,058,137
Recognised in the consolidated income statement	6,357	110,661
Effect of movements in exchange rates	23,788	23,788
As at June 30, 2024	<u>1,097,675</u>	<u>1,192,586</u>
Offsetting deferred income tax liabilities/deferred income tax assets	(646,078)	(646,078)
Net balance after offsetting as at June 30, 2024	<u>451,597</u>	<u>546,508</u>
	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>
As at January 1, 2023	1,007,420	800,773
Recognised in the consolidated income statement	30,518	117,930
Effect of movements in exchange rates	21,399	21,399
As at June 30, 2023	<u>1,059,337</u>	<u>940,102</u>
Offsetting deferred income tax liabilities/deferred income tax assets	(677,679)	(677,679)
Net balance after offsetting as at June 30, 2023	<u>381,658</u>	<u>262,423</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. Receivables, prepayments and other current assets

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Trade receivables due from third parties (Note(a)):		
Notes receivables	336,751	368,529
Trade receivables	7,202,065	7,160,224
Less: Provision for impairment	(29,932)	(32,744)
	<u>7,508,884</u>	<u>7,496,009</u>
Trade receivables – net		
Other receivables due from third parties:		
Other receivables	163,108	472,088
Less: Provision for impairment	–	(4,984)
	<u>163,108</u>	<u>467,104</u>
Other receivables – net		
Amount due from related parties (Note 27(c)):		
Other receivables (Note 27(c) (i))	15,646	12,233
	<u>15,646</u>	<u>12,233</u>
Others:		
Prepayments	375,447	316,530
Prepaid current income tax and value-added tax recoverable and refundable	203,533	290,939
	<u>578,980</u>	<u>607,469</u>
Trade and other receivables	<u>8,266,618</u>	<u>8,582,815</u>
Less: Non-current portion of amount of other receivables (i)	(29,490)	(28,891)
Trade and other receivables – net	<u>8,237,128</u>	<u>8,553,924</u>

- (i) Fuyao (Hong Kong) Limited, a wholly-owned subsidiary of the Company, disposed 25% equity interest in an associate, Jinken Glass Industry Shuangliao Co., Ltd. and completed the registration procedures for change of shareholder with the government's market supervision and management department in September 2023. After the equity transfer, the Company and its subsidiaries ceased to hold the equity of such associate. According to the equity transfer agreement, the first instalment of the equity transfer payment was collected in 2023 with the remaining consideration of RMB35,000,000 (present value of RMB29,490,000 as at the end of the period) will be recovered during the following five years.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. Receivables, prepayments and other current assets (Continued)

- (a) Trade receivables, including notes receivables and trade receivables, are arising from sales of products. The credit period granted to customers is ranging from 1 month to 4 months. No interest is charged on the overdue trade receivables. The ageing analysis of trade receivables based on invoice date before provision for impairment as at June 30, 2024 and December 31, 2023 was as follows:

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Trade receivables – gross		
Within 3 months	7,090,291	7,119,077
3 to 6 months	382,364	328,001
6 to 12 months	44,301	58,136
Over 1 year	21,860	23,539
	<hr/>	<hr/>
Total	<u>7,538,816</u>	<u>7,528,753</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13. Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income and Derivative Financial Instruments

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Financial assets at fair value through profit or loss		
Current assets		
– Equity instrument investment – held for trading (a)	4,099	5,741
Financial assets at fair value through other comprehensive income		
Non-current assets		
– Unlisted equity securities (b)	91,054	91,054
Current assets		
– Note receivable (c)	2,254,001	1,314,918

(a) The held-for-trading equity instrument investment shares are the distribution of customer debt restructuring obtained by subsidiaries and the fair value of the held-for-trading equity instrument investment were determined based on the closing price of the Stock Exchange on the last trading day during the Reporting Period.

(b) The unlisted equity securities is the Group's subscription of 4.55% of the equity interests of China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd. The Group has no significant influence on such investee. Such equity interests are non-trading equity instruments, and are designated and accounted as "financial assets at fair value through other comprehensive income".

(c) The Group discounted and endorsed part of bank acceptance notes and terminated their recognition according to its daily fund management needs. Therefore, the Group classified and presented bank acceptance notes as financial assets at fair value through other comprehensive income.

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14. Share Capital

Ordinary shares, issued and fully paid:

	Number of A shares Thousands	Number of H shares Thousands	A shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total share capital RMB'000
As at January 1, 2024 and June 30, 2024	2,002,986	606,758	2,002,986	606,758	2,609,744
As at January 1, 2023 and June 30, 2023	2,002,986	606,758	2,002,986	606,758	2,609,744

15. Share Premium and Other Reserves

	Share premium RMB'000	Statutory reserves RMB'000	Other reserves			Total RMB'000
			Foreign currency translation differences RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Capital reserve RMB'000	
As at January 1, 2024	9,680,392	3,931,592	160,632	16,300	20,359	4,128,883
Foreign currency translation differences	–	–	95,874	–	–	95,874
As at June 30, 2024	9,680,392	3,931,592	256,506	16,300	20,359	4,224,757
As at January 1, 2023	9,680,392	3,581,885	114,652	6,184	20,359	3,723,080
Foreign currency translation differences	–	–	218,435	–	–	218,435
As at June 30, 2023	9,680,392	3,581,885	333,087	6,184	20,359	3,941,515

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16. Borrowings

(1) The balance of the borrowings is as follows:

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Non-current	8,693,400	8,513,100
Current	8,618,546	5,491,699
Total borrowings	<u>17,311,946</u>	<u>14,004,799</u>

(2) Movement in borrowings is analysed as follows:

	For the period ended June 30	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Opening net book amount	14,004,799	12,412,383
Additions	8,474,382	11,146,698
Deduction	(5,167,235)	(6,509,676)
Closing net book amount	<u>17,311,946</u>	<u>17,049,405</u>

17. Long-term Payables

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Payables for proceeds from transfer of mining rights	57,917	64,473
Less: long-term payables maturing within one year	(5,307)	(5,186)
	<u>52,610</u>	<u>59,287</u>

According to the Interim Measures for the Administration of the Collection of Mining Right Transfer Profits, the Group's quartz sand mine mining rights in Wenchang City, Hainan Province are subject to levy on transfer proceeds. During the Reporting Period, the Group received a payment notice and paid RMB8,026,000 (the same period in 2023: RMB8,026,000) and will pay the remaining part annually till 2033.

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. Deferred Income on Government Grants

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
At beginning of the period	725,122	671,050
Government grants received during the period ^(a)	22,152	111,018
Credited to the consolidated income statement	(47,043)	(44,442)
Foreign currency statement translation	36	301
	<hr/>	<hr/>
At end of the period	700,267	737,927

(a) These mainly represented government grants received from certain municipal governments of the PRC as an incentive to the Group for the purchase of property, plant and equipment.

19. Trade and Other Payables

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Notes payable	2,733,664	2,825,387
Payables to third parties	2,550,703	2,667,000
Staff salaries and welfare payables	674,251	816,373
Payables for purchasing of property, plant and equipment	431,141	401,002
Freight payable	240,712	142,812
Amount due to related parties (<i>Note 27(c)</i>)	84,726	83,410
Dividends payable	74,264	–
Accrued taxes other than income tax	65,880	56,809
Other payables and accruals	1,149,598	1,025,625
	<hr/>	<hr/>
	8,004,939	8,018,418

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19. Trade and Other Payables (Continued)

- (1) Ageing analysis of the notes payable and payables to third parties based on invoice date at the respective balances sheet dates are as follows:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 3 months	4,001,076	4,331,315
3 to 6 months	1,255,052	1,140,546
6 to 12 months	19,202	9,972
Over 1 year	9,037	10,554
	<u>5,284,367</u>	<u>5,492,387</u>

20. Revenue and Cost of Sales

	For the period ended June 30			
	2024		2023	
	Revenue RMB'000	Cost of sales RMB'000	Revenue RMB'000	Cost of sales RMB'000
Automobile glasses	16,820,047	11,550,017	13,368,194	9,511,271
Float glasses	2,784,125	1,827,967	2,569,481	1,904,101
Others	2,010,296	1,448,740	2,000,880	1,451,618
	<u>21,614,468</u>	<u>14,826,724</u>	<u>17,938,555</u>	<u>12,866,990</u>
Sub-total	21,614,468	14,826,724	17,938,555	12,866,990
Less: Intra-group sales	(3,274,738)	(3,187,192)	(2,907,296)	(2,850,300)
	<u>18,339,730</u>	<u>11,639,532</u>	<u>15,031,259</u>	<u>10,016,690</u>

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. Other (Losses)/Gains – Net

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Foreign exchange (losses)/gains	(14,210)	599,209
Disposal of long-term equity investments ^(a)	(215,166)	–
Changes in fair value of financial assets at fair value through profit or loss and derivative financial instruments	(1,642)	(2,261)
Loss on disposal of note receivable at fair value through other comprehensive income	(6,528)	(3,681)
Loss on disposal of property, plant and equipment	(15,732)	(35,139)
Donation	(2,689)	(660)
Net gain on claim	17,394	2,678
Impairment loss on investments in a joint venture	–	(29,146)
Others	49	2,401
	<u>(238,524)</u>	<u>533,401</u>

- (a) During the Reporting Period, Taiyuan Jinnuo Industry Co., Ltd. terminated provisions pertaining to the transfer of the remaining 24% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. (“Beijing Futong”), and the Company derecognised the equity transfer receivable of RMB321.40 million and reduced the investment gains.

22. Operating Profit

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
The following items have been charged to the operating profit during the period:		
Employee benefit expenses	3,320,801	2,830,733
Depreciation of property, plant and equipment (Note 6)	1,211,973	1,141,739
Packing expenses	365,994	278,688
Storage and distribution expenses	132,680	147,202
Depreciation of right of use assets (Note 7)	80,586	64,386
Amortisation of intangible assets (Note 9)	29,092	24,455
Amortisation of land use rights (Note 8)	13,232	12,913
Write-down inventories to net realisable value	4,637	6,993
	<u>4,637</u>	<u>6,993</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23. Income Tax Expense

The amounts of income tax expense charged to the consolidated income statement represent:

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Current income tax	519,217	395,858
Deferred income tax (Note 11)	104,304	87,412
Income tax expense	<u>623,521</u>	<u>483,270</u>

(a) PRC corporate income tax

certain income and expense items and the applicable tax rate in accordance with the PRC tax laws and regulations.

In accordance with the PRC tax laws, the standard corporate income tax rate is 25%. Certain subsidiaries are qualified for new/high-tech technology enterprises status or Chinese western development enterprises status and enjoyed preferential income tax rate of 15% during the period.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the period.

(c) American profits tax

Applicable profit tax rates of the Group's subsidiaries in the United States of America are 25.82% and 27% for different subsidiaries respectively. (1) Fuyao North America Glass Industry Co., Ltd. calculates profits tax at a rate of 27% on the estimated assessable profits for the period. (2) Fuyao Glass America Co., Ltd., Fuyao Glass Illinois Co., Ltd. and Fuyao America C Assets Co., Ltd. jointly filed the federal income tax and state tax, at a federal tax rate of 21%, a consolidated state tax rate of 4.82%, and the total rate of 25.82%, in accordance with the relevant United States tax laws. The deductible losses and R&D tax credit of previous years were used in the Reporting Period, so state tax was only paid in some states based on the taxable profits after making up the losses. Other subsidiaries did not pay the profits tax during the period due to accumulated losses. (3) Fuyao Automotive North America, INC and Fuyao Asset Management A, LLC, jointly filed the federal income tax and state tax, at a federal tax rate of 21%, a consolidated state tax rate of 6%, and the total rate of 27%, in accordance with the relevant United States tax laws. The deductible losses of previous years were used in the Reporting Period, so state tax was only paid in some states based on the taxable profits after making up the losses.

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23. Income Tax Expense (Continued)

(d) Russia profits tax

Applicable profit tax rate of Russia is 20%. In the current year, 50% of the estimated taxable profit for the current period is used to make up the accumulated losses, and the remaining 50% is subject to profit tax at the applicable profit tax rate.

(e) German profits tax

Applicable profit tax rate of Germany is 28.43% and 28.78%. In the current year, Fuyao Europe GmbH, apart from the other subsidiaries, has achieved a profit, and paid profit tax at the applicable tax rate after deducting part of the deductible losses of previous years from the taxable income. No profit tax has been provided by the other subsidiaries due to accumulated losses.

(f) Pillar 2 model rules published by the Organisation for Economic Co-operation and Development

The Group is a corporate group within the scope of application of the Pillar 2 GloBE model rules and also applies the exemption from recognition and disclosure of deferred income tax assets and liabilities related to Pillar 2 income taxes provided in the amendments to IAS 12 issued in May 2023.

As of June 30, 2024, the jurisdiction in which the Group's parent company is located (Mainland China) has not yet introduced regulations relating to the Pillar 2 rules, and the jurisdictions in which some of the member entities are located (including: Germany, Slovakia, Japan, South Korea), etc. have passed local legislation on Pillar 2, which will become effective on or after January 1, 2024. After the Pillar 2 rules become effective in the jurisdictions in which the Group operates, the Group is required to calculate the effective tax rate for each jurisdiction and provide a top-up tax on any shortfall of 15% as required by the Pillar 2 GloBE rules. Due to the complexity of the calculation of the Pillar 2 rules and the difference between the effective tax rate calculated in accordance with the Pillar 2 rules and the actual tax rate calculated in accordance with IAS 12 – Income Taxes, the Group is further evaluating the tax risk that the Group may be exposed to after the Pillar 2 rules comes into effect, and will continue to follow up on the progress of the Pillar 2 rules in other tax jurisdictions under the Group, and to assess the tax impact thereof.

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23. Income Tax Expense (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that could arise from using the statutory tax rates of 10% to 40% applicable as follows:

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Profit before tax	4,125,070	3,319,542
Tax calculated at the applicable income tax rate	1,059,900	906,917
Expenses not deductible for tax purpose	4,992	2,367
Income not subject to income tax	(1,224)	(16,894)
Preferential income tax rate	(380,370)	(303,177)
Unrecognised tax losses carried forward	48,455	38,101
Currently unrecognised deductible temporary differences	-	-
Utilisation of previously unrecognised deductible temporary differences	(115)	(496)
Utilisation of previously unrecognised tax losses	(50,535)	(31,600)
Recognition of deductible temporary differences for which deferred income tax assets were not recognised previously	(213)	-
Recognition of previously unrecognised tax losses	(8,302)	-
Withholding taxation on unremitted earnings of certain subsidiaries	82,518	46,399
Adjustments for current income tax of prior periods after tax annual filing	(131,585)	(158,347)
Income tax expense	<u>623,521</u>	<u>483,270</u>

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

24. Earnings per Share

- (1) Basic earnings per share is calculated by dividing the profit for the Reporting Period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the relevant period.

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Profit for the Reporting Period attributable to owners of the Company (RMB'000)	3,498,318	2,835,951
Weighted average number of ordinary shares in issue (thousand)	2,609,744	2,609,744
Basic earnings per share (RMB)	<u>1.34</u>	<u>1.09</u>

- (2) The diluted earnings per share are same as the basic earnings per share as there was no dilutive right shares existed during the Relevant Periods.

25. Dividends

For the period ended June 30, 2024 and June 30, 2023, no dividend of corresponding period was proposed by the directors of the Company.

26. Commitments

(1) Capital commitments

As at June 30, 2024 and December 31, 2023, capital expenditure contracted for but not yet incurred is as follows:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Property, plant and equipment	<u>5,798,384</u>	<u>2,158,960</u>

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the party or exercises significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business and balances arising from related party transactions during the period ended June 30, 2024 and 2023:

(a) Name of and relationship with related parties

Name of related parties	Relationship
Mr. Cho Tak Wong (曹德旺)	Single largest shareholder
Fujian Yaohua Industrial Village Development Co., Ltd. (福建省耀華工業村開發有限公司)	Controlled by Ms. Chan Fung Ying (the spouse of Mr. Cho Tak Wong)
Sanyi Development Ltd. (三益發展有限公司)	Shareholder of the Company, which is controlled by the single largest shareholder
Tri-Wall Packaging (Fuzhou) Co., Ltd. (特耐王包裝(福州)有限公司)	Jointly controlled entity of the Group
Jinken Glass Industry Shuangliao Co., Ltd. (金墾玻璃工業雙遼有限公司)	Sale of associate by the Group for less than 12 months
Global Cosmos German Co., Ltd. (環創德國有限公司)	Controlled by the single largest shareholder
Fuyao Group Beijing Futong Safety Glass Co., Ltd. (福耀集團北京福通安全玻璃有限公司)	Jointly controlled entity of the Group
Fujian Triplex Auto Parts Development Co., Ltd. (福建三鋒汽配開發有限公司)	Controlled by the directors of the company
China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd. ("China National Automobile (Beijing)") (國汽(北京)智慧網聯汽車研究院有限公司("國汽智聯"))	The director of the company has retired as the director of China National Automobile (Beijing) for less than 12 months

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions (Continued)

(b) The following transactions were carried out with related parties:

I. Sales of goods, provision of services

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	2,659	2,176
Jinken Glass Industry Shuangliao Co., Ltd.	35	481
	<u>2,694</u>	<u>2,657</u>

II. Purchase of goods, services

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	144,534	63,540
Tri-Wall Packaging (Fuzhou) Co., Ltd.	62,211	38,270
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	1,626	2,160
Fujian Triplex Auto Parts Development Co., Ltd.*	82	52
China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd.	205	—
	<u>208,658</u>	<u>104,022</u>

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions (Continued)

(b) The following transactions were carried out with related parties: (Continued)

III. Rental income

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	108	108
	<u>108</u>	<u>108</u>

IV. Increased right-of-use assets as a lessee

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Fujian Triplex Auto Parts Development Co., Ltd. *	4,627	—
Total	<u>4,627</u>	<u>—</u>

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions (Continued)

(b) The following transactions were carried out with related parties: (Continued)

V. Interest on lease liabilities as a lessee

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.*	–	601
Global Cosmos German Co., Ltd. *	840	970
Fujian Triplex Auto Parts Development Co., Ltd. *	350	453
	<u>1,190</u>	<u>2,024</u>

VI. Key management compensation

	For the period ended June 30	
	2024 RMB'000	2023 RMB'000
Salaries, wages and short-term employee benefits	24,712	22,046
Post-employment benefits	285	226
	<u>24,997</u>	<u>22,272</u>

Note: *Concurrently the connected parties under Hong Kong Listing Rules, and all related transactions are in compliance with the disclosure requirements as set out in Chapter 14A of the Hong Kong Listing Rules.

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions (Continued)

(C) Balances with related parties

Amount due from related parties:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Other receivables (i)	15,646	12,233
	<u>15,646</u>	<u>12,233</u>

(i) Other receivables:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	13,602	10,251
Fujian Triplex Auto Parts Development Co., Ltd.	1,500	1,500
Tri-Wall Packaging (Fuzhou) Co., Ltd.	519	474
Jinken Glass Industry Shuangliao Co., Ltd.	25	8
	<u>15,646</u>	<u>12,233</u>

Amount due to related parties:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Trade payables (ii)	31,196	30,600
Other payables (iii)	53,530	52,810
Lease liabilities (iv)	130,315	185,056
	<u>215,041</u>	<u>268,466</u>

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II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions (Continued)

(C) Balances with related parties (Continued)

(ii) Trade payables:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	17,420	21,168
Tri-Wall Packaging (Fuzhou) Co., Ltd.	13,776	9,432
	<u>31,196</u>	<u>30,600</u>

Ageing analysis of trade payables due to related parties is as follows:

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 3 months	<u>31,196</u>	<u>30,600</u>
	<u>31,196</u>	<u>30,600</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

27. Related Party Transactions (Continued)

(C) Balances with related parties (Continued)

(iii) Other payables to related parties:

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	53,530	52,808
Fujian Triplex Auto Parts Development Co., Ltd.	—	2
	<u>53,530</u>	<u>52,810</u>

(iv) Lease liabilities:

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Global Cosmos German Co., Ltd	113,248	136,593
Fujian Yaohua Industrial Village Development Co., Ltd.	—	32,823
Fujian Triplex Auto Parts Development Co., Ltd.	17,067	15,640
Total	<u>130,315</u>	<u>185,056</u>